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# PUBLIC POLICY PROGRAM

## QUARTERLY REPORT - Q2

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# COLOMBIA PUBLIC POLICY

## QUARTERLY REPORT - Q2

**Submitted to:**

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**Prepared by:**

AECOM International Development

**DISCLAIMER:**

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## LIST OF ACRONYMS

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AS	Governmental Agency for Social Action and International Cooperation
BdeO	Bank of Opportunities
CAR	Regional Environmental Authorities
CELI	Consolidation and Enhanced Livelihood Initiative
CIJUS	Center of Socio-Legal Research University of Los Andes
CIMIENTOS	Citizens and municipalities invest in Education, Transparency, Health and Safety
CNB	Non-Bank Correspondents
CNCA	National Agriculture Lending Commission
CNRR	National Commission for Reparation and Reconciliation
CONPES	Social and Economic Policy Council
CSDI	Colombia Strategic Development Initiative
CSJ	Supreme Judicial Management Council
CSO	Civil Society Organizations
DAFP	Administrative Department of the Civil Service
DNP	National Planning Department
DT	Demobilized Troops
EITI	Extractive Industries Transparency Initiative
ESAP	National Public Management School
FAG	Agriculture Public Guarantees Fund
FINAGRO	Fund to Finance the Agricultural Sector
GOC	Government of Colombia
GED	Goce Efectivo de Derechos
IDP	Internally Displaced Population
IGAC	Agustin Codazzi Geographical Institute
ILO	International Labor Organization
IMF	International Monetary Fund
INCODER	Colombian Institute for Rural Development
MEH	Ministry of Environment and Housing
MIDAS	Additional Investment for Sustainable Alternative Development
MIJ	Ministry of Interior and Justice
MOA	Ministry of Agriculture
MOF	Ministry of Finance
MOIT	Ministry of Information Technologies
MOTIT	Ministry of Trade, Industry and Tourism
MOT	Ministry of Transportation
MSP	Ministry of Social Protection
NAMA	National Appropriate Mitigation Actions
NCP	National Consolidation Policy
NDP	National Development Plan
NGO	Non-governmental organization
PECS	Payment for Environment and Conservation Services
PILA	Planilla Integrada de Liquidación de Aportes
POT	Planes de Ordenamiento Territorial
PPP	USAID Public Policy Program
PWS	Performance Work Statement
RECs	Regional Environment Commissions

REDD	Reducing Emissions for Deforestation and Degradation
RUAF	Registro Unico de Afiliados
SENA	Colombian National Training Service
SINA	National Environmental System
SINAP	National System of Protected Land and Parks
SNAIDP	National System for Attention of Displaced Population
SNC	Sistema Nacional de Competitividad
TOT	Training of Trainers

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## EXECUTIVE SUMMARY

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During the Second Quarter the USAID Public Policy Program carried out detail consultations with over 12 Ministries and 25 GOC agencies to review the work plan and make adjustments that reflected the needs of the government. Significant changes were made to the Land Component work plan, and the Program is now providing more comprehensive support to the GOC in the development of its rural development policy. The new rural development policy will promote sustainable livelihoods in rural areas with emphasis on areas where small and poor farmers will benefit from the GOC Land Restitution and Land Formalization Programs. The Environment Component also underwent significant reforms that reflect the GOC interest in prioritizing Climate Change risk mitigation and adaption policy, and the need to create a separate Ministry of Environment (The law delegating authority to the Executive to reform the Ministries is expected to be approved by Congress in Quarter 3).

While Program resources were focused on the broad consultation process with the GOC and USAID to ensure that the work plan was responsive to the GOC needs, the Program still achieved significant progress towards the contract performance standards. During Q2 the Program provided three key inputs to the final version of the National Development Plan; provided recommendations for two laws currently under debate in Congress and one an additional law which will be submitted to Congress in Q3; supported the design of three key policy instruments; implemented one seminar and 9 workshops, and begin the implementation of two pilot programs. In response to the ambitious and expeditious reform agenda of the Santos Administration, the Policy Program has delivered results faster than original planned.

The Program supported the Victims Bill by implementing a workshop to review the draft approved by the House of Representatives and identify recommendations to the draft to be debated by the Senate. Similarly, the Land team continued to make progress towards building consensus around the Rural Development and General land Reform bill, which will be submitted, to Congress in Q3. The Access to Finance team made detailed recommendations to the Civil Procedure Code reform to improve creditor rights and the enforcement of collateral and guarantees to promote lending in Colombia. The teams working on policy reform for Vulnerable Populations begun the process of reviewing the draft bill developed by the GOC with Afro-Colombian representatives to promote inclusion of Afro-Colombians. The team developed a document with recommendations to improve access to education and finance, promote employment opportunities and work training, and will be providing recommendations for policy design to improve Afro-Colombians' access to producer technical assistance and producer services.

The Decentralization, public employment, good governance and local economic development team also made progress in the implementation of activities in support royalties reform to ensure that they are more evenly distributed between regions with extractive industries and the poorest regions of Colombia while expanding the range of services and infrastructure financed with royalties from extractive industries. Similarly, the team has supported the review of the National Consolidation Plan. The team also provided inputs on the policy guidelines included in the National Development Plan that lay out the guiding principles of the Santos Administration peace and consolidation strategy. Similarly, this team began support for the GOC Municipal and Departmental government strengthening plan, and the reform of public employment.

The Labor Component continued to support GOC plans to introduce unemployment insurance and strengthen job training and job market intermediation services. The Environmental Component provided inputs to the National Development plan environmental chapter and is supporting the GOC implementation of the revised National Biodiversity Policy.

The Policy Program will face important challenges during Quarter 3. Based on the results and activities prioritized by the GOC and USAID, the Program work plan will be modified and the program will need to expand the range of activities for years 1, 2, and 3 to respond to the pace of reforms promoted by the Santos Administration. Also, based on the new activities identified, the Program will begin swift implementation of a broad range of activities and provided support to critical institutional, legal and regulatory reforms in all six component of the program. To meet these challenges, the Program will need to strengthen its administrative team. The Program will replace the Land Component Manager and the Vulnerable Populations Component Manager, and will strengthen the Monitoring and Evaluation activities of the program. During Quarter 3 we hope to have put in place all our subcontracts with key local implementing partners, and approved Terms of Reference and identified key experts for a significant number of activities identified with the GOC and USAID.

The Land Team will continue to support discussions of the Victims Bill in Congress and will be ready to initiate support of the implementing regulations of the Victims Law once it is approved by Congress. The land team will also begin support for the design of the Land Restitution Unit and the Land Restitution Program and action plan, while also continue support for the implementation of the *Plan de Choque*. During Quarter 3 the Land Team will continue to develop the Land Formalization Program with all agencies involved and continue to support Land Formalization pilot programs. Key activities for the Component in Q3 will include support to the Rural Development and General Land Reform Law to be introduced in Congress in June 2011, and support to the institutional reform of INCODER and the Ministry of Agriculture and Rural Development.

The Access to Finance Component will continue to support the reform of the Collateral Regime during Quarter 3 and will begin to support the reform of interest rate caps, which discourage the expansion of financial networks to rural areas and poor neighborhoods and discourage lending to vulnerable population. The team will also begin support to Banco Agrario (BA) to develop a strategic action plan to reform the Bank and improve its governance and lending activities in rural areas and to agriculture activities. A key element of Program support to the BA will be aimed at strengthening the microfinance area to expand the range of services to vulnerable population and small farmers. The Finance Team will also support the Ministry of Finance and the Finance Superintendence to expand financial networks and further deregulate correspondent banking and support the introduction of mobile banking.

