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ANNEX

to the Commission Implementing Decision on the financing of the annual action plan in favour of Colombia for 2022

Action Document for “Forests for Biodiversity, Climate and Peace in Colombia”

ANNUAL PLAN

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Forests for Biodiversity, Climate and Peace in Colombia OPSYS number: ACT-61483 Financed under the Neighbourhood, Development and International Cooperation Instrument (<u>NDICI-Global Europe</u>)
2. Team Europe Initiative	Yes TEI Environment and climate change, Colombia
3. Zone benefiting from the action	The action shall be carried out in Colombia
4. Programming document	Multi Annual Indicative Programme (MIP) 2021 – 2027 ¹
5. Link with relevant MIP(s) objectives / expected results	Priority area 1: Peace Specific Objective 1: contribute to a stable and sustainable peace in the territories, with a particular emphasis on the implementation of chapter 1 (Comprehensive Rural Reform), chapter 3.2.2 (Economic and Social Reincorporation of FARC-EP) and chapter 5 (Agreement on the victims of the conflict) of the Peace Agreement. Priority area 2: Environment and climate change Specific Objective 1: Contribute to the sustainable use of biodiversity as a way to generate prosperity and inclusion for vulnerable rural communities.
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Peace: Inclusive and sustainable rural development in areas most affected by violence and poverty is fostered, taking into consideration the prioritised initiatives in the Development Programmes with Focus on the Territory (PDET) municipalities. (DAC code 152 - Conflict, Peace and Security) Environment: Significantly reduced deforestation and forest degradation, reduced greenhouse gas emissions, Colombia’s strategic ecosystems and its biodiversity are preserved, restored and a source of prosperity. (DAC codes: 312 – Forestry ; 410 - General Environment Protection)

¹ C(2021) 8995, 14.12.2021

7. Sustainable Development Goals (SDGs)	<p>Main SDG: SDG 13: Climate Action. Goal: By 2030, Colombia will reduce greenhouse gas emissions by 51%.</p> <p>Other relevant SDG and goals:</p> <ul style="list-style-type: none"> - SDG 1: End poverty. Goal: By 2030, Colombia will reduce multidimensional poverty to 8.4% - SDG 5: Gender equality. Goal: By 2030, women will occupy 50% of decision-making positions within the Colombian State - SDG 10: Reduction of inequalities. Goal: By 2030, Colombia will reduce inequality, reaching a GINI of 0.480 points - SDG 15: Life of terrestrial ecosystems. Goal: By 2030, Colombia will increase 12.9 million protected continental hectares - SDG 16: Peace, Justice and Strong institutions 			
8 a) DAC code(s)	31210 - Forestry policy and administrative management 41030 - Biodiversity 15220 - Civilian peace-building, conflict prevention and resolution			
8 b) Main Delivery Channel	12001 - Recipient Government (Central Government)			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Combat desertification @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	/
	digital governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital entrepreneurship	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital skills/literacy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	/
	energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	transport	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	education and research	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @ (methodology for marker and tagging under development)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line (article, item): BGUE-B2022-14.020140-C1-INTPA Total estimated cost: EUR 10 500 000 Total amount of EU budget contribution EUR 10 500 000 of which EUR 9 000 000 for budget support and EUR 1 500 000 for complementary support Member States and EDFIs providing support to the TEI Environment: Germany, Italy, Netherlands, Portugal, AFD, KfW. Approximate amount: EUR 800 million			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Direct management through Budget Support: Sector Reform Performance Contract Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.4.1. In case of to exceptional circumstances, direct management through grants (section 4.4.2)			

1.2 Summary of the Action

Following general elections in Colombia, a new government took office in August 2022. Political priorities and official declarations from the newly elected President, Gustavo Petro (who recently said: ‘There will be a fruitful dialogue between Colombia and Europe around world peace, Colombian peace and the solution of the climate crisis’) do not diverge from what the EU has set as priorities in its recently approved Multiannual Indicative Programme 2021-2027² and what the EU and its Member States present in Colombia have identified as Team Europe Initiatives: Peace and Environment.

There is a national and global consensus on the need to fight against deforestation and forest degradation in Colombia. It has become a global concern for both climate change and biodiversity loss. Colombia is the second most biodiverse country in the world, with high forest coverage (52% of land areas), home to an important part of the country’s biodiversity. At the same time, in 2020, Colombia was one of the five countries with the highest loss

² https://international-partnerships.ec.europa.eu/system/files/2022-01/mip-2021-c2021-8995-colombia-annex_en.pdf

of primary forest, and the CO₂ emissions of the AFOLU³ sector of Colombia represent 55% of all national emissions, to which the loss of forest cover is a major contributor.

While the Colombian forestry sector's current contribution to GDP is low, there are many potential actions, based on the concept of forests as an asset, to avoid deforestation and forest degradation⁴ and to prevent the expansion of the agricultural frontier (the major driver of land use change, frequently fuelled by illegal economies): protected areas, non-timber forest product valorisation compatibles with forest conservation, payments for environmental services, sustainable and regulated extraction, forest plantations, agroforestry.

Despite a clear political intention to protect forests, the Colombian government faces four main challenges: (i) lack of economic valorisation of forest, whether for timber or non-timber forestry products or for environmental services; (ii) lack of adequate financial incentives and assistance for reforestation and agroforestry; (iii) pressure from different illicit economies, landowners, and vulnerable rural deprived families over critical forest ecosystems within key protected areas and; iv) lack of state presence and control in deforestation and forest degradation affected areas.

The Action will address these challenges in support of public policy CONPES 4021 'National Policy for the control of Deforestation and the Sustainable Management of Forests'⁵.

Forests had an important role during the internal conflict, as a host and victim of coca expansion, staging areas for guerrillas, and victim of deforestation and land-grabbing. By bringing licit economic opportunities and supporting civilian State presence in these areas, this Action will also contribute positively to the implementation of the Peace Agreement⁶ and in particular of its chapter one: Comprehensive Rural Reform.

The Action builds upon EU Budget Support 'Local Sustainable Development' (phases I and II). Likewise, the Action will have strong synergies with the ongoing budget support 'Land and Territories for Peace', of the EU Trust Fund for Peace of Colombia⁷, which addresses land seizure, occupation and use of land in deforestation and forest degradation affected areas of the Amazonian region in Colombia.

The Action will also support Colombia's commitments to gender equality, as outlined in the updated National Determined Contributions, the CONPES 4080⁸ on Gender Equity for Women and indicators on gender equity of the Comprehensive Rural Reform of the Peace Agreement.

2 RATIONALE

2.1 Context

For the first time in more than 200 years of history, Colombia has elected a left-wing president. Gustavo Petro, the long-serving left-wing senator, who was a member of the M19 guerrilla group and mayor of Bogotá in 2011-15, achieved a clear victory on 19 June, gathering 11.3 million votes (50.44%). Ms Francia Marquez, Vice-President-elect and a 40-year-old human rights' defender born in extreme poverty, will be the first Afro-descendent and the second woman in Colombia's history to hold the job. Their victory raises extraordinarily high hopes among the youth, the urban and rural poor and Afro-descendent and indigenous communities. During the celebration, Petro highlighted three priorities: **peace, social justice and environmental justice**.

Petro plans to reform an **economic** model that favours a non processing agro-industrial sector, mining and energy exports, concentrates wealth and creates few jobs, causing pervasive social inequality and leaving entire regions behind. Petro's challenge will be to reform the economy and increase taxes without scaring national and foreign investment out of Colombia. If his structural reforms fails to show results or cause a bad economic impact, the extraordinarily high expectations that he has raised could turn into bitter disillusionment.

³ Agriculture, Forestry and Other Land Use

⁴ Forest degradation refers to processes which negatively affect the characteristics of a forest, resulting in a decline of goods and services. Human activities that drive forest degradation include overgrazing, demand for fuel wood and charcoal, excessive logging and human-induced fires. Natural causes of degradation include insect pests, storm damage and natural fires. There are also indirect or underlying reasons for forest degradation, such as poverty, inappropriate policies, and unclear tenure rights.

