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ANNUAL WORK PLAN YEAR 3

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ACRONYMS & ABBREVIATIONS

ACIP	Afro-Colombian and Indigenous Program
AFS	Agriculture Finance System
BDO	Banca de las Oportunidades
CAF	Latin American Development Bank
CELI	Consolidated and Enhanced Livelihoods Initiative
CNBs	Banking Agents
CONPES	National Council on Social and Economic Policy (White Paper)
DNP	National Planning Department
DPS	Administrative Department of Social Prosperity
FI	Financial Institution
FNG	National Guarantees Fund
GIS	Geographic Information System
GOC	Government of Colombia
GRS	General Royalties System
ICA	Colombian Agricultural Institute
ICBF	Colombian Family Welfare Institute
IDPs	Internally Displaced Persons
INCODER	Colombian Rural Development Institute
IOM	International Organization on Migration
LEDS	Low Emission Development Strategy
LRU	Land Restitution Unit
MARD	Ministry of Agriculture and Rural Development
MOF	Ministry of Finance
NCRP	National Consolidation & Reconstruction Policy
NDP	National Development Plan
PDRET	Rural Development Plans with a Territorial Focus
PNNU	National Natural Parks Unit
PWS	Performance Work Statement
RDA	Rural Development Area
REDD	Reduced Emissions from Deforestation and Degradation
SINAP	National System of Protected Areas
SNARIV	National System for Victims' Assistance and Comprehensive Reparations
TIC	Technology, Information and Communications
UNIDOS	Network for Extreme Poverty
USSD	Unstructured Supplementary Service Data
UPRA	Land and Water Planning Unit for the Agricultural Sector
Consolidation Unit	Special Administrative Unit for Territorial Consolidation and Reconstruction
Land Restitution Unit	Special Administrative Unit for Land Restitution Management
Victims' Law	Victims' and Land Restitution Law/Law 1448 of 2011
Victims' Unit	Special Administrative Unit for Integral Victims' Assistance and Reparations

WORK PLAN SUMMARY

In Year 3, the Public Policy Program will continue supporting the Government of Colombia (GOC) in facing major challenges in its overarching reform effort to root out the causes of conflict and persistent poverty. The ambitious GOC reform agenda, that includes the Victims' Law, has generated overwhelming expectations among victims and landless farmers and ethnic minorities that have filed large numbers of requests for reparations and restitution and formalization of land property rights. To meet these expectations the GOC requires institutional strengthening and capacity building within the Victims' Unit, the Land Restitution Unit, the Colombian Institute for Rural Development (INCODER), and the Consolidation Unit to execute their large budgets rapidly and accelerate implementation of reforms. During Year 2 of Program implementation, Program support to the GOC resulted in the creation of new agencies, new personnel hired and the development of processes and procedures to begin implementation of programs for victims, ethnic minorities, landless farmers and other vulnerable population. However, most of these agencies under spent their budgets in 2012 and faced major challenges in procurement and delivery of services that reduced the impact of GOC reforms in targeted areas.

In response to these challenges, in Year 2, the Program identified design failures, bottlenecks and red tape that, despite large budget allocations for GOC agencies, prevented GOC services from reaching victims, ethnic minorities, and populations in consolidation areas. In Year 3, the Program will work with GOC agencies to address these hurdles and red tape. In particular, Program assistance will emphasize improvements for institutional planning, budget execution and procurement exercises and the Program will design new methods for delivering services at the territorial level. These institutional reforms are designed to enhance the capacity of the GOC to: prioritize regions and population groups; manage large claims and requests for services; and develop consistent budgeting and procurement processes that take into account the new methods for delivering services to vulnerable population and consolidation areas. The Program will also continue to support the development of mechanisms that enhance the capacity of GOC agencies to coordinate investments and service delivery at the territorial level and improve the capacity of the national government to monitor implementation of GOC reforms. In this regard, a key Year 3 Program-supported innovation will be the design of indicators, to be tracked by the Office of the President, that will report on joint collaboration between GOC agencies to provide services to victims and to consolidation areas.

Therefore, major Year 3 goals for Program implementation include: (1) Building the capacity of the Land Restitution Unit to process large volumes of restitution claims by redesigning how areas are prioritized and new methods for gathering and processing information about land property rights; (2) Building capacity within INCODER to: deploy the GOC's rural development policy at the local level; enhance the design of the INCODER's rural livelihoods programs; reform the processes and procedure to title state-owned land; and recover and put to use land seized to narco-traffickers and illegal armed groups; (3) Strengthen coordination of the multiple agencies involved in the National System for Victims' Assistance and Comprehensive Reparations (SNARIV) and enhance the capacity of the GOC to monitor service delivery; (4) Strengthening coordination between the national and sub-national governments in the design and implementation of regional and local victims plans; (5) Enhancing the Victims' Unit ability to coordinate GOC agencies and support the redesign of GOC services to ensure that they meet victims' needs; (6) Creating mechanisms to bring services and infrastructure to consolidation zones; (7) Implementing territorial public investment mechanisms such as *Contrato-Plan* to coordinate local, regional, and national level resources, Rural Development Programs with Territorial Approach (PDRET) and Regional Consolidation Action Plans to encourage holistic rural and territorial development; and (6) Modernizing public management by implementing new transparent, efficient and successful planning, budgeting, and contracting models.