The Vulnerable Population Component will begin the implementation of the broad agenda defined with the GOC and USAID to support a new Victims and IDPs policy framework consistent with the Victims Law and the National Development Plan. The broad support includes technical assistance to create the new Victims Agency, improve information systems, and improve through the National System for Attention and Reparation to Victims (SNARIV), GOC interagency coordination and service delivery. The Vulnerable Populations team will continue to provide support to the draft bill that establishes the policies and mechanisms through which the GOC will promote the opportunities of Afro-Colombians to education, health and sustainable incomes among other objectives. The team will also continue to support the High Commissioner for Social Prosperity in the design of the GOC income generation and sustainable livelihoods programs and institutional framework.

The Decentralization and good Governance Component will support the GOC initiative to strengthen the responsibility allocation between levels of government and improved interagency coordination. To this end, during Quarter 3 the Component will support the departmental regime and the municipal regime reform bills, which will be introduced to Congress in May 2011. The team will also continue to support the strategic revision of the National Consolidation Plan, and design a training and technical assistance program to the mayors and governors after they are elected in October 2011.

The Labor Component will begin implementation of the labor rights program with the Office of the Vice President and implement two seminars on labor rights. One seminar will promote labor rights and the compliance of Labor Cooperatives with labor laws and rights. The second seminar will review the law approved by Congress, to encourage employment of young unemployed Colombians. The Labor Component will also begin support to strengthen the labor inspections system, and support the DANE to develop labor market information systems and the development of a methodology to collect information on job vacancies and training needs.

The Environment Component will continue to support the modifications to the National Biodiversity Policy and will provide support to the Climate Change CONPES document. The Environment team will also support the reform of the National System of Protected Areas (SINAP) and will provide assistance to strengthen GOC policies for the protection of natural forests.

## COMPONENT 1: LAND POLICY

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### PROGRAM ACTIVITIES:

#### **1.1: Land restitution policies developed and implemented; capacity of the GOC to administer a land restitution program strengthened.**

*Plan de Choque:* During the second quarter, the Program's team of experts continued supporting the MARD and INCODER in the coordination and implementation of the Plan. In summary, the Plan seeks to:

- Restitute land seized from IDPs via administrative processes
- Resolve mass restitution cases that cannot be resolved via administrative processes
- Hand over land titles (formalize) to IDPs whose land was not legally transferred to third parties
- Strengthen property rights for ethnic communities
- Use recovered State land for the relocation of victims that cannot return to their property

The Program supports the *Plan de Choque* by:

- Assisting the Minister of Agriculture in monitoring and coordinating Plan implementation
- Promoting effective participation of State Agencies
- Coordinating a team of lawyers that work directly with the INCODER team to implement the Plan
- Coordinating inter-institutional meetings for the Plan's implementation
- Advice on the implementation of specific cases and special projects
- Developing legal and normative recommendations to resolve obstacles to the restitution process

As of March 2<sup>nd</sup>, 2011, INCODER, which is the principal executing agency, achieved the following Plan goals<sup>1</sup>. The percentages below represent the level of goal completion by the GOC, goals should be 100% complete between April-June 2011

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<sup>1</sup> Source: MARD – Plan de Choque for Land Restitution and Formalization – INCODER. Goals as of March 2<sup>nd</sup>, 2011. Presented to Juan Manuel Santos, President of Colombia, Bogotá, March 3<sup>rd</sup>, 2011

- 1,865 title deeds issued for vacant land (71%)
- 797 titled plots formalized from the *Fondo Nacional Agrario*
- 60 land restitution cases in process (35%)
- One collective restitution case resolved benefiting 37 families (2%)
- 11 indigenous reservations approved (25%)
- One collective title approved (14%)
- 33 DNE properties evaluated and eligible for titling (31%)
- Special Projects and ZRC:<sup>2</sup> goals are qualitative. INCODER began developing intervention plans and strategies for Carimagua, Montes de Maria, Urabá, La Mojana, La Macarena and Putumayo.

#### Victim's and Land Restitution Bill

- Recommendations were made on the text of the Bill which was approved by the House of Representatives in December. These recommendations were presented to the MARD and MoIJ.
- The Program is supporting the MoIJ to draft a Decree/Law on comprehensive reparation and land restitution for ethnic communities and to assist in the *Consulta Previa*<sup>3</sup> process.

#### Other Component activities include:

- Supported the development of the GOC's report to the Constitutional Court on IDP land policy. Recommendations were made to consider titling and formalization of land titles as a guarantee for preventing future land seizures. In response to the Constitutional Court Orders, an ethnic focus and coordination between national and regional government entities (Nación- Territorio) was incorporated into the land policy.
- Supported the MoIJ participation in *Comisiones Regionales de Restitución de Bienes* (CRRB) meetings providing advice on restitution process management.
- Supported the Regional *Mesa de Tierras* to prepare procedures for re-delineation of Forest Reserve Areas and land adjudication for IDPs in the department of Cesar.
- Performed a study on land subject to mass sales in the *Oficina de Registro de Instrumentos Publicos* in Carmen de Bolivar, Montes de Maria.
- Trained attorneys, coordinators and members of the *Comisiones Regionales de Restitución de Bienes* on the following:
  - a. Ordinary legislation for land restitution
  - b. Land policy for IDP
  - c. Coordination between CRRB and the *Plan de Choque*
  - d. CRRB functions established in Decree 176 of 2008
  - e. Institutional reforms included in the Victim's and Land Restitution Law

#### Performance Standards:

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<sup>2</sup> Zona de Reserva Campesina or Farmland Reserve Zone

<sup>3</sup> The *Consulta Previa* process involves consultation with the Indigenous and Afro-Colombian communities on any law, policy, or economic activity that directly impacts the community and or their communal land.

- 1 Workshop providing recommendations on the Victim's and Land Restitution Bill debated (January 2011)
- 1 Workshop to update the GOC's report to the Constitutional Court on land policy for IDP. (February 2011)
- 1 Workshop to evaluate land Restitution and Formalization under *Plan de Choque*. Conclusions of this workshop were further developed and presented to the Minister of Agriculture and to the President, Juan Manuel Santos. (February 2011)
- Four training sessions were held for attorneys, coordinators and members of the *Comisiones Regionales de Restitución de Bienes* in Bogotá, Santa Marta and Montería. Additionally, a videoconference workshop was held with 12 *Comisiones Regionales de Restitución de Bienes*. (March 2011).