⁵ <https://colaboracion.dnp.gov.co/CDT/Conpes/Econ%C3%B3micos/4021.pdf>

⁶ https://www.cancilleria.gov.co/sites/default/files/Fotos2016/12.11_1.2016nuevoacuerdofinal.pdf

⁷ https://www.eeas.europa.eu/node/16984_en

⁸ <https://colaboracion.dnp.gov.co/CDT/Conpes/Econ%C3%B3micos/4080.pdf>

Rural violence targeting social leaders increased markedly during the preelectoral period. For the last four years, Colombia has registered -on average- two murders of social leaders every week. During the week previous to the elections, five were killed, including rural community leaders who had fled to the cities under the threat of illegal armed groups. The NGO Indepaz reports almost 90 murders of this kind since the start of 2022.

EU relations with the government of Colombia have been of a very close collaboration and gained a higher profile with the signature of the Memorandum of Understanding on an Agenda of enhanced political and sectoral dialogue and cooperation for the next decade (Sept 2021)⁹ and the Joint Declaration for a Dialogue on Environment, Climate Action and Sustainable Development (Feb 2022)¹⁰ Both documents, as well as the high level political dialogue, the dialogue on human rights, both held in February 2022, and the visit of the EU Commissioner for Environment in May 2022, highlighted the common commitment to strengthen cooperation in a large number of areas, with a particular emphasis on environment.

This action is aligned with key EU policy frameworks. It contributes to achieve the five priorities of the *EU Communication (2019) on Stepping up EU Action to Protect and Restore the World's Forests*¹¹ and the *EU Deforestation Due Diligence Proposal*¹². In addition, the action is linked to the *EU Gender Action plan (GAP) III*¹³ priority of bringing the gender perspective to new policy areas, in particular, the green transition. Lastly, the action is coherent with the *Global Strategy for the European Union's Foreign and Security Policy*¹⁴, in particular, EU policy approach to resilience that implies shifting from crisis containment to upstream measures to address the underlying vulnerabilities and structural causes of conflicts linked to the control of forest resources.

Given the new political scenario, alignment of priorities will be sought with the new government. Preliminary assessments seem to confirm the EU as a great ally to support the new administration on peace, environment, gender equality and human rights, relations with the business community and some of the comprehensive regional dialogues that Petro has announced.

There is also great cohesion and coordination among the 16 EU Member States present in Colombia, with alignment of priorities under the two selected Team Europe Initiatives (TEI), Peace and Environment, which coincide with the two focal sectors of the EU Multi-Annual Indicative Programme (MIP) 2021-2027.

Some emblematic cooperation initiatives, complementary to this Action are:

- Vision Amazonia, an initiative of the Colombian government and financial support of USD 366 million from **Germany**, Norway and the United Kingdom, which seeks to achieve zero net deforestation in the Colombian Amazon.
- Fondo Colombia Sostenible (FCS), financed by Norway, **Sweden**, and Switzerland aims at consolidating peace whilst ensuring environmental sustainability. It is operated by the IADB and implemented by several partners (NGOs, United Nations agencies, research institutes etc.), with donor contributions currently estimated at USD 35.7 million.
- In 2021, the IADB approved an USD 800 million policy-based loan to support sustainable and resilient growth in Colombia. the French Agency for Development co finances with EUR 200 million and KfW with EUR 150 million.

At regional level, the TEI Amazon will intervene in the Amazon area and will address fire detection and prevention in Colombia. Other programmes will also complement the Action. In particular, El PACCTO might address actions linked to environmental crimes and EUROCLIMA+ enhance climate governance.

With regard to environment, Colombia has received ample world's attention as the country ranks fourth among the developing countries with the highest forest coverage (with 60 M ha; 52% of its total land area), has formulated

⁹ https://www.eeas.europa.eu/eeas/memorandum-understanding-eu-colombia_en

¹⁰ https://environment.ec.europa.eu/publications/joint-declaration-european-union-and-colombia_en

¹¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1565272554103&uri=CELEX:52019DC0352>

¹² [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2022\)698925](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2022)698925)

¹³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020JC0017>

¹⁴ https://www.eeas.europa.eu/eeas/global-strategy-european-unions-foreign-and-security-policy_en

ambitious international goals under the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity, and has a strong public policy framework.

Although the country stands for only 1.5% of world forest area, in recent years, Colombia's annually deforested area represented about 4-6% of the world's net deforestation. As deforestation is mostly located in conflict affected areas, combatting the root causes of deforestation and forest degradation goes hand in hand with peace building in the rural areas.

Colombian forests are very diverse, and the country itself is considered the **second most biodiverse** in the world. Forests are found in various geographical contexts, within a wide range of climatic conditions, from dry to extremely wet and are essential for biodiversity conservation. They include tropical forest (6% of the total of the Amazon), Páramo (50% of the world), mangroves, natural bamboo forest, etc. Almost all the forest cover is natural, primary or intervened, but there is very little formally established Permanent Forest Estate for timber production purposes. Forest plantations amount to only 0.6 million ha, with over 30,000 owners, 70% of whom have a property of 25 ha^{15,16} or less, which represents a low socioeconomic impact. There are no certified forest operations in natural forest¹⁷ nor are there any PEFC¹⁸-certified operations¹⁹. The trade balance for forest sector products (incl. paper and pulp products) is negative (USD 766 million in 2018).

The forest sector in Colombia officially contributes to 0.6% of the country's GDP²⁰; however this contribution is considered to be highly informal, with an estimate of 750,000 jobs (6% of EAP²¹), plus an estimate of 1.2 million people (10% of EAP) who economically depend on the use of non-timber forest products (NTFPs). The forest sector is thus more important than what it can be perceived only by looking at its GDP contribution, and even more if the value of the illegal logging is included.

Although there is no disaggregated data on the participation of women and men in the forest sector, the employment rate of rural women was 29.2%, while that for rural men was 68.8% and that of women in urban areas was 40.6%²². In 2020, the gender gap in the unemployment rate was 10.5 p.p., a level similar to that recorded ten years earlier. Making progress in job formalisation in the forestry sector has the challenge of providing equal opportunities for women and men, while at the same time ensuring participation of rural women in all their diversity and thus contributing to closing rural labor gaps.

As result of the Peace Agreement, tourism increased, becoming the third largest contributor to the country's GDP. The number of eco-tourists rose from 0.35 million in 1999 to 1.8 million in 2018²³. Its success must also be attributed to the country's natural wealth (and particularly forests).

Colombia has 18.5 million ha of terrestrial protected areas with a forest cover of 67% (12.4 M ha). At COP26, Colombian authorities declared that, by 2022, 30% of the country's territory will become a protected area. Half of these areas overlap with indigenous and afro-Colombian territories. Most of these protected areas are under pressure by approximately 30,000 displaced farmer families from the internal conflict that live illegally in protected areas, infiltration of armed groups, anti-personnel mines, illegal crops and other illegal practices (including illegal logging, grazing, and mining)^{24,25}.

Of the total forest area, 22% is owned by the Colombian State, while 56% is collectively owned by indigenous or afro-Colombian communities (22.1 M and 5.4 M Ha²⁶, respectively); the rest belongs to private owners. According to the available statistics, the deforestation and forest degradation rate in territories under the control of indigenous or afro-Colombian communities is about ten times lower than in the rest of the country. Land tenure is increasingly moving from public and communities' hands to private owners, who illegally seize forests areas for money

¹⁵ Ministerio de Agricultura y Desarrollo Rural, 2019. Boletín Estadístico Forestal.

¹⁶ World Bank. 2017. Colombia: Programmatic Forest Country Note. Deep Dive into Forest & Landscape-Smart Investments.

¹⁷ FSC website

¹⁸ Programme for the Endorsement of Forest Certification

¹⁹ PEFC website

²⁰ World Bank. 2017. Colombia: Programmatic Forest Country Note. Deep Dive into Forest & Landscape-Smart Investments.

²¹ Employment Active Population

²² Source: Large Integrated Household Survey (GEIH, for its acronym in Spanish) for 2020 in rural areas

²³ <https://headtopics.com/co/los-impactos-que-ha-dejado-el-ecoturismo-en-algunos-parques-naturales-de-colombia-elespectador-com-9932607>

²⁴ Parques Naturales Nacionales de Colombia, 2017. Power Point Presentation "Áreas protegidas, seguridad y la paz en Colombia"

²⁵ Minambiente, 2017. Convenio de Financiación No.DCI-ALA/2015/38-166. "Contrato de Reforma Sectorial para el Desarrollo local Sostenible". Informe de Verificación de los indicadores para el desembolso del primer tramo variable. Corte a 31/12/2016.