YEAR 3 KEY PROGRAM ACTIVITIES

The Program's Performance Work Statement (PWS) lays-out six milestones for Year 3 of Program implementation in the **Land Policy Pillar**: Land Restitution Unit Established (1.1.1); Design of Sustainable Livelihoods Policy Framework (1.2.3); Design of Regional Rural Development Areas Programs (1.2.4); Reform of INCODER Implemented (1.2.5); Reform of MARD Implemented (1.2.6); and Formalization of Land Tenure Rights Policy Document Development (1.3.4). In Year 3 the Program will: strengthen the Land Restitution Unit's functional capacity, including monitoring and evaluation support; improve the draft Land and Rural Development Bill; and deliver a finalized model for Rural Development Programs with a Territorial Approach (PDRET) and an income generation income generation path for victims and the rural poor. Key activities will include:

- Ensure coordination between Consolidation, Victims' and Land policies;
- Support review of and streamline Land Restitution Unit (LRU) administrative processes – planning, contracting, and budgeting;
- Support training and knowledge management for restitution judges and magistrates to strengthen the transitional justice approach for land restitution policy;
- Strengthen policies and regulations required for the implementation of land and rural development reform (agrarian processes and land access instruments);
- Support the development of income generation-related implementation regulations and new policy and program design;
- Support review and streamline administrative processes for LRU – planning, contracting, and budgeting; and
- Strengthen the Ministry of Agriculture and Rural Development's (MARD's) inter-sectorial coordination for rural development (education, communications, roads, electricity, waste water managements, borders, social protection).

The Program's Performance Work Statement (PWS) includes five milestones for Year 3 under the **Victims' Policy Pillar**: Design of the Victims' Unit (2.1.2); Improved Service Delivery for Victims (2.2.2); Support Implementation of Cessation of Vulnerability Index (2.2.4); and Design and Implementation of Regional Reparations Plans (2.2.5). In Year 3 the Program will: improve on the design of the Victims' Law's institutional framework by strengthening the Victims' Unit operational capacity at the national and regional level; strengthen the National System for Victims' Assistance and Comprehensive Reparations (SNARIV) to improve its coordination, targeting and results-oriented management processes; and strengthen nation-region coordination on victims' agenda issues. Key activities will include:

- Strengthening the Unit's contracting and budget execution mechanisms and tools;
- Making services and programs more flexible: Phase 2;
- Make available financial instruments tailored to the needs of the population in rural and consolidation areas, victims and vulnerable populations;
- Strengthening the SNARIV; and
- Strategic Orientation of the Operation of Transitional Justice Committees.

The Program's Performance Work Statement (PWS) includes five milestones for Year 3 under the **Consolidation Policy Pillar**: Revised NCP Framework (3.1.1); Support for the Development and Implementation of Regional Consolidation Action Plans (3.1.2); Improved Service Delivery in Consolidation Zones (3.1.3); and Design of Interagency and Inter-governmental Budget and Coordination Mechanisms (3.1.4). The Pillar's Year 3 Work Plan will focus on four major objectives: (i) Formalize Consolidation Policy in a document or policy instrument that includes an illicit crops replacement strategy; (ii) Assist the Consolidation

Unit and ministries in designing the national range programs and services required by the consolidation zones, adapting it to the needs of these regions, and implementing a control board with compliance indicators to support management and monitoring; (iii) Promote consolidation policy coordination with other initiatives aimed at promoting inter-institutional coordination and regional development, such as *Contrato-Plan*; and (iv) Support institutional strengthening for the Consolidation Unit, especially in the management of contracting tools, rapid response, and management monitoring. Key activities will include:

- Assistance for developing the Consolidation Policy Framework National Council on Social and Economic Policy White Paper (CONPES document);
- Support in Enhancing the Flexibility of the National Service Provision to Consolidation Zones;
- Support Consolidation Unit management coordination mechanisms with other inter-agency development or coordination mechanisms present in consolidation zones;
- Construct Consolidation Index; and
- Structure flexible budgeting mechanisms.

Through the activities contained in this Work Plan, the Program will fully accomplish the Results contained within the Performance Work Statement.

YEAR 2 MAJOR ACHIEVEMENTS

Public Policy Program achievements were fundamental in helping the GOC to make progress in its nascent agriculture, rural development, and social inclusion sector policies. Based on concrete tools provided to the GOC to advances its goal of ensuring efficient land restitution for 360,000 families dispossessed of their land due to the internal armed conflict, **Program support led to the GOC achieving 194% of its 2012 goal** for registering 26,684 requests to be included in the Registry of Abandoned and Seized Land for consideration for land restitution. In addition, **Program support led to the first land restitution ruling marking a historic milestone for victims' reparations** (which ordered the return of 65 hectares to 14 families in María la Baja (Bolívar)). Based on Program support to the GOC's 10-year goal to ensure property formalization for 1.5 million rural plots to ensure land owners' access to credit and government services, increase market value of the land, and reduce vulnerability to illegal seizure, **Program support led to the GOC formalizing property for 19,494 families in 2012**. The Program also helped the GOC to advance towards its goal of ensuring a comprehensive reparations process for 4 million victims in which each victim follows a single route (described concretely in their customized comprehensive reparations plan) in which he or she receives immediate assistance, then humanitarian aid, and finally reparations. **Program support for design of the Victims' Unit and its strategic plan led to 113,755 victims receiving financial compensation (meeting 103% of the GOC's 2012 goal)** and the **design of 15,140 individual reparations plans** - an instrument to develop sustainable livelihoods opportunities in order to improve quality of life. Support in the area of access to finance **led to victims saving more than US \$1M in savings accounts and term deposits**. Additionally, more than US \$50,000 was invested in life insurance products. Program support in **aligning 63 local development plans, Regional Victims Actions Plans and 7 Regional Consolidation Action Plans** with the national victims and consolidation policies worked to support the GOC in ensuring service provision in consolidation zones meets regional needs and ensure victims receive immediate assistance, then humanitarian aid, and finally reparations. **Program coordination support led to sectorial budget projections for consolidation zones confirmed for US \$970M by 24 national-level entities**. Finally, Program support to ensure nation-region and inter-sectorial coordination led to the **signing of the first Contrato-Plan in Gran Darien which will leverage approximately US \$500M** in national-, departmental- and municipal-level funding, allowing departmental and municipal governments in the Gran Darien region to fund and implement regional projects.