### Key Q3 Activities:

- Conclude restitution and formalization *Plan de Choque* activities.
- Adopt normative and procedural adjustments to facilitate administrative land restitution processes.
- Support the legislative process for the Victim's and Land Restitution Bill.
- Support the drafting of regulations for the Victim's and Land Restitution Bill once it is approved by Congress.
- Support the development of the Law/Decree (*proyecto de decreto-ley*) on comprehensive reparation and land restitution for ethnic communities and assist the *Consulta Previa* process.
- Begin support for the design and implementation of the Land Restitution Program

### **1.2: Formalized property rights, streamlined issuance and maintenance of land titles**

The key Program activities during Q2 included:

- Coordinated the weekly *Mesa Interinstitucional* (Inter-institutional Roundtable) for the development and implementation of the Rural Property Formalization Program.
- Established the IGAC-INCODER-SNR technical team outlining a common plan (blue-prints) standards for vacant land titling and private property formalization.
- Prepared a preliminary diagnosis on the current state of formalization projects under implementation throughout the country.
- Evaluation of international formalization program experiences.
- Provided international expertise on the development of the Rural Property Formalization Program.
- Evaluation of the formalization pilot projects developed by different Colombian entities.
- Evaluation of processes for: vacant land titling, property adjudication, *falsa tradición*<sup>4</sup> and cadastre-registry integration.

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<sup>4</sup> Property registered to someone other than the possessor.

- Developed recommendations on normative and procedural reforms for vacant land titling and private property formalization.
- Developed recommendations on property formalization legislation to be included in the General Land and Rural Development Law.
- Designed formalization and restitution training program for judges and attorneys in coordination with the *Escuela Judicial Rodrigo Lara Bonilla*.
- Supported the procedural reform for Forest Reserve Area re-demarcation.
- Developed flowcharts that show activities required in the formalization processes (cadastre, titling, registry, etc.).
- Supported the development of the preliminary 4 year GOC Land Formalization Program budget (2011-2014).
- Developed terms of reference outlining the technical specifications for the geographical information system (GIS) needed for rural property formalization and land restitution.
- Identified the priority municipalities.
- Provided legal assistance to the pilot project in Samacá, Boyacá.

#### Performance Standards

- 1 Seminar on international experiences in Rural Property Formalization with the participation of the MARD, Acción Social, USAID, World Bank, Inter-American Development Bank and IOM. (March 2011)
- 1 Workshop on the development of the Rural Property Formalization Program.
- 1 Workshop on rural property formalization and environmental conflicts in Ecuador (February 9).
- 1 Workshop on agrarian justice experiences in Mexico. (February 2011)
- Supported one pilot project in Samacá, Boyacá.

#### Key Q3 Activities:

- Promote a decree establishing the *Comisión Intersectorial* for Rural Property Formalization, as the highest authority to govern and coordinate the Program.
- Promote the incorporation of recommendations from the *Mesa de Formalización* on normative and procedural reforms for vacant land titling and private property formalization.
- Develop adequate norms and procedures for mass formalization processes.
- Implement recommendations from Formalization Workshop.
- Promote the adoption of recommendations from international experts on the development of the operational plan and the normative framework reform.
- Facilitate inter-institutional cooperation agreements and information exchange.
- Establish key performance indicators and base-line for the Formalization Program.
- Support the identification of Agrarian Jurisdiction and the Civil Procedural Code reforms.
- Support the MARD, MoIJ and *Consejo Superior de la Judicatura* in the implementation of the Agrarian Jurisdiction. The scope of this activity is yet to be defined but may include support to

determine the number of agrarian judges, their location, budget needs for the implementation of the jurisdiction and manuals and guidelines to train agrarian judges and attorneys.

- Support the development of the General Land and Rural Development Law promoting mass rural property formalization.
- Assist the MARD in the development and implementation of the Rural Property Formalization Program.

### **1.3: Lands of Internally Displaced Persons Protected (IDPs)**

The GOC transferred the management of the Land Protection Program from Accion Social to the Ministry of Agriculture. The Land Protection Program has been merged with the land restitution program. As a result of the increased focus on support to formalization activities by the GOC, the Program has not initiated specific activities under this Result. However, the objectives for IDP land protection by the reforms promoted under other components such as formalization, land restitution, information systems, cadastre and registry, all of which will substantially improve the protection of property rights in Colombia.

Performance Standards: None to date

#### **Key Q3 Activities:**

The team will draft and article for the law on assistance, integral reparations, and restitution for ethnic groups. The work will be performed by CIJUS at the University of Los Andes. The regulations are an important to the implementation of the Victims Law that is expected to pass soon.

The legal team is working on a concept for the Draft law that recognizes land and the fundamental rights and ethnic identity of the afro-Colombian community.

### **1.4: Improved land access and more efficient land markets**

The key activity under this report is support to the GOC in the Design of the General Land and Rural Development Law. This Bill has generated much public debate. The media has characterized this Bill as a regulatory framework which will impact 11 million people who live in Colombian rural areas. The Bill will impact 50.9 million hectares which constitutes nearly half of Colombian territory. Controversial congressional debate is anticipated as this law affects all sectors - rural and urban – and covers complex and high impact issues such as limiting the agricultural frontier, productive land planning, efficient exploitation of land, the future of vacant land and property recovered from drug traffickers, expropriation due to unproductive land use, redesign of subsidies and incentives, tax policy, public service provision in rural areas, forest preservation, rules for cultivating and exploiting areas with sensitive water and environmental resources and the research and transference of technology to the rural sector.

The Program continued to support the GOC in the development of the General Land and Rural Development Law. The law includes reforms to improve land access and increase land market efficiency. A team of consultants have been seconded to the MARD to work closely with the General Secretary and the MARD team in the development and consensus building for the law which is expected to be passed in the next couple of months.

Performance Standards: One draft law.

#### **Key Q3 Activities**

Support public debate of the Bill and the consultation process with Afro-Colombian and Indigenous populations.

## **COMPONENT 2: ACCESS TO FINANCE**

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### **ACHIEVEMENTS: JANUARY – MARCH 2011**

During the second quarter the Access to Finance (ATF) team contributed to key legislative initiatives including the Victims' Law, to facilitate access to credit for victims, and the Code of Civil Procedure Draft Law, to improve the enforcement of guarantees. In addition, the team provided TA to the Banco de Oportunidades (BDO) in the design of two instruments to promote access to credit for vulnerable populations: Microinsurance and Credit and Savings Groups.

The ATF team prepared work plans with the MOF, FS, BDO, Banco Agrario and SS. The work plans define the technical assistance to be provided by the Proram over the life of the Policy Program. As a result of these meetings, several activities listed in the original work plan are no longer relevant and they have been replaced with new priority activities.

### **PROGRAM ACTIVITIES:**

#### **2.1: Guarantee Requirements and Collateral Regime Reformed.**

2.1.1. Assist the GOC in reforming civil and commercial codes

- Reform of the Civil Procedure Code, for the enforcement of guarantees: The Program funded procedural law and collateral regime experts that provided analysis on the draft law prepared by the MoIJ for the reform of the Civil Procedure Code and recommendations for reforming guarantee enforcement. Their analyses concluded that the draft bill did not include modifications to eliminate the cumbersome procedures for guarantee enforcement, which create bottlenecks for expanding credit options to small and medium enterprises.
- Two articles to modify, modernize and expedite the enforcement of guarantees judicial procedure were presented to the Commission to Reform the Collateral Regime which is comprised of key representatives from the GOC (Ministry of Trade, Ministry of Finance, Financial Superintendence, among others) in addition to the MoIJ. The proposed articles included a "conservative" and a more "aggressive" reform which would significantly modify the existing procedures. The modification to the enforcement procedures are receiving opposition from several political and legal sectors. As a result, there will be an open debate on the two proposals.
- The team began to organize an international seminar on collateral reform and the impact of the reforms on access to finance. The seminar is being coordinated with the Societies Superintendence and will be held at the beginning of June.