²⁶ ITTO, 2005. Colombia Country Profile

laundering and illicit activities thus deforesting in an uncontrolled manner. This illegal land seizure involves displacement of communities.

Protection and sustainable use of forest areas is strongly linked with the policies and investments supporting the peace agenda, in particular the Comprehensive Rural Reform (point 1 of the Peace Agreement), since 60% of the Development Programmes with Focus on the Territory (PDET)'s municipalities, overlap with environmentally sensitive ecosystems and in particular with deforestation hotspots.

Last, it is important to recognise Colombia's efforts towards deforestation-free production in selected commodities. Colombia formally entered the Tropical Forest Alliance²⁷ global initiative in 2017, becoming the first Latin American country to join. In 2018, Colombia also joined the Cocoa and Forests Initiative - led by the World Cocoa Foundation (WCF) and the Sustainable Trade Initiative (IDH). "Cocoa, Forests and Peace Initiative", acknowledging cocoa's role in advancing the historic peace process by providing rural employment to farmers and communities previously involved in the conflict.

2.2 Problem Analysis

In Colombia, as in several low-income countries, forests have been historically considered as a limitation to economic growth, mainly based on agriculture. Within the specific context of political violence, it turned to be a hostile ecosystem, harboring illicit activities and armed groups. This negative perception of forests as well as the prolongation of the internal conflict has delayed the spread and adoption of a new culture of sustainable development and social sensitivity towards forest preservation for two decades. As a consequence, most actors ignore the real social and economic value of forests.

Long periods of political violence, lack of State presence, and the need for economic opportunities have accelerated the concentration of rural population in urban centers, reinforcing the separation between the urban context and forests, and deepening territorial and socioeconomic inequalities.

Between 2000 and 2019, the country has lost more than 2.8 million hectares of natural forest landscape due to deforestation. While the average annual deforestation had been 131,500 ha in the ten years prior to the Peace Agreement, in the last five years it reached 170,000 ha per year and a peak of 220,000 in 2017.

Deforestation and forest degradation is threatening the natural heritage of Colombia, hampering the possibility to meet international commitments under the 2030 Agenda and the Paris Agreement, as well as the post-COVID-19 recovery. Keeping deforestation and forest degradation under control is therefore essential not only to preserve the country's biodiversity but also to meet the NDC targets²⁸ of Colombia, as the CO₂ national emissions of the AFOLU²⁹ sector represented 55% of national emissions³⁰.

Over the last three decades, five major drivers – which vary among the regions- have been identified: i) extensive cattle rising and ranching, ii) conversion to pasture for land grabbing purposes³¹, iii) installation of new areas for coca cultivation (17% of annual deforestation average), and far less iv) agribusiness crops (oil palm) and v) basic food. Other deforestation drivers include mining, expansion of infrastructure and illegal wood extraction.

The drivers of deforestation and forest degradation act in a context of conflict over occupation, use and ownership of land and renewable natural resources. Limited institutional presence in the territories is both cause and consequence of the internal conflicts taking place in large parts of the country, often leading to violence against environmental and social leaders.

Public Policy CONPES 4021 considers 11 High Deforestation Hotspots (HDH), which account for 64% of the total national deforestation. Five of these Hotspots are in the Amazon region.

As institutional capacities and local "social assets" also vary from one region to another, centrally-conceived public policies yield to differentiated impacts. Therefore, confronting deforestation, forest degradation and reaching the

²⁷ The TFA is a multi-stakeholder partnership that supports the implementation of private sector commitments to eliminate deforestation in agricultural and forestry value chains(<https://www.tropicalforestalliance.org/>)

²⁸ Umweltbundesamt 2018. https://www.umweltbundesamt.de/sites/default/files/medien/1410/publikationen/2018-11-01_climate-change_25-2018_country-report-colombia.pdf

²⁹ Agriculture, Forestry and Other Land Use

³⁰ Government of Colombia, 2015. Intended Nationally Determined Contribution. Ministry of Environment.

³¹ Gobierno de Colombia, DNP. Bases del Plan Nacional de Desarrollo 2018-2022 (<https://www.dnp.gov.co/Plan-Nacional-de-Desarrollo/Paginas/Bases-del-Plan-Nacional-de-Desarrollo-2018-2022.asp/>)

AFOLU mitigation objectives of Colombia's National Determined Contributions (mostly linked to LULUCF³²), requires differentiated approaches of coordinated actions, as well as a gender approach towards gender equity.

Usually, deforestation and forest degradation by local actors and communities can be attributed to either a lack of knowledge about the effectiveness and profitability of forest conservation or to the lack of opportunities and incentives to use forests based products and services sustainably. This behavior is enforced by public and private investments that provide adverse incentives that perpetuate elimination and degradation of forests. Therefore, addressing the roots causes of deforestation and forest degradation point to **four major problems that** intersect with peace-building.

P1. Lack of economic valorisation of forests, either for forestry, including community forestry, or environmental services. Alternative land use systems that offer decent incomes to underprivileged women and men from rural areas, together with increased awareness and improved presence, services, and protection from the government should be implemented. Many municipalities are developing new land-use plans that prevent unsustainable deforestation and forest degradation. However, almost none are effectively implemented and monitored. The lack of information, traceability and transparency over supply-chains is hampering the efforts to increase the production and export of crops such as cocoa and coffee.

P2. Despite abundant forest resources, Colombia is a wood-importing country, which evidences the lack of proper incentives and assistance for sustainable forest management, reforestation and agroforestry. Although Colombia has a significant extension of natural forest that is rarely used to generate income, much of the timber logged from natural forest is sourced from illegal operations. The main wood processing industry (pulp and boards) is supplied by imported timber³³, while commercial plantations are rare. By contrast, Colombia exports part of its precious natural hardwood timber without processing. This situation causes significant negative environmental and socioeconomic impact, disrupts the market for legally produced wood and defrauds the State as no taxes or other formal payments are made. Moreover, it results in strong disincentive for the emergence of a local value chain.

P3. Critical ecosystems and biodiversity in Protected Areas are under pressure as a result of conflicting tenure arrangements or displacement. This situation leads to uncontrolled and unsustainable land use and socio-environmental conflicts. As a result, deforestation, forest degradation and illegal crop production levels tend to increase. Protected areas' management would need to involve and generate benefits for the right-holding groups (indigenous, afro-colombians) with a differential approach and a new governance system, stimulated by forest governance rules, conservation agreements and compensations.

P4. Forest sector is a gender and youth blind sector. The economic, social, cultural, and legal settings affect negatively the rights of women to manage forest resources in Colombia. Rural Women generally focus on meeting the nutritional and subsistence needs of their households, but they are also simultaneously involved in forest-based income-earning activities, especially the collection, processing and sale of non-wood forest products. This gender differentiation has major implications for forest management and gender-based power structures in communities. There is no data to monitor gender roles and activities in the sector and to promote a gender approach on the forest policy design and implementation.

P5 Transversal linkages with old and new conflicts. The links between conflict and deforestation are neither unique nor simple. On the one hand, in the course of the conflict, armed groups have facilitated the installation of new areas for coca cultivation while forced eradication has caused further degradation through massive use of herbicides. On the other hand, in recent years, areas controlled by FARC prior to the Peace Agreement have experienced an increase in deforestation after the start of the ceasefire, exacerbated by land intensive economic activities, albeit the deforestation effect of peace is attenuated in municipalities with higher state presence and judicial capacity³⁴.

A recent upsurge in land grabbing (and the correlated elimination of forest cover usually associated with the need to demonstrate possession) is undeniable³⁵. It became easier in the post-conflict period, as people that had enough

³² Land use, land-use change and forestry

³³ Departamento Nacional de Planeación. 2018. GGGI.

³⁴ End-Of-Conflict Deforestation: Evidence From Colombian's Peace Agreement, Universidad del Rosario – 2018

³⁵ This is particularly complex for women displaced by the armed conflict, given the historical and current barriers to formal land ownership for rural women.

resources to own large extensions of land, to enclose and to “clean” them, took advantage from the lack of institutional presence in former conflict areas.