In Year 2, with support of the **Land Policy Pillar**, the USAID Public Policy Program provided crucial support to the GOC to design, from scratch, the Land Restitution Unit and determine its personnel needs, organizational structure, and processes and procedures to initiate operations. The Program supported the reform of the INCODER's organizational structure and supported the implementation of the GOC's rural livelihoods programs with a territorial focus. The Program continued to provide strategic targeted support to facilitate inter-institutional coordination on land formalization. Finally the Program also contributed to a range of rural development policy instruments to ensure inter-institutional coordination and nation-region coordination on coherent rural development strategies. Specific Year 2 achievements included:

- Land Restitution Unit organizational structure designed and internal procedures, personnel needs and job descriptions established (Decree 4801/2011, Decree 4939/2011, and Decree 4633/2011);
- Restitution judge/magistrate training course on land restitution and formalization designed to ensure coherent application of the land restitution chapter of the Victim's Law;
- Land Formalization Law (Law 1561/2012) drafted to reduce formalization costs for land tenants and the judicial system, and facilitate the formalization of property procedures;
- Land and Rural Development Bill drafted to provide a comprehensive framework for promoting rural development and livelihoods for 11 million Colombians (including gender inputs);
- Rural Development Programs with a Territorial Approach (PDRET) initiated in Montes de María and the Southern Tolima Region and are now being developed on a nation-wide basis through INCODER contractors that use manuals and guidelines developed by the Public Policy Program; and
- Inputs delivered for Ethnic Minorities' Land Restitution Decrees (Decree 4633/2011, Decree 4634/2011, and Decree 4635/2011).

With support of the **Victims' Policy Pillar**, the Program established the design of the new institutional framework for three of the five entities forming the new Social Inclusion Sector needed to implement Colombia's transitional justice framework and provide comprehensive reparations to victims of conflict. The Program focused particular efforts on supporting the Victims' Unit to provide efficient services coherent with victims' needs and relevant tools for services provision on the territorial level. Specific Year 2 achievements included:

- Victims' Unit established (Decree 4802/2011) and design of mechanisms and procedures, staff selection, inter-institutional coordination mechanisms, communication strategy, regional assistance centers, and 2012 budget execution action plan;
- Department of Social Prosperity established (Decree 4155/2011);
- Historical Memory Center established (Decree 4803/2011);
- Inputs to decree to establish National Agency to Overcome Extreme Poverty (Decree 4160/2011);
- Technical and methodological inputs provided for the National Plan for Comprehensive Victims' Assistance and Reparations (CONPES 3726/2012);
- Methodological guidelines provided for preparing Territorial Victims' Action Plan to be used by all municipalities and departments in the country;
- 58 Regional development plans harmonized with Territorial Victims' Action Plan; and
- Victimization Risk Index and Cessation of Vulnerability Index designed.

With support of the **Consolidation Policy Pillar**, the Program supported the policy instrument that will define the National Consolidation Policy; worked to harmonize the Consolidation Policy with other key USAID-supported policies; and supported institutional strengthening of the Consolidation Unit to ensure its capacity to carry-out implementation at the regional level. Specific Year 2 achievements included:

- National Consolidation & Reconstruction Policy white paper (CONPES) policy document drafted (inputs on: victims' assistance and reparations, land restitution and formalization, rural development, access to financial services, environmental issues, and the illegal use of natural resources and illegal mining);
- Sectorial budget projections for consolidation confirmed for US \$970M by 24 national-level entities;
- 7 Regional Consolidation Action Plans and 63 regional development plans harmonized with the National Consolidation Policy;
- Consolidation Unit established (Decree 6141/2011);
- Consolidation Unit objectives, programs, goals, and short-, medium- and long-term performance indicators established (Resolution 488/2012 and Resolution 489/2012); and
- Rapid Response Program established (Resolution 284/2012) and in operation (83% of US \$15M budget executed through September 30).

The Program also provided crucial support to the GOC in Year 2 on key supporting activities that contribute to results across the Program's three policy pillars. The Program supported access to financial services for the country's most vulnerable populations via the drafting of an e-money bill that would allow the GOC to disburse subsidies via e-transfers. The Program also supported a pilot with the Victims' Unit to promote proper investment of reparations funds in housing, education, land and productive activities to contribute to the reconstruction of victims' lives. The Program supported a range of decrees and resolutions towards the reform of the General Royalties System (Decree 1073, 1074, 1075, 1076, 1077/2012, and Resolutions 001 - 008/2012). The reform will have a significant impact on regional development in the country, promoting regional partnerships and, in many cases, facilitating the implementation of *Contratos-Plan* and the creation of public-private partnerships for infrastructure projects. Finally, the Program supported the design of the *Contrato-Plan* (a multi-level government investment mechanism) including its regulatory framework and Operations Manual (Decree 819/2012). The Program also designed a *Contrato-Plan* governance model and initiated design of monitoring and evaluation model for *Contrato-Plan*. The Program supported *Contrato-Plan* pilots in Montes de Maria, Southern Tolima, and Gran Darién (Chocó, Antioquia and Cordoba). In September 2012 the Gran Darién *Contrato-Plan* was signed and is expected to leverage approximately US \$500M to this region.