Performance Standards:

Two documents with modifications to the Civil Procedures Code expedite the enforcement of loan guarantees were delivered to the MoIJ.

### **Key Q3 Activities:**

Organize two best practices seminars on collateral reform and the impact of these reforms on access to finance. The seminars will be held in Bogotá and Medellín, and will have international experts who will present international experiences on collateral regime reform and its impact on expanding access to credit. The main audience of this seminar will be small and medium enterprise associations.

## **2.2: Reform of Interest Rate Caps.**

The GOC will deregulate interest rate caps to encourage financial institutions to expand their financial networks and increase lending to small farmers and vulnerable population in rural areas and underserved poor neighborhoods in urban areas. Together with the Ministry of Finance, the Program developed the terms of reference to assist the GOC in deregulating interest rate caps and identified a team of experts in Fedesarrollo to provide this technical assistance.

Performance Standards: None to date

### **Key Q3 Activities:**

Perform a study to determinate the fundamentals of the interest rate for consumption credit and for microcredit. The objective is to promote access to formal lending for informal entrepreneurs, mainly in rural areas; expand the supply of microcredit products and promote competition among financial entities.

## **2.3: Taxes and Cost of Financial Services in Rural Areas Reduced.**

- Prepared a detailed agenda and work plan with the MOF, BDO and FS on key areas of technical assistance to implement new distribution channels, assist in developing more efficient cash management and transaction clearing mechanisms, provide strategic support in the implementation of the financial inclusion policy, assist in the regulation of new channels and support transaction and savings services.

Performance Standards: None to date

### **Key Q3 Activities:**

- Begin technical assistance to the MOF, BDO and FS for the design of the financial inclusion policy, and the regulations required to extend the non-branch banking and bank correspondents (CNB) model to include stock brokers and CNBs for foreign currency.

## **2.4: Small Savings Collection Encouraged.**

**Task 2.4.3:** Promote small savings accounts for Familias en Acción beneficiaries: Supported Acción Social in the design of a strategy for the negotiation and extension of the contract with Banco Agrario for the payment of Familias en Acción subsidies. These payments will also include payments of reparations to victims once the Victims law is approved in Congress.

Performance Standards: None to date

### **Key Q3 Activities:**

The team will begin to work with the BDO to design a policy that encourages small savings with vulnerable population.

## **2.5: Long-term financing options developed for Agricultural production.**

Held initial meetings with the Vice minister of Agriculture, the Director of Finance and Trade and the Director of Oportunidades Rurales from the MARD, to discuss the technical assistance to be provided to the Ministry and the timeline for work plan implementation.

### Key Q3 Activities:

Preparation of a detailed agenda and work plan with the MARD on key areas of technical assistance including: revision of the agricultural finance system, including an analysis of the role of Finagro and the Agriculture Public Guarantees Fund (FAG); the promotion of capital markets in the agricultural sector through the development of derivatives and commodities exchange; the implementation of crop securitization and venture capital for the rural sector.

#### **2.6: Banco Agrario modernized.**

The GOC has prioritized the reform of Banco Agrario (BA), which is the only remaining public bank. The BA has the largest financial network in the country covering almost all municipalities and is the most important provider of financial services in rural areas. However, the BA does not promote savings, and lending operations are not designed to service small farmers and lack adequate risk analysis. The BA also has high underperforming loans due to a high level of political influence in the approval of loans and has limited capacity to recover loans. The Access to Finance Team will work with the Bank to: strengthen the Bank governance, and expansion of its microfinance products. The objective is to strengthen the Bank and improve its profitability and efficiency, focusing its business strategy on value generation. The Team will also provide assistance to strengthen the bank's leadership in expanding access to financial services for low-income, rural and agricultural based micro-enterprises and vulnerable and ethnic groups.

Performance Standards: None to date

### Key Q3 Activities:

- Initiate support to Banco Agrario to adopt an improved governance arrangement.
- Using lessons learned from pilot programs, propose methods to expand Banco Agrario's supply of microfinance services.

#### **2.7: Increased supply of credit, insurance, payments and transfers to vulnerable populations.**

- Prepared detailed agenda and work plan with FS on key areas of technical assistance to develop microfinance regulations and supervision guidelines.
- Prepared detailed agenda and work plan with BDO on key areas of technical assistance to design and implement instruments to promote micro-savings, micro-insurance, micro-agricultural lending, village banking, home improvement lending and self help groups; as well as to promote the development of financial products for vulnerable populations; and assist in the regulation of new products
- Initiated support to BDO to monitor and improve the pilot program to promote a savings culture.

Performance Standards

**2.7.2:** *Assist BDO and Oportunidades Rurales.* Ongoing support to BDO in the design of a micro-insurance pilot program for Red Juntos, now "Unidos", to target Colombians living in extreme poverty. As a result, BDO opened the Request for Proposals No. 41 which can be found at [www.bancadelasoportunidades.gov.co](http://www.bancadelasoportunidades.gov.co).

**2.7.3:** *Support the design and implementation of policies to promote access to financial services for IDPs and other conflict affected populations.* Provided support to the MoIJ to develop the credit chapter of the draft Victims Law. The chapter includes the introduction of refinancing schemes and other mechanisms to facilitate the recovery of the productive capacity of victims. The draft also includes mechanisms to restore the creditworthiness of those who defaulted on loans as a result of displacement or similar circumstances, and a proposal for the establishment of special credit bureau reporting scheme for this population. The articles were presented by the MoIJ to the Senators who are reviewing the draft law.

**2.7.5:** *Assist in the development of financial products for vulnerable, Afro-Colombian and indigenous populations.* Provided ongoing support to the BDO to design and implement an instrument to promote savings groups. As a result, BDO opened Request for Proposals No. 40 which can be found at [www.bancadelasoportunidades.gov.co](http://www.bancadelasoportunidades.gov.co).

**2.7.8:** *Assist in developing regulation and policies to alleviate flood impact on financial situation of population affected.* Prepared a document with recommendations on management of the use of government guarantees. The document was presented to Banco Agrario.

#### **Key Q3 Activities:**

Continue providing ongoing support to BDO for the design and implementation of instruments and products for vulnerable populations.

## **COMPONENT 3: POLICIES TOWARD CONFLICT-AFFECTED POPULATIONS**

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During the second quarter, the Component focused on the definition and identification of GOC policy priorities and what activities will be supported by the Program. The team met with the GOC and USAID to: define tasks and their scope and, to create working groups that include all the relevant actors from the different government agencies to ensure that support is coordinated and promote coordination with the GOC.

#### **PROGRAM ACTIVITIES:**

**Result 3.1:** Stronger IDP policy framework.

The Component team held a number of meetings with the GOC agencies and offices responsible for services and attention to IDPs to a) understand the needs and responsibilities of each agency; b) to establish working groups that improve coordination of GOC efforts in this area; c) define activities to be supported by the Program.

#### **Office of the Vice-President**

The team held a first meeting with the Vice-President to establish the cooperation mechanisms for the Program and to clarify the Vice-President's office's role as coordinator for many of the reforms to be supported by the Program.

The Component team held a coordination meeting with Gabriel Muyui, Director of the President's Program for Indigenous Communities, and established mechanisms for the participation of this office in the reform process.

## Ministry of Interior and Justice

**Transitional Justice Unit.** The Team is working with the Unit as well as other Offices within the GOC to develop decrees to implement the Victims Law in Afro-Colombian and Indigenous Communities.