These facts highlight the importance of complementing peace-making objectives with State building efforts to avoid environmental damage. The signature of the Peace Agreement put an end to the armed conflict, but not to the structural conflict of occupation of land and resources between different interest groups in the territories, which negatively affects indigenous, afro descendent communities and smallholders and, in particular and disproportionately, women.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

The **Ministry of Environment and Sustainable Development (MADS)**, responsible for the “Pact for sustainability” of the National Development Plan and in particular, its Directorates of i) Forest and Strategic Ecosystems and ii) Climate Change and Risk Management, together with the Office of Green Businesses and the sub-Directorate of education and participation will be key in ensuring national appropriation and execution as well as gender integration in the national policy implementation.

The **Institute of Hydrology, Meteorology and Environmental Studies (IDEAM)**, under the Ministry of Environment, is responsible for the management of scientific, hydrological, meteorological data and the functioning of the Group of Forest and Carbon Monitoring System.

The **Ministry of Agriculture and Rural Development (MARD)** responsible for capacity building (agricultural and forest value chains), also coordinates incentives and credits for the Forest sector. The Rural Women’s Directorate is in charge of implementing the sector’s gender policy.

The **Agency for Rural Development**, attached to MARD, is the entity responsible for managing, promoting and financing agricultural and rural development, for the transformation of the territories and programs with regional impact.

National Natural Parks is responsible for the administration and management of the System of National Natural Parks and the coordination of the National System of Protected Areas, closely related with the deforestation policy.

The **Presidential Advisory Office for Women’s Equity (CPEM)** is responsible for ensuring the coordination and coherence of gender policies and support the design of programs and projects to promote gender equality and empowerment for women.

Corporaciones Ambientales Regionales (CARs) are sub-national environmental authorities, responsible for the implementation of the environmental policy in the territories of their jurisdiction. They will be fully involved in the program under the green businesses and their contribution to rural/forest extension services.

The **Municipal Councils of Rural Development (CMDR)** and the **Sectional Councils of Agriculture (CONSEA)** represent participation mechanisms that allow the articulation of the agricultural policy with the territorial realities.

Non-state actors:

The **National Federation of Wood Manufacturers (FEDEMADERAS)** represents the forestry, wood and furniture sector of the country and connects entrepreneurs and reforestation producers, processors, manufacturers and marketers of furniture and wood products, including suppliers of goods and services for this sector, and the ethnic communities responsible for and collective owners of the natural forest. It supports good practices throughout the timber production chain and promotes plans, programs, strategies and actions to increase the competitiveness and productivity of companies in the sector.

Indigenous and afro descendent communities and representing bodies: more than half of the forest areas, whether protected or not, are habitat and coincide with the territorial rights of indigenous and afro-descendent communities. Representatives of the organisation of indigenous peoples of the Colombian Amazon (OPIAC), the National Organisation of Colombian Indigenous (ONIC), small holders’ organisations as the National Association of Peasant Reserve Zones (ANZORC) and National Association of Peasant Users (ANUC) will be key stakeholders of the action.

In order to ensure active participation and dialogue from women, the action will liaise with the **association of farmers and indigenous women** (ANMUCIC), the National Organisation of Colombian Indigenous (ONIC), Natura foundation, “Mujeres Trenzadas Somos Más” organisation and others.

2.3 Additional Areas of Assessment

2.3.1 Public Policy

Colombia has a solid policy framework focused on sustainable forest management and fight against deforestation and forest degradation, supported by international agreements and aligned with the Sustainable Development Goals (SDGs), the implementation of the Paris Agreement on Climate Change, and the goals of the Joint Statement of Intent (JSI).

The National Development Plan (NDP 2018 – 2022) promotes the development of new models of financial and economic incentives that consolidate sustainable production alternatives and maintain the country’s strategic environmental areas in order to reduce the causes of deforestation and ecosystem degradation.

In the updated NDC (Dec 2020), the mitigation objectives set for this sector correspond to 45% of the national commitments, which are mostly related to deforestation. Updated NDC’s goals are reinforced by the recently enacted Climate Action Law 2169 (Dec. 21, 2021), “through which the country’s low-carbon development is promoted through the establishment of carbon-neutral and climate-resilient minimum targets and measures and other provisions”.

To reach these objectives, the NDCs of Colombia mainly refer to reducing deforestation by 50,000 ha/year by 2030, and increase reforestation by 300,000 ha during the period 2015 – 2030.

Gender equality is highlighted as a cross-cutting issue in the NDCs. However, there is no specific reference to gender in the thematic sections of the updated NDC’s goals. In 2022, in the framework of the new National Policy on Gender Equity for Women (CONPES 4080), the government of Colombia committed to formulate and implement a Gender and Climate Change Action Plan for Colombia, incorporating gender objectives and indicators to ensure that the country’s climate change management integrate a gender perspective. This will also include institutional arrangements and installed capacity for gender equality and climate change in entities with responsibilities for climate change management.

The core policy for deforestation is CONPES 4021 “National Policy to control deforestation and sustainable management of forests”, a multisector public policy, with objectives defined by the updated NDC, demonstrating Colombia’s willingness to comply with its international commitments and reach zero net deforestation by 2030.

There are other thematic or transversal policies, e.g. CONPES 3886 “Policy Guidelines and National Program of Payment for Environmental Services for Peace Building” (2017); CONPES 3934 “Green Growth Policy” (2018) and; CONPES 4023 “Recovery, Sustainable and Inclusive Development” (2021). The recently approved 2111 Penal law on environmental crimes (2021) clearly states deforestation as a criminal act. Finally, the Inter-sectoral Pact for Legal Timber (2009) promotes legal timber and mitigates the impact of timber trafficking.

The intersectoral policy against deforestation, in particular CONPES 4021, responds to structural issues that are relevant for Colombia and for all countries committed to the fight against climate change and conflict resolution. These include: peace building; poverty eradication; social inclusion; reduction of regional development gaps; institutional strengthening at national and territorial levels; sustainable use of natural resources; climate change mitigation with a gender approach; and the promotion of territorial development. The policy also indirectly contributes to the implementation of the commitments of the Trade and Sustainable Development chapter of the Trade Agreement with the EU and its international engagements.

Colombia has a large set of instruments and entities for the management, monitoring and evaluation of public policies at its disposal:

- The National System for Evaluation of Management and Results (SINERGY) is the main instrument managed by the National Planning Department.
- State control bodies, particularly the Office of the Controller General (CGR), carry out annual assessments of the state of natural resources and environmental management.

- Policies emanating from CONPES are submitted to an online monitoring system (SiSCONPES) that allows: (i) consultation and validation of progress of CONPES documents (ii) consulting advanced calculations by sector.
- The Congress of the Republic holds control debates and follow up on the implementation of the CONPES' strategies, including CONPES 4021, by each involved public entity.
- Additionally, the Ministry of Environment (MADS) monitors the management of the Regional Environmental Autonomous Corporations (CAR) through the Information System for Planning and Management (SIPGA); National Natural Parks (PNN) has its own methodology "Protected areas Management Effectiveness Analysis with Social Participation" and; IDEAM reports on annual deforestation rates through the Forest and Carbon Monitoring System (SMBYC).

Although the abovementioned systems are reliable and have well-supported databases that allow monitoring progress of the sector's policy, it becomes necessary to improve interoperability among the databases of the different institutions to ensure that information flows properly between and among the national level and the territories.

According to the SINERGIA's report presented to the DNP, as of June 2018, the MADS showed an implementation compliance of 83%. The most important achievements include the creation of new protected areas (30 M ha.); delimitation of 36/37 Paramos; 5 new Ramsar Sites; 630,357 ha in the process of restoration; 5,017 ha under sustainable management of non-timber forest products. Additionally, the Ministry launched or reinforced the following programmes against deforestation: National Comprehensive Program for the Substitution of Illicit Crops; Integrated Strategy for Deforestation Control and Forest Management; Inter-sectoral Committee for Deforestation Control and Integrated Management for the Protection of Natural Forests and the so-called "forest bubbles" in the main deforestation hotspots, in order to coordinate actions between the environmental, defense and judicial authorities and control agencies.

In 2018, the Nation's General Budget (PGN) allocated just 280,000 million COP (EUR 65 M approx.) to the environment sector, which represented a severe cut as compared to 2017 (in relative terms, budget allocation was reduced from 0.29% to just 0.12%).