PILLAR I: LAND POLICY

The Government of Colombia (GOC) land policy is designed to address the root causes of conflict and poverty in Colombia, ensure the sustainability of GOC efforts to recover regions previously controlled by illegal armed groups, and provide victims with reparations and land restitution. The land and rural development reform has three key components: (1) Land restitution to more than 360,000 households who were forced to abandon their properties; (2) Formalization of land property rights to over 600,000 small land tenants; and (3) Rural development to generate sustainable livelihoods for over 4 million victims, ethnic minorities, and rural poor households.

In Year 3 of Public Policy Program implementation, the Pillar faces several challenges. The deployment of the GOC's new holistic land and rural development policy requires a high level of inter-agency coordination at the ministerial level and with implementing entities. The Program will work to support the design of operational coordination processes with entities that play a key role in the implementation of land policy (i.e., the Land Restitution Unit, Victims' Unit and the Colombian Rural Development Institute (INCODER)). The Program will also promote coordination between the Land Restitution Unit, INCODER, the Agustin Codazzi Geographic Institute (IGAC) and the Superintendence of Notary and Registry to facilitate GOC achievement of land policy goals.

To achieve GOC goals related to effective and transparent resource execution, the Pillar will support the revision of planning, budgeting and contracting processes and generate institutional capacity in these areas in the Land Restitution Unit and INCODER. The Program will develop innovative contracting and resources assignment proposals that can significantly facilitate core and administrative processes in these entities.

The implementation of Rural Development Programs with a Territorial Approach (PDRET) requires political will and institutional coordination to ensure the deployment of this strategy on the regional level. Program support will include an income generation model with territorial operators that manage resources stemming from various programs. At present, resources from different sources arrive to the regions independently. The Program will support the implementation of at least two regional pilots, in which the Program will document the how the convergence of resources of diverse entities in one region benefits rural poor families and contributes to meeting the GOC's goals in poverty reduction.

Counterpart Interfaces: Ministry of Agriculture and Rural Development (MARD), Land Restitution Unit (LRU), MARD's Rural Property Formalization Program, Colombian Rural Development Institute (INCODER), National Planning Department (DNP), and Ministry of Interior.

YEAR 3 ACTIVITIES AND ASSOCIATED RESULTS

The Program's modified Performance Work Statement (PWS) lays-out four milestones for Year 3 of Program implementation. The Program will continue its role in the implementation of the land restitution chapter of the Victims' Law (1.1) by: (a) strengthening the Land Restitution Unit (LRU) (1.1.1 Land Restitution Unit Established); (b) providing detailed guidelines, and in some cases monitoring and evaluation support to ensure successful implementation of specific LRU programs such as the operation of the victims' compensation fund (1.1.2); and (c) continuing to improve the draft of the Land and Rural Development Bill (1.2). In Year 3, the Program will deliver a finalized model for Rural Development Programs with a Territorial Approach (PDRET),¹ as well as pilot results (1.2.4) which includes an income generation path for victims and the rural poor which will be implemented in at least two prioritized regions.

Result 1.1: Land Restitution Chapter of the Victims' Law Implemented

In the Land Restitution Chapter of the Victims' Law, measures are established to retribute land to owners or occupiers (nearly 360,000 families) that were forced to abandon, sell, or cede their land as a result of the armed conflict. During Year 3 of Program implementation, the main challenge for the implementation of this chapter is strengthening the Land Restitution Unit's ability to analyze its core² and administrative processes. In Year 3 the Program will achieve the result envisioned with the completion of the milestones described below.

Milestone 1.1.1 Land Restitution Unit Established

In Year 2, to complete this milestone, the Program oriented technical assistance towards the design and start-up of the Land Restitution Unit. This included support for the development of its strategic plan and the establishment of a transparent recruitment process for the Unit's staffing plan, including manual and guidelines. The restitution process was further strengthened through expert assistance from the Program to construct a methodology for building judges' capacity to carry-out restitution processes. In Year 3, the Program will complete the scope of this milestone by delivering assistance for the implementation of the GOC's land

¹ PDRET also known as Rural Development Areas (RDAs).

² Core LRU processes are those related to analyzing land restitution cases and providing assistance to victims until the case is delivered to a restitution judge.

restitution policy. Specifically, this will consist of (1) the strengthening of the LRU's security strategy which will be rolled-out and implemented regionally; (2) supporting LRU communications and training strategies and provide technical assistance in order to streamline processes to improve the Unit's resource execution capacity and achievement of goals; (3) Supporting LRU coordination with other institutions involved in GOC land policy implementation, focusing efforts on the LRU's relationship with the Victims' Unit (a strategic ally for integrated victims' reparations); and (4) Providing institutional strengthening support to improve planning, contracting, and budgeting processes. This milestone will be completed in Year 3 via the eight activities listed below.

Activities

1.1.1.a. Ensure coordination between Consolidation, Victims' and Land policies: Coordination between the Victims' and Land Restitution Units will require identifying areas for coordination and cooperative work in order to streamline and improve integrated assistance to victims and design operational pathways for joint actions; the Program will support the development of an operational manual for both Units on the victims' return process. Success will entail an adequate level of strategic and operational communication between the two Units and with the Consolidation Unit in order to promote coordinated action in consolidation zones.