## IDPs Policy Coordination Group

The Program will support the coordination of services to IDPs from the central government through the design of a several instruments that will improve the GOCs capacity to meet the needs if IDPs at the regional level. The team met with Accion Social, the DNP the MoIJ and representatives from the President's office to establish the instruments required. Instruments include:

- An information system that tracks information on the local capacity to respond to the needs of the IDPs and to monitor performance of service delivery.
- A certification process for budgeting and transfers to municipalities.
- Manuals and guidelines to train new Mayors and Governors on the Victims Law and implementation of the law at the local and regional level.

## Agencia Presidencial para la Acción Social y la Cooperación Internacional

Accion Social held a coordination meeting with all GOC agencies responsible for assistance to IDPs. In this meeting consensus was reached on the main priorities and a roadmap was established for the next steps and the priority activities which the Program will support.

## Sub-Direction for IDPs

The Program will support Accion Social and specifically the Sub-Director for IDPs in the development of the following:

- Development of an index to measure the risk of victimization
- Development of an index to measure the progress of reconciliation programs
- Assistance to the GOC in transitioning from the SNAIPD to SNARIV systems. The SANRIV system will cover all other types of Victims in addition to IDPs, and will be designed to register and pay reparations to victims. Support will include recommendations on the design of the system.
- Development of instruments to reconcile the information in Info-Juntos and available information on IDPs in order to monitor the GOCs ability to provide services which allow IDPs to fully enjoy all rights afforded by law (Goce Efectivo de Derechos –GED)
- Analysis of the budget allocation process in order to promote efficient allocation of resources, fund GOC flexible service delivery and create synergies between different GOC programs.
- Analysis of the existing design for IDP programs, in order to provide recommendations on how to improve service delivery based on a differentiated approach and services that adequately meet the needs of all beneficiary families.
- Identification of areas where it is feasible to re-located IDPs.

Performance Standards: None to date

## Key Q3 Activities:

The Program will continue to hold working sessions with the working group established on March 23<sup>rd</sup> to discuss progress on the identified tasks. Initial results will be available on the analysis of budget allocation and proposed improvements to the current system.

The team will continue to support the High Commission of Social Prosperity –HCSP– in strengthening Red Unidos (Red Juntos) which directly reflects the GOCs ability to provide adequate services to the target population.

**Result: 3.2:** Support implementation of UN Convention on PWD rights

The Vulnerable Population Component met with the Ministry of Interior and Justice and has scheduled a meeting with the Ministry of Social Protection to develop a comprehensive support agenda. The Ministry of Interior and Justice has requested support to develop a PWD Law that incorporates the UN Convention standards into the legislation and regulation of different GOC services and infrastructure development. In turn, NGOs and organizations that work with PWDs have requested support from the Program to develop recommendations to improve the GOC institutional framework and strengthen the GOC's ability to develop policies for PWDs, promote interagency coordination, and increase the flexibility of service delivery at the municipal level.

Performance Standards: None to date

**Key Q3 Activities:**

During Q3 the Program will hold a series of workshops with GOC agencies and NGOs to discuss the status of implementation of the UN Convention on PWD s in Colombia and to identify next steps for implementation.

The Program will also hold meetings with the High Commissioner of Good Governance to support the reform of the Ministry of Social Protection and the Ministry of Interior, and to support the GOC institutional framework governing policies towards PWDs.

The Program will begin providing assistance to the Ministry of Interior and Justice in developing the new legal framework on PWDs and ensure that the proposed legislation fully meets the UN Convention on PWDs.

**Result: 3.3:** Programs developed to promote the reconciliation and peaceful coexistence of demobilized troops with communities and victims.

In meetings with USAID during Q2 significant changes were made to the Component work plan. This result has been removed and will no longer be supported by the Program.

**3.4:** Improved livelihoods and income opportunities for Conflict-affected Populations.

Performance Standards: None to date

**Key Q3 Activities:**

The team will continue to work with the HCSP to identify the instruments to be developed in accordance with CONPES 3616 to improve income generation opportunities.

The Vulnerable Populations team will coordinate activities with the Ministry of Agriculture and Rural Development to support the GOCs mechanism to fund producer technical assistance.

The team will also begin to support the GOC in developing a route through which the GOC will identify business opportunities for vulnerable populations, link producers to buyers, agribusinesses, and value added opportunities, and determine producer assistance and business services that are relevant for vulnerable population.

**Result 3.5:** Improved service delivery for Afro-Colombians and Indigenous populations.

The team held numerous meetings with the MoIJ and the National Planning Department to determine areas to be supported by the program. The GOC requested support in three main areas, *Consulta Previa*; regulation of Ley 70 and support to the Affirmative Action Law.

### Ministry of Interior and Justice

**Afro-Colombian affairs Group.** Agreements were reached that the Program will support the MoIJ Office on the following activities:

- Provide recommendations on the GOC law introducing affirmative action for Afro-Colombians: The Program staff has already provided their initial feedback on the areas of the law which need to be strengthened. The recommendations are being validated with external experts and will be formally submitted to the MoIJ in Q3.
- Strengthening of *Consulta Previa* process: in coordination with the Consulta Previa Group and the Indigenous Affairs Group, the team will hire experts to assist the MoIJ in the design of the *Consulta Previa* law and the subsequent regulations and procedures for implementation of the law.
- Regulation of the Law 070, 1997: The Program is hiring a team of experts to assist the MoIJ in the drafting of the regulations for the law. Results are expected in Q3.

### Indigenous Affairs Group

- Support the development of Planes de Salvaguarda<sup>5</sup>.
- Analysis of possible mechanisms for the allocation and implementation of Government resources transferred to indigenous reservations.

### Consulta Previa Group

- Support in the design of all the instruments to establish the political and legal framework of Consulta Previa: The team is working with the Group to identify experts to design the framework and develop a standard set processes and procedures for the Consulta Previa process. The team is being identified and work should begin in Q3.

### National Department of Planning

#### Local Sustainable Development Unit

- Support in the creation of a Technical Secretary to coordinate activities between all agencies involved in ethnic affairs: initial consensus was reached on the need for this working group between the various GOC agencies and sessions will begin in Q3.

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<sup>5</sup> The Planes de Salvaguarda are the integral development and management plans for the indigenous territories. They define the governance of the Resguardos, priorities for services to residents, and the use of resources received by the Resguardo.

- Support the monitoring of the Acuerdos de Prosperidad<sup>6</sup>, made with ethnic groups during the preparation of the National Development Plan: A number of agreements were established between the GOC and the Afro-Colombian and Indigenous groups. The GOC has requested support in the development of mechanisms to monitor the GOCs progress in meeting these agreements. A team of experts is being identified and work will begin in Q3.
- Support the design of a Policy document for Indigenous communities

Performance Standards: None to date

### Key Q3 Activities:

The GOC is planning to present Congress with the Law for Affirmative Action during Q3. The team will be working to provide recommendations to strengthen the law and ensure buy in throughout the government and with the communities.

Work will begin on the design of the policy document and legal instruments needed to establish the processes and procedures for the *Consulta Previa* process.

The Technical Secretariat that will monitor the Acuerdos de Prosperidad will be established

**Result 3.6:** The participation of conflict-affected populations in policy and program formulation and implementation strengthened

The team held initial meetings with Accion Social to establish the level of support to be provided for the design of a policy document to establish the participatory framework for IDPs.