In the NDP 2018-2022, the environment and sustainable development sector concentrates the equivalent to 1.1% of the total PGN, a significant increase compared to a historical average that does not exceed 0.4%.

Budget execution remains high. According to the report on the state of natural resources and the environment 2017-2018 of the General Controller Office, the entities at the central level (MADS, National Environmental Fund - FONAM, IDEAM, PNN and National Authority of Environmental Licenses - ANLA), committed 96% of the allocation in 2017 and the regional environmental authorities (CAR) maintained good performance (95% in 2017).

In the last 20 years, public environmental expenditures in Colombia have not exceeded 0.4% of the Gross Domestic Product (GDP). The country is actually underperforming with respect to other OECD countries (between 0.5% and 1.5%).

The Carbon Tax revenues and the implementation of the Peace Agreement are an opportunity to finance environment projects that do not have enough resources to date. These revenues were equivalent to 85% of the budget allocated to environment from the National General Budget for 2018. Carbon Taxes will be managed by the Ministry of Environment (25%) and through the "Colombia Peace Fund" (75%) to address environmental priorities in post-conflict zones. This funding will need to ensure articulation with the plans of the Regional Environmental Authorities (CARs) and the territorial entities.

The National Environment System (SINA) is formed by the Ministry of the Environment, the Regional Autonomous Corporations (CARs), the Territorial Entities and the Research Institutes assigned and linked to the Ministry. With the creation of two vice-ministries under the MADS: 1) Environmental Policies and Normalisation, and 2) Environmental Regulation of the Territory, important progress was made regarding the implementation of the Green Growth Strategy, the Institutional Strategic Plan of the MADS and the action plans of the CARs, which set the stage for the implementation of CONPES 4021.

However, there are still weaknesses at institutional level, particularly in the context of a post-conflict scenario: financing and budget management, institutional intra- and inter-sectoral coordination, more efficient supervision of CARs' execution, monitoring of public policy results and impact. In this regard, the Office of the Controller

General (2017) stated that “the current institutional capacities of regional environmental authorities are insufficient to face the intensification of environmental challenges of the post-conflict context”.

In conclusion, the policy is sufficiently relevant and credible for budget support contract objectives to be largely achieved. Therefore the policy can be supported by the Commission with the proposed budget support performance contract.

2.3.2 Macroeconomic Policy

The IMF recently approved a successor two-year arrangement for Colombia under the Flexible Credit Line (FCL) of about USD 9.8 billion. Colombia qualifies for the FCL by virtue of its very strong economic fundamentals and institutional policy frameworks and track record of implementing very strong policies.

With stronger-than-expected growth last year (10.6% in 2021), fiscal deficits (8.2% of GDP) and public debt (64.6% of GDP) are declining faster than anticipated, and the fiscal framework has been reactivated with a new fiscal rule and debt anchor.

The rapid progression of the public debt ratio and the capacity for future policy adjustment have materialised in Colombia losing its investment grade status in 2021. Despite facing a challenging scenario, Colombia has demonstrated -from summer 2021- a solid capacity to support debt backstopped by a favourable interest-to-growth differential, a manageable debt-servicing burden and a sound institutional framework.

Recently, inflation has risen well above the central bank’s target of 3% and the central bank has raised the policy rate. The upward price pressures are mainly driven by global and supply-demand imbalances. The central bank has recently accelerated its pace of normalisation with a cumulative increase of 325 basis points since October 2021. The authorities remain committed to their inflation targeting framework and flexible exchange rate.

External risks remain elevated. Key among them is uncertainty around the war in Ukraine, which can represent further volatility in financial and commodity markets. Rising and volatile international prices for food and energy could increase domestic inflationary pressures. Uncertainty around the pandemic also continues to cloud the outlook. In order to avoid that impact of these shocks on the Colombian economy could be amplified, the new government should ensure the sound macroeconomic policies to boost market confidence.

Finally the new Minister of Finance, Jose Antonio OCampo was recently nominated; he has an “orthodox” profile and experience in CEPAL, which should ensure stability throughout the change of government and further.

In conclusion, the authorities are pursuing a stability-oriented macroeconomic policy and the eligibility criterion is met.

2.3.3 Public Financial Management

The latest Public Expenditure and Financial Accountability (PEFA) assessment for Colombia -carried out in 2015 - and the International Monetary Fund’s (IMF) 2018 Fiscal Transparency Evaluation of Colombia show positive results in terms of robust macroeconomic and fiscal projections, budget credibility and transparency.

The World Bank’s 2021 Colombia Public Finance Review reaffirms the positive advancements in the credibility and sustainability of the country’s fiscal policy over the past twenty years, as the result of strong institutions. As a result, the country ran one of the highest fiscal balances in Latin America, until the COVID-19 crisis hit.

However, there are still weaknesses related to the strategic allocation of resources, fragmentation of the budget information systems and delays in adapting budget and accounting regulations to international standards, efficient delivery of public services, insufficient information on performance and weakness in medium-term budget planning, need to strengthen internal and external control and transparency of the procurement system.

Colombia’s current tax system does not collect enough to finance the provision of services that can increase inclusive and sustainable economic growth. It is necessary to increase revenues to finance investments as well as to expand the social safety net to effectively reduce poverty and inequality, but also it is urgent to improve fiscal transparency and strengthen the tax administration authority (DIAN).

To address these challenges, the National Development Plan (NDP) 2018-2022 recognised that improvements in public finance policy are critical for fiscal sustainability. The EU Delegation identified 18 indicators in the NDP

2018-2022 directly linked to the PFM reforms At the sector level, the government has implemented a Sector Strategic Plan (PES) 2019-2022.

In 2020, the government approved the National Policy on Public Financial Information (CONPES 4008), which adopts a systemic vision of the PFM information system. In line with this policy, in March 2022, an Integrated Action Plan for PFM information system was approved with actions to be carried out between 2022 and 2029. In addition, the government will approve before August 2022 a new national policy in public expenditure efficiency.

Important progress has been made in terms of gender responsive budgeting and PFM system's responsiveness to environmental degradation and climate change. In 2022, Colombia approved its own green taxonomy and the first green bond auction was launched in September 2021 after having developed a completed framework for sovereign green bonds. In 2020, a gender budgetary market was implemented to track spending on gender equality objectives in the annual budget. An annual report on gender public spending is annexed to the budget from 2021.

The credibility of the reform process is reflected in the progress made so far, including fulfilling NDP's objectives and a 100% of the PES in both 2020 and 2021, which reaffirms the progress made in recent years.

The Duque's government has approved two tax reforms in 2019 and 2021. These tax reforms aimed to increase tax collection, improving tax system efficiency and fighting tax evasion. Despite these efforts, even if Colombia has doubled its revenues since the early 1980s, the tax-to GDP ratio has been continuously lower than the average for the LAC region and OECD over the past 20 years. Strong and long-standing opposition in Congress and the population to comprehensive tax reform, high levels of informality in the labour market, loss of short-term revenues from opportunistic tax reforms and fiscal exemptions are structural factors, which have underpinned Colombia's chronic challenges in raising tax revenues.

The EU Delegation considers essential to reinforce the dialogue with the Colombian government in three areas that show weaknesses and that are of special interest to the European Union, such as the public procurement system where there is a potential for corruption, the efficient delivery of public services and the progressivity and efficiency of tax system.

In conclusion, the public finance management reform strategy is sufficiently relevant and credible, including on domestic revenue mobilisation, and the eligibility criterion is met.

2.3.4 Transparency and Oversight of the Budget

The entry point remains met as the 2022 budget was approved and published on 12 November 2021. The Delegation considers that there has been satisfactory progress in relation to the budget transparency eligibility condition. For the General Budget Law to enter into force, it has to be officially published by Congress and in the Official Journal. The budget can be consulted on the web page of the national publication office.

The 2021 OBI and the IMF fiscal transparency evaluations carried out in 2017 have shown that Colombia continues to be a country with satisfactory levels of budget transparency. The country is above the world average in terms of budget transparency and the country's transparency score has improved compared to 2019 (OBI, 2021). According to the OBI 2021, Colombia has increased the availability and quality of budget information. The country continues providing a very good level of audit oversight and also an adequate legislative oversight during the planning stage of the budget cycle, but limited legislative oversight during the implementation stage. In addition, Colombia needs to reinforce citizen participation mechanisms in every stage of the budget process. For its part, the evaluation of Budget Transparency of the IMF indicates that Colombia has taken a significant leap forward in terms of building robust fiscal institutions, based on good transparency practices in recent years.