1.1.1.b. Support review of and streamlining of Land Restitution Unit (LRU) administrative processes – planning, contracting, and budgeting: In Year 2 the Program supported the design and creation of the Land Restitution Unit and its procedural mechanisms for its core processes. In Year 3, the Program will provide targeted support to improve efficiency and execution of LRU investment resources, the Program will support the development of a management action plan which will evaluate and enhance existing processes and deliver assistance to generate structural changes for future years in (a) budget planning (to strengthen projects' orientation towards compliance with the Development Plan, and the use of multi-year resources to enable the formulation and execution of medium- and long-term projects to ensure sustainability and efficiency); and (b) contracting procedures (to generate innovative project development and resource execution actions that make use of the different contracting modalities allowed by law, but which today are used in a limited manner by these entities), including outsourcing processes when appropriate in accordance with legal constraints. From the point of view of the regulatory structure, the Program will engage in this exercise together with that presented in Section 1.2.5 (Reform of INCODER implemented) in order perform an analysis of the inflexibilities of Colombian contracting and budgeting regulations, and it will make recommendations in this area.

1.1.1.c. Pilot project for streamlining the land surveying contracting process at the regional level: The Program will conduct a pilot for streamlining the land surveying contracting process at the regional level together with the LRU's office in Cúcuta (Norte de Santander) by analyzing contracting procedures and alternatives for outsourcing support activities and providing recommendations. This specific LRU process is a candidate for outsourcing; therefore this pilot could be replicated in other regions.

1.1.1.d. Strengthen LRU communications and dissemination strategy: Conceptualize and design a communications strategy for the LRU aimed at disseminating goals and results in accordance with the GOC's interest on measurable progress of its land policy. The strategy is also aimed at positioning the LRU as the entity leading the national land restitution policy. The strategy will take into account progressive application of the Victims' Law which prioritizes its areas of work in accordance with Ministry of Defense security inputs (which dictates the LRU's action plan in rural areas). The strategy will inform citizens, public officials and other stakeholders (including land claimants) on the restitution process, time frame and implementation requirements (including various types of audiences, promoting the use of regional LRU offices for information and claim

filing). The strategy will also raise awareness among other GOC institutions regarding their role in the restitution process and involvement with land claimants.

1.1.1.e. Capacity building and training strategy for LRU personnel: Develop a capacity building and training strategy for LRU personnel comprising the different strategies required for the implementation of an on-going training plan on core processes (such as analysis of land restitution requests, citizen assistance, social work) and capacity building for administrative/support processes. The strategy will consider target audiences (such as staff and external contractors and service providers), methodology, content and objectives of specific training courses, timing, responsible counterparts, materials and costs.

1.1.1.f. Support the definition of security protocols and roll-out strategy for regional offices: In Year 2, the Program designed a high-level risk evaluation and security strategy. For Year 3, this activity was broadened to provide support to the LRU in the implementation of a regional strategy for prevention, protection and security for restitution for LRU personnel, offices, processes and information (based on security protocols designed in Year 2). To do this, the Program will deliver risk evaluation instruments, strategic concepts, dissemination strategies and procedures which will enable implementation.

1.1.1.g. Support training and knowledge management for restitution judges and magistrates to strengthen the transitional justice approach for land restitution policy: The Program will continue to deliver assistance to the LRU, the Rodrigo Lara Bonilla Judicial School (EJRLB) and the *Consejo Superior de la Judicatura* (CSJ) in building the capacity of restitution judges through the provision of short-term assistance. This assistance will consist of an expert group (including ex magistrates) who will provide assistance to judges that contact the EJRLB for guidance and who will share lessons learned from cases already ruled on. The EJRLB will generate a knowledge management tool with this information in order to offer updated expert advice to meet the on-going information demand from restitution judges handling Victims' Law implementation.

1.1.1.h. Support the design of a monitoring and evaluation process for land policy and corresponding institutional reform: Detect patterns and potential risks for on-going implementation of the restitution chapter of the Victims Law in order to inform future GOC decision-making. In Year 3 the Program will provide knowledge management assistance to register lessons learned, best practices and results obtained from support delivered by the GOC and USAID implementers to the LRU and other relevant institutions such as the Colombian Rural Development Institute (INCODER) and MARD. This support will consist of the periodic reports which will serve to contribute to USAID's decision making and management strategy. It will also serve to support the GOC in decision making and monitoring of its land policy. This will lead to increased capacity in the LRU, INCODER and MARD to roll-out an efficient regional strategy, improved planning and contracting processes, and achievement of goals.

Milestone 1.1.2 Inputs to Compensation Decree

In December 2011 the MARD developed Decree 4829 which regulates procedures for the Restitution Chapter of the Victims' Law, including the creation of the Compensation Fund. This year the GOC plans to design the compensation fund for good faith occupants, and the Public Policy Program will support the Land Restitution Unit on designing the regulations for the operation of the fund, thereby completing the scope of the milestone. The Program had originally anticipated working with the GOC to design the fund in Year 2. However, the GOC policy agenda priorities changed over the course of Year 2 and this activity will now take place in Year 3. This milestone will be completed in Year 3 with the activity listed below.

Activity

1.1.2.a. Manual/Guidelines for the Compensation Fund: The compensation fund created by GOC through regulatory Decree 4829 of December 2011 requires an operational manual that regulates its functions and processes. The Program will deliver recommendations on how to implement compensation procedures already defined for those covered by the Victims' Law (a step-by-step guide for the compensation process). The Program will deliver assistance to the LRU to develop additional regulations and the manual needed for adequate operation of the compensation fund.