Performance Standards: None to date

### Key Q3 Activities:

The team will hold a workshop to identify best international and national practices to support the design of the policy.

## COMPONENT 4: SUPPORT FOR DECENTRALIZATION AND IMPROVED PUBLIC AND ECONOMIC MANAGEMENT.

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### PROGRAM ACTIVITIES:

**Result 4.1:** Help strengthen the legal and regulatory framework governing the collection of tax and non-tax revenue:

**Task 4.1.4:** *Help strengthen the legal and regulatory framework governing royalties from extractive industries.* During Q2 the Program established a coordinated action plan with the GOC to define the main areas to be supported and to identify the required experts.

Performance Standards: None to date

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<sup>6</sup> The GOC has signed Acuerdos of Prosperidad with indigenous and Afro-Colombian communities where it commits to improving service delivery by different GOC agencies.

### Key Q3 Activities:

**Task 4.1.4:** *Help strengthen the legal and regulatory framework governing royalties from extractive industries.* The Program will support the GOC in the socialization of the current constitutional reform of the Royalties' System. The Program will hold at least one workshop with members of Congress and special interest groups.

The Program will also begin support to the design of the Royalties Funds and the preparation of the law that will regulate the different royalties funds.

### **Result 4.3:** Improved results-based budgeting

**Task 4.3.1:** *Assist in the reform of the budget's legal and regulatory framework.* The DIPEM Team and the MoF formed a joined technical secretariat with a lead expert on budget reform. To date, the work plan has been approved and the general conceptualization of the required reforms was validated with the Vice Ministry Bruce Mac Master.

Performance Standards: None to date

### Key Q3 Activities:

**Task 4.3.1:** *Assist in the reform of the budget's legal and regulatory framework.* The Program, in coordination with the MoF, will organize and implement a closed workshop with experts and GOC representatives. The aim of the workshop is to discuss best practices for public budgeting, the application of the lessons learned in Colombian, as well as the presentation of proposed reforms to promote public expenditure efficiency and incorporate international trends for budgeting.

### **Result 4.4: Stronger local capacity to implement and manage national GOC programs:**

**Task 4.4.1:** *Assist in developing a decentralization statute.* In coordination with the Ministry of Interior, the DIPEM team began preparing a draft of the new proposed administrative and operational structures for the departmental and municipal governments. The proposed proposal will reform and modify the administrative and operational structures of the sub-national governments. The activities are being led by Jaime Castro, an expert in institutional reform.

To date, the Departmental Regime has been completed and validated with representatives from the MoIJ, NPD and the National Federation of Departments, and is being reviewed and evaluated by the Minister of Interior before it is presented to Congress.

**Task 4.4:** Stronger local capacity to implement and manage national GOC programs.

**National Consolidation Policy:** The Program provided advice and inputs to the High Commissioner for National Security on the National Consolidation Policy found in the National Development Plan. Program inputs resulted in modifications to the text included in the NDP and the subsequent NDP Law.

In coordination with the High Commissioner for National Security, a closed workshop was held to discuss the Strategic Revision of the National Consolidation Policy. Representatives from the GOC, USAID, and technical and academic experts discussed Consolidation and needed reforms. The

conclusions from the workshop are being consolidated by the team of experts and are being documented in a white paper on the main issues of the National Consolidation Policy.

Most of the 12 Strategic Revision subcommittees established in Q1 have begun to meet and the discussions are being documented.

Performance Standards:

- Inputs to the National Development Plan
- One workshop implemented

### Key Q3 Activities:

**National Consolidation Policy:** The Strategic Revision process will continue and the subcommittees will finish their strategic documents and work plan form part of the National Consolidation Policy.

**Result 4.5:** Establish career tracks for Category 6 municipalities.

**Task 4.5.1:** *Support program to improve capacity of sub-national governments to implement administrative careers.* The component is responsible for the assessment of the existing legal, regulatory and operative framework for civil service in Colombia. The team will provide technical assistance and training to the GOC, to improve the public employment tract in Colombia, with special focus on sub-national governments.

The High Commissioner for Good Governance and Administrative Efficiency requested a more in-depth diagnosis of the civil service system, and a workshop to validate the strengths and weaknesses of the Public Employment system in Colombia.

Workshops were held on March 4th and 17th, with participation of High Commissioner of Good Governance, the Director the Administrative Department of Civil Service, their technical teams and public employment experts. As a result of the analysis and workshops, the GOC has decided to present the draft law during next quarter. The key findings were:

- Colombia currently has an Employment Law but there is a need to design a clear Employment policy
- The Law has too many regulations. The new law should be more general and the regulation of the law should be established in decrees and regulations.
- The 1991 Constitution establishes a rigid institutional framework which needs to be revised

The High Commissioner for Good Governance and Administrative Efficiency is preparing a policy paper (*Directiva Presidencial*) which will provide guidance and guidelines for institutional reforms of state structures that were established in the recently passed Law of *Facultades Extraordinarias*. The Program team will support the President in the discussion of the elements to be contained in the policy document, and will hold a workshop on Friday March 25th with state institutional reforms experts.

Performance Standards Accomplished: 1 workshop on public employment to define the vision of public employment in Colombia

### Key Q3 Activities:

The team will present the draft of the Public Employment Law to the High Commission for Good Governance and Administrative Efficiency. This law will establish the regulatory framework for public employment, public management and administrative career tracks. The bill will outline criteria and an implementation plan for selection, recruitment, evaluation, training, human development, salaries, incentives, and retirement.

The team will present a draft policy paper with guidelines for the reform of the priority institutions, based on the Law of *Facultades Extraordinarias*.

### **Result 4.7:** National training plans that meet the needs of Category 6 municipalities

At the beginning of the quarter, the DIPEM team provided inputs and recommendations to the Territorial Direction of the NPD, as well as to the High Commissioner for Good Governance and Administrative Efficiency, to improve the National Development Plan chapters addressing: (i) the design and implementation of a program to build and strengthen the institutional capacities of sub-national governments; and (ii) the good governance strategies adapted to the requirements and priorities of sub-national governments.

The team has been working closely with the NPD and the High Commissioner for Good Governance and Administrative Efficiency—as part of the Technical Secretariat established for this subject—in three main areas: (i) support the GOC in planning, designing and implementing trainings, manuals and guidelines, for new Mayors and Governors elected in the upcoming elections; (ii) assist in the design of the structure, methodologies and institutional arrangements of the program for building and strengthening the institutional capacities of sub-national governments, as part of a comprehensive State policy; and (iii) define an action plan to implement institutional capacity strengthening pilot projects in prioritized municipalities which include those with: high levels of IDPs, management risk related to flooding, consolidation zones, and ethnic groups.

Performance Standards: Inputs to the National Development Plan

### Key Q3 Activities:

The DIPEM team will provide technical advice in structuring and preparing the training event for new Mayors and Governors to be held next November. The Program will support the design of innovative methodologies for the event, and the technical content of the training manuals and guidelines that will be used during the event.

In order to learn from the experience of current Mayors and Governors, the Program will implement a workshop / focus group, with the participation of select representatives from the sub-national governments; to obtain inputs for the design of the previously mentioned training event and for the Program as a whole.