To make further progress in transparency, the government could consider: (1) produce and publish the Mid-Year Review online in a timely manner and reinforce the comprehensiveness of the Pre-Budget Statement, the Year-End report and the audit report (2) Further use ICTs for citizen's engagement (3) Actively engage with vulnerable and underrepresented communities, either directly or through civil society organisations representing them (4) reinforce the legislative oversight over the audit Report and publish a report with their findings online.

In conclusion, the relevant budget documentation has been published and the eligibility criterion is met.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The **Overall Objective** (Impact) of this action is to mitigate the effects of climate change and biodiversity loss while contributing to the construction of peace in the territories of Colombia.

The **Specific Objective** (Outcome) of this action is to reduce deforestation in the areas most affected by the internal conflict that overlap with deforestation hotspots, in line with Colombia's Nationally Determined Contributions and sectoral policy CONPES 4021.

The **Outputs** to be delivered by this action contributing to the corresponding Specific Objective (Outcome) are:

- 1.1 The bio-economy of the forest sector and the forest economy are enhanced with a special focus on women, youth and ethnic communities, their inclusion and their role as social and economic actors.
- 1.2 National efforts in reforestation, promotion of sustainable and inclusive agroforestry models and sustainable and responsible value chains are scaled-up.
- 1.3 Community based conservation and restoration is strengthened, in line with the national strategy to protect critical forest ecosystems in National Natural Parks and their buffers zones.

3.2 Indicative Activities

Activities related to Output 1.1: Community forestry activities; development of green businesses (non-timber forest products, rural tourism, payment for environmental services, etc.); capacity building to ethnic communities, youth and women on sustainable forestry business models, land use, etc.

Activities related to Output 1.2: Dialogue with the private and public institutions involving promotion of domestic wood processing, strengthening of the formal wood value chain; promotion of commercial forest plantations and associated job creation for conflict affected communities.

Activities related to Output 1.3: Conservation agreements for the restoration of forests with communities with rights that live in protected areas or their buffer zones. These will involve small holders, indigenous and afro-descendent communities, youth and women in the restoration, rehabilitation, recovery and/or conservation of the protected areas through the conclusion of agreements ("conservation contracts"); extension services to local actors, facilitating connections with diverse communities and making links to opportunities, knowledge and information.

3.3 Mainstreaming

Environmental Protection & Climate Change

Given the Action's objectives, which directly address climate change, environmental protection and forests conservation, in support of environmental policy (CONPES 4021), it is not necessary to carry out a Strategic Environmental Assessment.

Gender equality and empowerment of women and girls

The Action is labelled as G1 as per OECD Gender DAC codes. This implies that the intervention will promote women increased participation and economic empowerment. This will be ensured by including disbursements associated to gender targets; support for the collection of gender-disaggregated data to monitor gender roles and activities in the sector; actions to ensure gender equality mainstreaming in the programmes' design and implementation; research and knowledge-building to explore and increase understanding of gender-specific roles; gender equity in capacity-building initiatives and the dissemination of information on gender in forestry.

Human Rights

The action promotes direct involvement of those vulnerable people mostly affected by deforestation, climate change and conflict, in particular, women, youth and ethnic communities, who will ultimately be the direct beneficiaries of the interventions by allowing them to live a dignified life through their social inclusion and participation, economic empowerment and advancement of the fulfillment of their rights.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that there is no specific activity or target designed to address disability.

Democracy

The Action is people centered, in particular rural farmers, ethnic communities, youth and women, who will be at the core of decision making processes since they will be directly benefited and directly involved by socioeconomic activities from forest sustainable management practices.

Conflict sensitivity, peace and resilience

Given that deforestations hotspots are mostly located in conflict affected areas, the action will contribute to maximising opportunities for conflict prevention at local level by promoting economic development alternatives for those vulnerable communities and minorities most affected by conflict, in particular afro-Colombians, indigenous peoples, and small-holder farmer communities. The results of the CAS have been taken into account while designing this Action.

Disaster Risk Reduction

The control of deforestation and sustainable management of forests have a direct and positive effect on disaster risk reduction.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
Global	The COVID-19 pandemic persists and restrictive mobilisation measures are in place at the local, national and international levels	Medium	Medium	The aim is to schedule virtual activities alternating as much as possible with face-to-face activities, which are adapted to the needs of the program.
Security	Deteriorating security conditions due to the presence of illegal armed groups that increase illegal economies and crimes against social leaders	Medium	High	High level policy dialogue will be maintained throughout the whole intervention and will be reinforced in case security situation worsens
Illegal economic activities	Persistence of illegal economic activities in the territories	Medium	High	Supporting the strengthening of legal production chains with the greatest potential in each territory will make possible to offer economic alternatives to communities, which have shown a preference for legal economy alternatives
Institutional	Structural weakness of public and community bodies at decentralised level	Medium	High	Support community and institutional strengthening activities through decentralised instruments for the sustainable development of local communities
Institutional	Possible conflicts of interest, tensions between stakeholders	Medium	High	The program cycle, including the action design process, ensures meaningful and inclusive and accessible participation for all participants throughout the action. This is reflected in the proposed governance structure
Sectoral financing	Budget cuts and the consequences of oil price fluctuations, social mobilisations and their fiscal consequences.	Medium	High	The Delegation, in the framework of the policy dialogue, will verify the institutional capacities and risks for implementation, carrying out advocacy actions with the Ministries to ensure adequate budgetary coverage for the proposed Action

Private sector involvement	Weak participatory mechanisms to ensure active representation of the private sector, producer organisations and civil society	Low	Medium	The Program includes the active participation of the private sector, individual farmers and communities, to mobilise support and impacts.
Gender equity	Perpetuating gender inequalities	Medium	High	Design of gender-focused actions for women's empowerment and gender transformative change, in line with the EU's GAP III. Formulation and implementation of a methodology to record information disaggregated by sex, as well as to make women's participation as agents of change in actions visible. Disbursements associated to gender participation included. Participation of women in all areas, especially in decision-making bodies.
Human rights	Difficulties in the enforcement of human rights	Medium	Medium	The Program includes the protection, promotion and fulfillment of human rights through capacity-building of duty-bearers at the forefront of national, regional and local institutions. Likewise, the capacities of leaders and organisations are strengthened, so that on the spaces of participation they can make agreements and advance the fulfillment of their rights
TEI	Tensions between Team Europe Initiative members	Low	Medium	This action has been formulated in close consultation with EU Member States and there exists overall consensus on its relevance. Regular meetings at Heads of Mission and Heads of Cooperation level take place in which update of programmes on the two TEIs is provided.

Lessons Learnt:

The need to tackle deforestation, forest degradation and the promotion of the forest economy are two of the cornerstones assumed by the government of Colombia recognising the double need to: i) achieve sustainable use of forests and ii) improve the quality of life of the communities in the forest areas in particular those affected by the internal conflict.

The EU has a long history of supporting forest related programmes: Local Sustainable Development programme (phases I and II)³⁶, Budget Support on Green Economy³⁷, EU-FAO FLEGT³⁸, UN-REDD³⁹, EU Trust Fund for Colombia⁴⁰, Implementing the Community Forestry Model⁴¹. All share the vision that sustainable forest management is the appropriate response to the need to preserve the integrity of forests, to protect their ecosystem functions and to ensure the well-being of the local communities. Building upon this general consensus, some learnt lessons can be drawn:

- The close interaction between production, consumption and environment needs to be included in the design of any environmental related programme, which is crucial for sustainable development, local and international trade.
- Focusing on one commodity only (timber) is not efficient in curbing deforestation (e.g. from FLEGT). This is because the main driver of deforestation and forest degradation is the expansion of agricultural land to produce commodities such as cattle, wood, palm oil, soy, cocoa or coffee (which very often is legal).