Result 1.2: Land and Rural Development Law Drafted

In order to ensure a sustainable land policy, it is important that the focus population has access to opportunities for income generation. The rural development policy must consider not only the needs of the individuals/families that return to their land, but also the needs of those families that stayed on the land and resisted the conflict. Otherwise, the conflict situation could intensify. In Year 3 the Program will achieve the result envisioned with the completion of all the milestones described below.

Milestone 1.2.1 Inputs to the Land and Rural Development Law

In support of Milestone 1.2.1, throughout Year 2, the Program supported at least five types of inputs for the Land and Rural Development Bill and delivered a final draft to the GOC. Major inputs provided during this legal review and consultation period included the review of agrarian processes and best practices and lessons learned from international experiences that serve as a model for Colombia. Based on the Program's modification, the scope of this milestone was broadened to address new GOC and USAID requirements. In order to meet the requirements of this milestone and finalize it, the Program, in Year 3, will make final adjustments to the Land and Rural Development Bill and make recommendations on related regulations in order to ensure coherent application of land and rural development policy across key GOC instruments. This milestone will be completed via the two activities mentioned below.

Activities

1.2.1.a. Harmonize Land and Rural Development Bill and the Law on Rural Women: Ensure harmonization of the Land and Rural Development Bill with the regulation of the Law on Rural Women (Law 731 of 2002) to ensure coherence between the two policy instruments and ensure rural women's perspective has been incorporated into the regulation of the Law on Rural Women. Also, work to mainstream the gender focus in rural programs and entities, in particular the MARD and the INCODER.

1.2.1.b. Strengthen policies and regulations required for the implementation of land and rural development reform (agrarian processes and land access instruments): In Year 2 the Program prepared the articles related to agrarian processes as part of the Land and Rural Development Bill. In Year 3 the Program broadened the scope of this activity to review agrarian procedures for land access and provide recommendation on the following: (a) adjustment of the land management and land use chapter of the Land and Rural Development Bill; (b) suggest modifications to streamline processes within the current political context, proposing legal adjustments when needed for new legislation (e.g., the recently passed land formalization law) and other existing regulations (such as the new provisions in the General Procedure Code (Law 1564 of 2012), the Administrative Code (Law 147 of 2011), Law 160 of 1994, court rulings and jurisprudence and other regulations considered relevant for implementation of these processes); (c) evaluate alternatives for massive land purchase and acquisitions by the State to address land conflicts in certain regions; and (d) support the GOC with a group of national and international experts to gather lessons learned and best practices on

agrarian reform processes and implementation. This is also related to the regulation of the Rural Development Law.

Milestone 1.2.3 Design of Sustainable Livelihoods Policy Framework³

In order to ensure sustainable implementation of the land and rural development policy, the GOC requires institutions with clear and appropriate roles, able to provide technical assistance, public goods, income generation opportunities, support to business plans related to rural business, city-region plans, commerce and export, and tax regulation review. In Year 3 the Program will support the design, development and implementation of a new income generation policy and programs to complete the work required under this milestone as described below.

Activities

1.2.3.a. Support the development of income generation-related implementation regulations and new policy and program design: In Year 2 the Program designed an income generation path for rural areas and prepared the methodological design for an income generation model. The Pilot project was delayed because it continues to pose challenges because there are many GOC national, regional and local level entities involved in the process. Yet, there is no one entity charged with coordinating the income generation program (the natural leader would be INCODER given its responsibility for rural development processes). In Year 3 the Program will continue supporting the design and implementation of the model for rural income generation. This will include supporting corresponding institutional adjustments of currently implemented programs, ensuring the public services offered are flexible to meet the needs of and guarantee access for the poor rural population, within relevant national-level institutions such as the Department for Social Prosperity, INCODER, and MARD. The Program will accompany regional-level pilots of the model in prioritized areas (including contracting processes for regional rural development operators) by supporting coordination between different entities in order to focus resources for the model. The Program will also deliver inputs for a National Council on Social and Economic Policy White Paper (CONPES document) on income generation for displaced people, which is currently under development.

1.2.3.b. Evaluation mechanisms for land, rural development and livelihoods policies (Pilot in Chaparral, Tolima): The Program will continue to support the development of a baseline survey for 500 families in Chaparral, Southern Tolima that characterizes families and their productive profiles. The methodology developed for the baseline study, and currently under pilot (by the Program via support to the National Planning Department (DNP)), will serve, in the future, to monitor and evaluate the impact of GOC rural development programs. Once the initial baseline study is completed, the Program will work with the DNP to adjust the baseline study methodology to generate a finalized methodology and survey instrument to be implemented by the DNP in other areas where rural development programs have been prioritized as part of a *Contrato-Plan*.

Milestone 1.2.4 Design of Regional Rural Development Programs (PDRET)⁴

The Program will support the implementation of national-level policies at the regional level via support for Development Programs with a Territorial Approach (PDRET) in prioritized regions. As part of this effort, in Year 3, the Program will continue to support the GOC's new rural development policy through the design and implementation of the PDRET strategy in a new zone and will work with MARD and INCODER to make the

³ MARD and INCODER reform activities were originally reported under 1.2.3. In Year 3, these activities will now be reported under 1.2.5 and 1.2.6.

⁴ The GOC originally called its regional rural development strategy "Rural Development Areas," however has now renamed this strategy "Rural Development Programs with a Territorial Approach (PDRET)."

sector's services more flexible to ensure they meet the needs of different sub-populations in prioritized regions, thereby completing Milestone 1.2.4. This milestone will be fully achieved through the activities described below.