The Program, in close coordination with the NPD and the High Commissioner for Good Governance and Administrative Efficiency, will organize and implement one workshop with experts, to discuss guidelines and review best practices for strengthening local governments' capacity. The results of this workshop will influence the design of the basic fundamentals of the program for building and strengthening the institutional capacities of sub-national governments.

## COMPONENT 5: LABOR POLICY

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The Labor team held numerous meetings with the Ministry for Social Protection and the Vice-President to advance the agenda of the Component and to establish the activities to be supported under the program. At the current time many of the activities are on hold given uncertainty within the Ministry and how they will work with the Program. The team is advancing many activities directly with the Vice-Presidents office and will continue to work with the Ministry to coordinate activities.

**Result 5.1:** Effective labor inspections and enforced labor rights

**Task 5.1.1:** Assist in developing a culture of respect for Fundamental Labor Rights and related regulations in order and to comply with ILO standards.

The GOC (Vice-Presidency) indicated that it is not willing to develop and present to Congress the Labor Statute. Instead the preference is to create and/or strengthen a culture of respect for Labor Rights.

This issue was discussed extensively with the Vice-President's office (Dr. Hernán Ulloa, Adviser). As a result, the activity was redefined to include a number of tri-partite workshops (*conversatorios*) in critical labor market sectors, leading to the development of agreements to be implemented under the supervision of the Ministry of Social Protection. The program will support the implementation of these workshops (*conversatorios*) in 5 critical labor market sectors (ie: sugar-cane cooperatives).

Performance Standards: None to date

### Key Q3 Activities:

The program will hold the workshops during the third quarter

**Task 5.1.2:** Assist in the development of methodologies and databases for implementing risk-based inspections

The component will assist the Ministry of Social Protection in developing a methodology for identifying (through the use of probabilistic models) sectors and activities where violations to different labor regulations are most likely to occur. It will be necessary to not only construct the probabilistic models to be used in the identification of target sectors but also to identify the information necessary to feed the models and to develop dynamic databases with that information.

Performance Standards: No performance standards for Year 1

### Key Q3 Activities

The component will continue its efforts to organize a meeting with Ministry of Social Protection and Deputy Minister to validate activities and initiate development of a risk-analysis system.

**Task 5.1.3:** Assist in simplifying procedures and reducing red tape in labor inspection processes

Under the MIDAS program, the Labor team identified several areas in which labor inspectors spent valuable time on activities other than inspection, and made recommendations on how to better utilize their time and improve inspection results. The team proposed changes to the inspectors' work load in order to reduce the time devoted to unnecessary procedures and red tape. Implementation of those recommendations was limited given that there is a need to adjust the legal structure to make the

required changes. (through new decrees and or new laws). The Program will support the Ministry in identifying some key areas to simplify or eliminate procedures, and to identify expedited legal procedures and propose new regulations.

Performance Standards: No performance standards in Year 1

### **Key Q3 Activities**

Validate activities with Ministry and Deputy Minister of Social Protection.

#### **Task 5.1.4:** Training of Labor Inspectors

The implementation of the risk-based inspection methodologies will require training labor inspectors on new methodologies and approaches. The Program will train trainers that will be the driving force behind the new inspection approach.

Performance Standards: No performance standards in Year 1

### **Key Q3 Activities**

Validate activities with Ministry and Deputy Minister of Social Protection.

#### **Result 5.2:** Improved Processing of Labor-Related Cases through the Oral Adjudication System

**Task 5.2.1:** Assist the Consejo Superior de la Judicatura (CSJ) in strengthening the Oral Justice System Observatory

Plan to confront justice-service needs (demand for justice services) with the capacity of the legal labor system to respond to such needs (supply) was constructed with the president of the Administrative court of the CSJ. The component will support the efforts of the CSJ in organizing the necessary information and developing a methodology for the implementation of the system by providing technical assistance for the organization of information, identification of information needs, and design of indicators that address the gaps in the needs for justice and the capacity of the system to respond to those needs.

Performance Standards: None to date

### **Key Q3 Activities**

The project will identify consultants to implement the plan and prepare the Terms of Reference.

#### **Result 5.5:** GOC reforms to strengthen the functioning of labor markets

**Task 5.5.1:** Improve the labor market intermediation system and unemployed workers protection system

The draft for the National Development Plan law included an article (article 99) for the creation of an Unemployed Protection System. The system is consistent with the proposal made by the Labor Component, and it includes linking an unemployment insurance system with a labor supply and demand matching system. The Component is supporting the Department of Planning and the Ministry of Social in the development of the implementation plan for the system.

A supervisory group for labor market reform was created. The group will include representatives from the DNP, Ministry of Social Protection, and the Labor Component Leader.

Support for the implementation of the unemployment protection system began with the identification of technical assistance needs. Technical assistance is needed to evaluate the causes of unemployment and its duration. A consultant has been identified and will begin work in Q3.

Performance Standards: Article 99 of the National Development Plan included the construction of an Unemployment Protection system based on individual savings accounts (*cesantías*) and a labor intermediation system. This information was included as an Input in the National Development Plan.

### Key Q3 Activities

Begin evaluation of unemployment duration determinants. This consultancy will last until the fourth quarter.

#### **Task 5.5.1:** Evaluate the Employment Effects of Labor Market Price Distortions

Unemployment, labor informality, and the low capacity of the economy to generate good quality jobs, are commonly accepted as the most serious problems affecting the Colombian labor market. One cause is the (factor price) distortions introduced by payroll taxes and subsidies to capital. The Component will support the open discussion and understanding of the magnitude of these distortions and discuss possible policy alternatives through seminars and workshops. The Program will provide technical support for the analysis of key aspects of the labor market, and propose policy reforms that reduce informality and unemployment.

The first seminar is being developed in conjunction with the Instituto de Ciencia Política (ICP).

Performance Standards: None to date

### Key Q3 Activities:

A seminar on informality and labor market distortion will be held.

## **COMPONENT 6: ENVIRONMENTAL POLICY**

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### **PROGRAM ACTIVITIES:**

During Q2 the Component team met with USAID to discuss the work plan. Major changes were made to the work plan which will be seen in the next quarterly report. As a result, many of the activities listed below will no longer be relevant. The team worked closely with USAID, the High Commissioner for Biodiversity and Climate Change and the Ministry of Environment, Housing and Territorial Development on the definition of the new work plan. IN addition, the component provided recommendations to be included in the law of the National Development Plan.

Much of the quarter was spent preparing the changes to the work plan and validating the changes with the GOC.

#### **Result 6.1:** Improved monitoring, conservation and protection of biodiversity

This result was significantly changed and in the next quarterly report we will report on the advances.

#### **Task 6.1.1:** Assist GOC with the implementation of the National Biodiversity Policy

The draft National Biodiversity Policy was discussed with the Director of Ecosystems at the MAVDT and the Director of the Alexander von Humboldt Institute of Biodiversity, and recommendations were presented to the MAVDT and the Institute. A summary was prepared containing the evaluation of the national policies on biodiversity and a draft document on the new diversity policies.

Performance Standards: Provided recommendations that were included in the biodiversity policy.

### **Key Q3 Activities:**

Prepare the policy document

#### **Task 6.1.2:** Assist in strengthening SINAP

New performance standards were introduced and this activity will become its own stand alone result in the new work plan.

The team reviewed and analyzed the existing payment for environmental services policies (CONPES 3680) and other international experiences which could be applied in Colombia.