³⁶ CRIS number: LA/2015/038-166

³⁷ CRIS number: LA/2020/042-454

³⁸ <https://www.fao.org/in-action/eu-fao-flegt-programme/en/>

³⁹ https://climate.ec.europa.eu/eu-action/forests-and-agriculture/combating-tropical-deforestation-redd-initiative_en

⁴⁰ https://www.eeas.europa.eu/node/16984_en

⁴¹ <https://euredd.efi.int/community-forestry-challenges-opportunities-colombian-forests/>

- Social inclusion and participation of the most vulnerable social groups (such as migrants in the BS on Green Economy) are crucial in the implementation of any environmental programme, in strong coordination with the organised private sector, based on the social market economics.
- Institutional weakness at decentralised level, in particular with Regional Autonomous Corporations (“CAR”) requires support that guarantees the stability of budget, monitoring systems and staff so that collaboration between central and decentralised level can be executed in due time and form.
- The COVID-19 pandemic has brought new, environmentally friendly and economic saving work modalities, to keep implementation of activities virtually (when possible) despite the distance.
- It is essential to liaise –from the design phase- productive projects of forests based products with established or new markets and distribution channels to ensure sustainability of economic activities.
- Political will and interest on gender equity has not yet translated into concrete and practical gender mainstreaming and financing of environmental programmes, particularly in rural areas. Capacity building on the government’s planning and financing instruments remains key to gradually and systematically include gender equity in all interventions.

3.5 The Intervention Logic

The underlying intervention logic for this action is:

The Action will support the public policy, CONPES 4021, which has the specific objective of consolidating sustainable productive alternatives that have an impact on rural development and the stabilisation of the agricultural frontier and, more specifically, two first lines of action: “Promote productive activities based on natural capital that boost the forest economy”, and “Promote the implementation of conservation and sustainable forest management processes”.

Results (outputs) of the programme will aim to give an economic value to forests and its services, ensuring at the same time alternative sources of income to rural based communities, youth, women and indigenous communities and protecting conflict/deforestation and forest degradation affected areas and strategic ecosystems. These results will have a direct impact on the sustainable management of the forests, its protection and thus on the deforestation and forest degradation reduction (SO).

The above benefitted areas will be located in high deforestation hotspots, which fully overlap with highly affected conflict areas, in particular PDET municipalities. Consequently, communities that have been uprooted, deprived of their lands or obliged to move to forests reserves, are given new legal economic opportunities.

The resulting reduction of deforestation (SO) reduces global Greenhouse emissions whilst reforestation and restauration of forests ecosystems capture CO2 emissions. The action will therefore have a positive effect on the mitigation of climate change (GO). Moreover, reduction of deforestation, forest degradation and land use change will have a direct impact on the biodiversity loss reduction. Finally, by reducing deforestation, forest degradation and providing legal and sustainable livelihoods to inhabitants of forests areas, illicit economies lose their capacity to intervene and seize lands, in territories where the State is mostly absent, which is one of the main drivers of conflict.

The action will promote policy dialogue for enabling an institutional interaction with social and economic grassroots organisations, with a focus on social inclusion (gender, youth, ethnic, etc.). Moreover, policy dialogue will also promote institutional coordination between central and sub-national levels to be further strengthened. Finally, policy dialogue will be focused on the economic value of forests, which are still not conceived as an asset for the Colombian economy. In particular, border marginalised areas, where deforestation hotspots are located, could benefit from the increased value of their forests.

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention. On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action. The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

BUDGET SUPPORT MODALITY as reflected by the national/sector public policy supported (4 levels of results / indicators / Baselines / Targets / Source of Data - no activities)

Caveat: the indicators used in the LFM refer to the budget support intervention logic. They help monitoring the implementation of the programme in view of its objectives and later evaluate its contribution to country policy's achievements. The list of indicators below should not be understood as the list of indicators informing the disbursement of variable tranches and spelled out in the relevant part of the financing agreement signed with the partner country, although some indicators may be used for both purposes and will be marked accordingly.

Results	Results chain	Indicators	Baselines (2022) ⁴²	Targets by the end of the budget support contract (2024)	Sources of data (1 per indicator)
Indicative Impact of the policy	To mitigate the effects of climate change and biodiversity loss while contributing to the construction of peace in the territories	Green house gas emissions will be measured but are not linked to target achievement and disbursements			Partner country strategy reporting
Expected Outcomes of the policy	Deforestation in the areas most affected by the internal conflict that overlap with deforestation hotspots is reduced, in line with Colombia's Nationally Determined Contributions and sectoral policy CONPES 4021.	1.1 Reduction of deforestation in Colombia (hectares)	TBD	TBD	1. Satellital digital images (IDEAM) 2. Reports of land use change in

⁴² Given the new political scenario, baselines and targets of the budget support contract should be confirmed with the new government in the last quarter of 2022 .

					natural forest areas (IDEAM)
Induced Outputs	<p>1.1 The bio-economy of the forest sector and the forest economy are enhanced with a special focus on women, youth and ethnic communities, their inclusion and their role as social and economic actors.</p> <p>1.2 National efforts in reforestation, promotion of sustainable and inclusive agroforestry models and sustainable and responsible value chains are scaled-up.</p> <p>1.3 Community based conservation and restoration is strengthened, in line with the national strategy to protect critical forest ecosystems in National Natural Parks and their buffers zones.</p>	<p>1.1.1 Number of green businesses linked to forest goods and services with a gender equality approach with a focus in PDET areas</p> <p>1.2.1 Development and consolidation of the productive chain of forest plantations for commercial purposes with a gender equality approach (Number of hectares)</p> <p>1.2.2 Number of Forest Production Units and/or Forestry Companies in compliance with the legal requirements associated with forest management at the national level</p> <p>1.3.1 Area covered with contracts for the conservation and sustainable management of forests in areas of high deforestation, other PDET municipalities and areas most affected by the conflict (hectares)</p> <p>1.3.2 Number of hectares benefitting with processes of restoration, recovery, rehabilitation and sustainable conservation systems derived from legal uses within the National Natural Parks and their areas of influence.</p>	TBD	TBD	<p>Ministry of environment's reports</p> <p>Ministry of Agriculture's reports</p> <p>Ministry of Environment's reports</p> <p>National Natural Parks' reports</p>
Direct Outputs	<p>1.1.1 Community forestry activities; development of green businesses (non-timber forest products, rural tourism, payment for environmental services, etc.); Capacity building to ethnic communities, youth and women on sustainable forestry business models, land use, etc.</p> <p>1.1.2 Innovative financial mechanisms in support to sustainable forest management and land-use</p> <p>1.2.1 Dialogue with the private and public institutions involving promotion of domestic wood processing, strengthening of the formal wood value chain; promotion of commercial forest</p>				

	<p>plantations and associated job creation for conflict affected communities.</p> <p>1.2.2 National information system for zero-deforestation supply-chain</p> <p>1.3.1 Conservation agreements for the restoration of forests with communities with rights that live in protected areas or their buffer zones. These will involve small holders, indigenous and afro-descendent communities, youth and women in the restoration, rehabilitation, recovery and/or conservation of the protected areas through the conclusion of agreements (“conservation contracts”); extension services to local actors, facilitating connections with diverse communities and making links to opportunities, knowledge and information.</p> <p>1.3.2 A reinforced multi-stakeholder dialogue and mechanisms for institutional coordination and transparent enforcement in the control of deforestation</p> <p>1.3.3 A reinforced gender equality approach in the design and implementation of key policy action in the fight against deforestation</p>				
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4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the partner country

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out, and the corresponding contracts and agreements implemented, is 42 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation of the Budget Support Component

4.3.1 Rationale for the Amounts Allocated to Budget Support

The amount allocated for the budget support component is EUR 9 000 000, and for complementary support is EUR 1 500 000. This amount is based on a broad qualitative assessment of the following elements:

- Political and strategic priorities aiming at ensuring fulfilment of the National Determined Contributions committed by Colombia.
- High public policy's implementation -past and present- track record and political will to put the fight against deforestation at the forefront of the political agenda.
- Strong commitment from the Government to execute national budget resources (including EU budget support) in support of national public policies, development strategy and objectives, and to follow standard national budget procedures.
- Taking into account the political aspect of the deforestation sector and the comprehensiveness and the number of institutions and stakeholders involved, a budget support programme, coupled with policy dialogue and complementary support, will ensure effectiveness, value for money, national and subnational coordination and appropriation and impact at national level as compared to a single project that would otherwise intervene in a less widespread and coordinated manner.
- The results-based orientation of the country's development strategy, including strong monitoring systems.