Activities

1.2.4.a. Design and implementation of one additional PDRET: The Program will continue to support the design and implementation of the PDRET in Montes de María, Southern Tolima, and Cauca, and will support a new pilot in the region of Sierra Nevada de Santa Marta (linked to the region's *Contrato-Plan* initiative). Support will consist of the delivery of technical assistance to INCODER's national and regional offices and facilitation and support for the implementation. Assistance will be delivered to different institutional actors (including DNP, MARD, and local government offices) at the national and regional level in the construction of a regional vision, definition of strategy and projects that form part of the PDRET. This activity will be developed in coordination with the Program's nation-region component.

1.2.4.b Support the INCODER at the central level and territorial direction units to strengthen implementation of rural development programs: The Program will strengthen PDRET implementation through support to INCODER's Productive Development Technical Direction Unit at the central level to: build capacity for monitoring and evaluation; coordinate with other entities to guarantee the public services and programs are effectively implemented at the regional level; and coordinate with territorial direction units to efficiently and effectively roll out the rural development strategy. This assistance is aimed at strengthening INCODER's capacity to implement regional rural development with territorial focus, through outsourcing operation in the regions and enabling the technical team to supervise and monitor these contracts focusing on achievement of GOC goals.

Milestone 1.2.5 Reform of INCODER implemented

The reform of INCODER was originally included as one of the activities under the Design of Sustainable livelihoods Policy Framework Milestone (1.2.3) since INCODER's reform contributes to ensuring sustainability to these initiatives and policies, as well as MARD's reform. However, the strengthening of both institutions represents challenges which are considered crucial to advancing land and rural development issues in Colombia. As such, it will be addressed as separate activities during Year 3 in order to support GOC in the implementation of land and rural development policies. To complete Milestone 1.2.5, the Program will support the review and streamlining of INCODER's processes for planning, contracting and budgeting. This milestone will be fully achieved through the activities described below.

Activities

1.2.5.a. Support review and streamlining of administrative processes for INCODER – planning, contracting, and budgeting. In order to improve efficiency and execution of INCODER investment resources, the Program will support the development of a management action plan which will evaluate and enhance existing processes and deliver assistance to generate structural changes for future years in: (a) the strategic realignment of the entity towards more comprehensive intervention schemes in the region and in population focus groups; (b) budget planning (to strengthen the projects' orientation towards compliance with the National Development Plan, and the use of multi-year resources to enable the formulation and execution of medium- and long-term projects in order to ensure sustainability and efficiency); and (c) contracting procedures, generating innovative project development and resource execution actions that make use of the different contracting modalities allowed by law, but which today are used in a limited manner by these entities (including outsourcing processes when appropriate according to legal constraints).

Milestone 1.2.6 Reform of MARD Implemented

The Ministry of Agriculture and Rural Development (MARD) is currently undergoing a structural reform based on the creation of a Vice Ministry for Rural Development as the key institutional reform for the sector to coordinate rural development policy and assure linkages between land and agriculture policies to other sectors in order to make these policies sustainable when implemented in the regions. The Program, in Year 3, will complete Milestone 1.2.6 by strengthening MARD's inter-sectorial coordination for rural development, supporting a legal framework for the prior consultation process, and strengthening the MARD's international cooperation unit. This milestone will be fully achieved through the activities described below.

Activities

1.2.6.a. Strengthen MARD's inter-sectorial coordination for rural development (education, communications, roads, electricity, waste water managements, borders, social protection): The Program will support the Ministry in the design of coordination mechanisms and strategy for inter-sectorial linkages. The Program will develop a technical document which will outline the MARD's major functions as formulator of rural development policy, a sectorial map of relationships with its attached entities (identifying these entities' roles in the new rural development policy reform, and their role within the new Ministry structure).

1.2.6.b. Assistance to design legal framework for the prior consultation process: Deliver recommendations to the GOC to strengthen the regulatory framework for the prior consultation process and contribute to the coordination of the design process with key stakeholders.

1.2.6.c. Strengthen the Ministry's international cooperation unit: The Program will improve the MARD's International Cooperation Unit's capacity to manage international cooperation funds and the diverse donation mechanisms. Support the Unit in updating the existing study on modalities for coordination of international cooperation, including pooled funds models, in order to efficiently manage the use of resources received.

Result 1.3: Rural Property Formalization Program Designed, including Regulatory Framework and Institutional Infrastructure

The USAID Public Policy Program concluded its support for the MARD's Formalization Program in Year 2. During Year 3, the Program will support the GOC in the regulation of the formalization policies. Specifically, the Program will develop a document on institutional roles and responsibilities for titling informal properties and perform study of best practices and legal paths to overcome bottlenecks on land titling procedures to complete the requirements of Result 1.3. In Year 3 the Program will achieve the result envisioned with the completion of the milestones described below.

Milestone 1.3.4 Formalization of Land Tenure Rights Policy Document developed

The Program has supported the design and creation of the GOC's Land Formalization Program. Despite the creation of the Land Formalization Unit within MARD, coordination between GOC agencies to expedite the titling of large of informal land tenure rights has been weak and many agencies have failed to fund this initiative. There is still need for support in the coordination of these entities through the activities described below that will complete the work required under this milestone.

Activities

1.3.4.a. Support titling of informal land tenure rights: The Program will provide support to develop a document that contains specific actions and activities that different agencies need to undertake to make titling

of informal land tenure rights possible. The document will provide recommendations to harmonize information across the Agustín Codazzi Geographic Institute (IGAC), INCODER, the Superintendence of Notary and Registry, and the LRU in order to expedite formalization processes. This policy document may also include issues related to land use and management, broadening its scope to other key issues related to land access instruments and their impact in the implementation of rural development programs.