#### **Result 6.2:** Support the development of policies to develop PECS

Scope of the document was discussed, with Director of National Natural Protected Areas Unit.

#### **Task 6.2.2:** Assist in developing a REDD strategy for collective lands and resguardos

A general performance standard REDD+ Strategy was included after discussion with MAVDT- Climate Change Mitigation Group.

Performance Standards: Provided recommendations for the payment for environmental services policy document.

### **Key Q3 Activities:**

- There are no PECS activities in Q3
- The team will prepare the first draft of the general policy document for the REDD+ Strategy.

#### **Result 6.3:** GOC climate change and greenhouse gas emissions reduction policy implemented

There were significant modifications made to this result in the new work plan.

The Climate Change result was modified to introduce, the national climate change policy, support to a World Bank led strategy on mitigation options for Colombia, support the coordination for the design of the Low Carbon Growth Strategy for Colombia, support for the design of the National Adaptation plan and specific adaptation strategies for at least two sectors, and support for the design of the third national communication on climate change.

#### **Task 6.3.2:** Assist in designing a strategy to promote Colombian biofuels as a green house gas international mitigation measure

This Task was eliminated in the new work plan and as a result there is nothing to report.

#### **Task 6.3.3:** Support the development of a climate change mitigation program in CSDI regions

This Task was eliminated in the new work plan and as a result there is nothing to report.

Performance Standards: None to date

#### **Key Q3 Activities:**

- Assist in the preparation of the final Climate Change policy document.
- Support the low carbon development strategy study which is being prepared by the World Bank
- Begin support for the coordination of the national low carbon development strategy.

#### **Result 6.4:** Improved environmental land use management of indigenous reservations

This Result was eliminated in the new work plan and as a result there is nothing to report.

#### **Task 6.5.1:** Assist the GOC in implementing the environmental sub-agreement of the U.S.-Colombia Free Trade Agreement

The scope of the program was discussed as well as the scope of the Policy document on Competitiveness and Environment with experts in the field.

Performance Standards: None to date

#### **Key Q3 Activities:**

Prepare the Competitiveness and Environment CONPES

## **PROGRAM MANAGEMENT AND ADMINISTRATION**

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AECOM held a full-day training session with all the major subcontractors on administrative procedures, including approval mechanisms, billing procedures, and budget management. The session was designed to orient out partners on the procedures and documentation required for contracting to ensure efficient program implementation.

On February 9<sup>th</sup>, AECOM conducted a half-day internal training with program staff to review all administrative and operational procedures, including proper timesheet procedures, work flow process for terms of reference approval and hiring, payment mechanisms, and travel approvals. The draft Operations Manual was presented to the team; it was then finalized based on team feedback.

### **Procurement**

Following receipt of security approval from USAID for the program office space, AECOM finalized the contract negotiation and signed an initial two-year lease for the program space. AECOM also received approval from USAID to bill the office space it is currently occupying. Office remodeling was initiated.

On February 25<sup>th</sup> AECOM accepted the transfer of US \$35,074.38 in non-expendable equipment via transfer from the MIDAS and ADAM Programs.

### **Recruitment/Contracting**

There have been several staffing changes made during the quarter. Two Component leaders have been changed including the Land Component leader which is a Key Personnel position. The position is clearly being filled by the Rural Development Manager while the Program and USAID define next steps for the Component as a whole. The Program has identified a number of permanent candidates and will present them to USAID shortly. The Component Leader for Component 3 has also been changed and the Program is in the process of vetting candidates with USAID.

AECOM has hired 10 consultants during the quarter and approved the hiring of 15 consultants through sub-contractors.

The five subcontractors which were identified and approved in the contract were issued Letters of Intent to Subcontract and they began to mobilize experts. Total commitments during the quarter reached USD\$3,966,351. New commitments included a contract with Marulanda Consultores.

### **Operations**

The Operations Manual and Finance Manual were finalized based on team feedback. AECOM finalized the initial customization of OneSource– the company’s corporate system for program management, and the initial design was presented to USAID for approval. The Program began use of the system during Q2, and will continue to improve the design and usage over the next several months. OneSource is a complete Program Management System which will allow for timely approvals, financial management and document storage on a web based system, accessible to the program staff and our client. The contract for the new offices was signed and re-modeling began. The office is expected to be up and running in the first weeks of Q3.

### **Financials**

The Program has spent \$1,699,186 to date and anticipates a dramatic increase in expenditures in Q3 as the MIDAS program closes down and the Policy Program assumes 100% of the costs associated with Land Policy activities.

### **Key Q3 Activities:**

AECOM will finalize preparation of new office space and pass all program operations to the new location. Security services will be selected based on new program work plan and the security manual will be finalized. The administration activities of the Program will greatly increase in Q3 as all land activities pass from MIDAS which will be closing to the Policy Program.

## ANNEX I: QUARTERLY FINANCIAL REPORT

	a	b	c	d	=b+c+d	=a-b-c-d
<b>Cost Line Items</b>	<b>Budget</b>	<b>Incurred Thru Last Quarter</b>	<b>Incurred this Quarter</b>	<b>Accruals</b>	<b>Total Expended</b>	<b>Remaining</b>
1. Land Policy	\$4,580,983	\$19,273	\$31,763	\$328,208	\$379,244	\$4,201,739
2. Access to Finance	3,563,587	\$25,115	\$52,181	\$83,500	\$160,796	\$3,402,791
3. Policies towards vulnerable populations	3,125,759	\$17,669	\$34,807	\$223,215	\$275,691	\$2,850,068
4. Support for Decentralization and Improved Economic Management	4,838,731	\$68,808	\$134,149	\$261,252	\$464,209	\$4,374,522
5. Labor Issues	2,215,058	\$26,763	\$48,622	\$62,631	\$138,015	\$2,077,043
6. Flexible Response Activities (including clean energy)	2,857,068	\$14,551	\$27,230	\$135,742	\$177,523	\$2,679,545
<b>Total Estimated Cost</b>	<b>21,181,186</b>	<b>\$172,179</b>	<b>\$328,753</b>	<b>\$1,094,548</b>	<b>\$1,595,479</b>	<b>\$19,585,707</b>
Fixed Fee	1,306,370	\$11,192	\$21,369	\$71,146	\$103,706	\$1,202,664
<b>Total Estimated Cost Plus Fixed Fee</b>	<b>\$22,487,555</b>	<b>\$183,370</b>	<b>\$350,122</b>	<b>\$1,165,694</b>	<b>\$1,699,186</b>	<b>\$20,788,369</b>

## ANNEX II: PERFORMANCES STANDARD CHART

Performance Standard	Q1	Q2	Expected by Q2	Achieved to Date	Total in Contract
Input to National Development Plan	1	3	0	4	33
Input to CONPES Document of equivalent	0	0	0	0	16
Inputs to Laws	0	2	0	2	15
Inputs to Decrees/Regulations	4	3	0	7	52
Institutional Reforms	0	0	1	0	43
Policy Instruments Designed and Implemented	0	3	0	3	56
Seminars	0	1	1	1	21
Pilot Programs Assistance	0	2	0	2	109
Workshops	1	9	11	10	121
Manuals & Guidelines	0	0	0	0	48
Trained Personnel	0	0	0	485	
Resources Leveraged by Pilot Programs over LOP	0	0	0	0	\$430M