The following disbursement calendar and profile proposed for the action is indicative. The actual disbursement calendar and profile will be set out in the financing agreement and may remain subject to change.

Tranche/year	Year N	2024	2025	Total (M EUR)
	2023			
	Q2	Q4	Q4	
Fixed Tranche	0.8	0.2	0.2	1.2
Variable Tranche	0	3,8	4.0	7.8
Total (M EUR)	0.8	4.0	4.2	9.0

4.3.2 Criteria for Disbursement of Budget Support

a) Conditions.

The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the CONPES 4021 “National Policy to control deforestation and sustainable management of forests” and continued credibility and relevance thereof or of the subsequent policy.
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

b) The performance indicators for disbursement to be used for variable tranches may focus on the policy priorities that ensure sustainable forest management, protection, reforestation and restoration whilst providing inhabitants of forests with a legal source of income.

c) Modifications.

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action. However, in duly justified cases, the partner country and the Commission may agree on changes to indicators or on upward/downward revisions of targets. Such changes shall be authorised in writing ex-ante, at the latest at the beginning of the period under review applicable to the indicators and targets.

In exceptional and/or duly justified cases, for instance where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant and could not be anticipated, a variable tranche indicator may be waived. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year (in accordance with the original weighting of the indicators). It could also be decided to re-assess an indicator the following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors beyond their control. The use of this provision shall be requested by the partner country and approved in writing by the Commission.

d) Fundamental values

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

4.3.3 Budget Support Details

The amount allocated for the budget support component is EUR 9 000 000 with three fixed tranches for a total amount of EUR 1 200 000 and two variable tranches to be paid according to sector policy performance and targets achievement for a total amount of EUR 7 800 000.

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into COP (Colombian pesos) will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

4.4 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁴³.

4.4.1 Indirect Management with a pillar assessed entity

A part of this action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria: i) technical expertise of forests conservation and sustainable management, including experience in sustainable economic models of forest based products and services; ii) presence and experience in the sector and in the country, ensuring a good network with counterparts and availability of experts; iii) operational capacity to execute the assigned budget; iv) absence of conflict of interest.

The implementation by this entity entails supporting the enabling factors for the correct implementation of public policy CONPES 4021. In particular, the complementary support will help to achieve budget support objectives and results as follow:

Component 1 (linked to results 1 and 2 of the Action) - Innovative financial mechanisms in support to sustainable forest management and land-use will be promoted.

Indicative activities:

- (1) map and analyse public and private investments in the forest sector, review existing financial instruments (Guarantee, blended finance, etc...) that could support sustainable forest management
- (2) improve dialogue on forest financing between communities, private actors, banks, and financial institutions
- (3) develop guidelines to facilitate inclusion and access of private actors (MSMEs) and communities to financing and promote pilot investment actions

Component 2 (linked to the specific objective and result 3 of the Action) - The national information system for zero-deforestation supply-chain will be supported (traceability, transparency and monitoring).

Indicative activities:

- (1) provide analysis and impact assessment of the new EU Regulation proposal on importing forest-risk commodities
- (2) develop and support the implementation of a roadmap for government and stakeholders to fill potential gaps regarding new EU Regulation

Component 3 (linked to the specific objective and result 3 of the Action) - A multi-stakeholder dialogue and institutional coordination in the control of deforestation will be promoted.

Indicative activities:

- (1) enhance coordination of training systems for fight against deforestation, forest management and agroforestry
- (2) develop/improve transparent protocols and guidelines for the control of deforestation, respecting the rights of communities

Component 4 (linked to the specific objective of the Action) - The promotion of a gender equality approach in the design and implementation of deforestation related policies

Indicative activities:

⁴³ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

- (1) design a gender-disaggregated monitoring system
- (2) ensure a gender equality approach in the policies design and implementation
- (3) increase knowledge-building on gender-specific sector roles
- (4) capacity-building, information sharing and dissemination on gender in the forestry sector

4.4.2 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

In case of exceptional circumstances outside of the Commission’s control that prevent the implementation through indirect management foreseen in point 4.4.1, the Delegation will use the direct mode management - grants- .

The purpose of the grants would be the implementation of the activities foreseen for components 1-4 of the complementary support (see Section 4.4.1). In order to be eligible for this grant, potential applicants for funding must:

- be a legal person
- be non-profit-making and non-governmental organisation or international (inter-governmental) organisation as defined by Article 156 of the EU Financial Regulation
- be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary.
- have a long standing tradition of cooperation within the sector and access to political and technical levels of dialogue

The Commission authorizes that the costs incurred by the entrusted entity may be recognized as eligible as of the date that the Delegation Agreement enters into force.

4.4.3 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution, in currency identified
Budget support - cf. section 4.3	9 000 000	NA
Implementation modalities – cf. section 4.4		
Complementary Support : Indirect management with a pillar assessed entity In case of exceptional circumstances, direct management through grants (section 4.4.2)	1 500 000	TBD
Totals	10 500 000	TBD

4.6 Organisational Set-up and Responsibilities

The Action proposes to set up a structured sector policy dialogue at technical, strategic, political and policy levels.

Policy Dialogue will be led by the EU Head of Delegation, with the Ministers of Environment and Agriculture. Through high level political dialogue, stakeholders will reinforce their firm commitment to peace, fundamental values, human rights, gender equality and participation and inclusion of women, youth and all ethnic communities as well as to international goals (SDGs, Paris Agreement, etc.).

The HoD and the Ministers will chair at least two high level political dialogues per year involving the international community (HoM level), the national government (ministries, agency directors) and civil society in order to discuss sector policy challenges, financing mechanisms, and resources mobilisation and policy implementation progress.

A Steering Committee will be set up with Deputy-Ministers of Environment and Agriculture, the Director of National Natural Parks, The Presidential Agency for Cooperation (APC) and the EU Head (or Deputy Head) of Cooperation. The Committee will have the following functions:

- Analyse overall progress in policy implementation, particularly the achievement of the budget support targets
- Approve and submit periodical and ad hoc reports to the EU Delegation and the Government of Colombia on the progress and fulfilment of targets.
- Revise the Technical Committee's reports.
- Ensure an adequate implementation of the complementary support.
- Foster the harmonisation and complementarity of the programme with other on going projects in the sector from international cooperation agencies and development banks.

A Budget Support Technical Committee will ensure – through at least 3 sessions per year- technical follow-up of indicators and targets; supervision of results implementation; risk and mitigation measures identification; production, revision and presentation of reports; prepare disbursement requests and follow up; donor coordination, visibility and; timely decisions to ensure a global satisfactory implementation. This Committee will be composed by the technical staff from the following institutions: Ministries of Environment and Agriculture, National Natural Parks, APC and the EU Delegation.

A Consultative Committee will be created to promote dialogue with Civil Society Organisations active in the fight against deforestation. This Committee will support CSO supervision of the national policy against deforestation. This committee will meet at least twice a year before the meetings of the Steering Committee.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

4.7 Pre-conditions

NA

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Log frame matrix (for project modality) or the partner's strategy, policy or reform action plan list (for budget support).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the action as follows:

The National Administrative Department of Statistics (DANE) shows positive results in relation to the National Statistical System (SEN) and the System of Environmental and Economic Accounting (SCAE). These systems allow articulating and integrating economic and environmental information, as well as standardising the procedures for the generation of statistical information. The environmental sector counts with its own information System (SIAC).

Environment entites have specific information systems for the follow up of different programmes and policies that allow a tailor made monitoring of the respective executions. Although information produced by the different entities and programs is credible, reliable and well supported (in terms of quantity, quality and availability), limitations persist in the national, regional and local interoperability of information systems.

In this context, the complementary support of the Action will support the coordination, interoperability of information systems as well as develop a system that allows for results achievement related to forest-risk commodity supply-chains.

5.2 Evaluation

Having regard to the importance of the action, a final evaluation will be carried out for this action or its components contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that ambitious national targets have been set by the government which coincide with the Action targets.

The Commission shall inform the implementing partner at least 1 month in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

The financing of the evaluation may be covered by another measure constituting a Financing Decision.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

An Intervention (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: 'a given contract can only contribute to one primary intervention and not more than one'. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a 'support entities'. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

The present Action identifies as a single action.

Action level		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action