1.3.4.b. Support regulations for the implementation of the GOC's formalization policy and strengthen the Land Formalization Program to ensure successful regional implementation and coordination. Review and adjust agrarian procedures (related to Activity 1.2.1.b.), including a study of best practices and legal paths to overcome bottlenecks on land titling procedures (e.g., plots currently managed by the National Agrarian Fund – one of the *land pools* frequently mentioned by the Minister of Agriculture as a source for solving land access issues).

PILLAR 2: VICTIMS' POLICY

The Victims' and Land Restitution Law/Law 1448 of 2011 (Victims' Law) establishes a legal framework for reparations and land restitution for over 4 million victims of Colombia's internal conflict - the decades-old violent confrontation between State armed forces, guerilla groups, and paramilitary groups. This framework imposes the burden of proof of land ownership on the Colombian conflict by naming victims as the protagonists of its resolution. The Victims' Law, which has a validity of 10-years, is expected to provide reparations for 4 million victims (90% of whom were displaced into abject poverty), and restitute 6 million hectares of land, costing approximately US \$30 billion.

Year 3 of Program implementation coincides with the GOC's ambitious goal of territorial deployment of the Victims' Law (Law 1448/2011). In Year 2 the Program concentrated its efforts on supporting the national level institutional structure required to implement the Victims' Law and on generating policy strategies that were later adopted under the National Council on Social and Economic Policy White Paper (CONPES) 3726. The challenges for Year 3 are as follows:

- Ensure coherence between the National Plan for Victims' Humanitarian Assistance and Reparations with Territorial Action Plans;
- Generate mechanisms that ensure national services and programs respond to territorial priorities;
- Promote the creation of incentives to for territories to incorporate victims' priorities in their agendas;
- Ensure the institutional framework designed for victims' assistance and integral reparations initiates its renewed operations at the regional level via Regional Attention Centers and the different points of attention that are already in operation; ensure that they use the innovations developed in Year 2 for victims' processes; and
- Begin measuring the Effective Enjoyment of Rights for Victims as part of the strategy to define the cessation of vulnerability in this population.

In the last year of Program operations, the Pillar will face the challenge of finalizing the important management support it has provided to date. This will imply identifying and/or generating GOC delivery mechanisms and determining a transition plan to pass some aspects of the Program's agenda to other USAID operators so that they can finalize or provide continuity to activities (as per each specific case) in order to guarantee true appropriation of victims' processes by national level counterparts.

Counterpart Interfaces: Administrative Department for Social Prosperity (DPS), Special Administrative Unit for Integral Victims’ Assistance and Reparations (Victims’ Unit), National Planning Department, Ministry of Interior, Ministry of Justice, Ministry of Finance, Land Restitution Unit, Ministry of Social Protection and Health, Ministry of Housing, Cities and Territories, Consolidation Unit, and territorial entities (Departments and Municipalities).

In particular, the Program will work closely to coordinate activities with the International Organization for Migration (IOM)’s Victims’ Institutional Strengthening Program to ensure synergies between the two programs and avoid overlap in USAID support. Program will complement OIM efforts specifically in the activities described below:

USAID Public Policy Program (AECOM)	Victims’ Institutional Strengthening Program (IOM)
2.1.2.a. Specialized assistance for the strategic planning of the Victims’ Unit.	Provide technical assistance to strengthen the managerial and administrative capacities of the Victims’ Unit and the Historical Memory Center in terms of planning, budgeting, contracting, and citizen services, among other matters.
2.1.2.b. Strengthening of the Victims’ Unit’s contracting and budget execution mechanisms and tools.	
2.2.3.a. Strengthening of the SNARIV.	Support the Unit in the technical secretariat of the SNARIV and the monitoring of tasks and commitments.
2.2.4.a. Determine the cessation of vulnerability of the victims.	Develop a pilot project in Medellin to validate the Cessation of Vulnerability Index.
2.2.5.a. Design mechanisms for monitoring regional action plans.	Create a departmental work team to provide technical assistance to the mayor’s offices in the development, budgeting, execution, monitoring, evaluation and inclusion of the institutional offer in the municipal action plans, including the differential focus.
2.2.5.b. Strategic guidance for the operation of Transitional Justice Committees.	Support the operation of the departmental and municipal Transitional Justice Committees.

YEAR 3 ACTIVITIES AND ASSOCIATED RESULTS

The Program’s Performance Work Statement (PWS) includes a total of ten milestones under the Victims’ Policy Pillar. Five milestones were completed in Years 1 and 2 and five of these milestones are scheduled for Year 3: Design of the Victims’ Unit (2.1.2); Improved Service delivery for Victims (2.2.2); Support Implementation of Cessation of Vulnerability Index (2.2.4); and Design and Implementation of Regional Reparations Plans (2.2.5).

In Year 3, the Program will continue to improve on the design of the Victims’ Law’s institutional framework by strengthening the Victims’ Unit in regards to its internal operational capacity as coordinator of the National System for Victims’ Assistance and Reparations. The Program will provide ongoing assistance for the Unit’s strategic planning process, strengthen its management team in effective results-oriented management, and strengthen of the entity’s planning mechanisms and instruments. The Program will also provide technical and methodological assistance to the Unit’s twenty Territorial Directorates in the design of their action plans, ensuring they are aligned with institutional priorities.

The Program will also continue to provide support to make the State's victims' services more flexible, and it will focus a good part of its efforts on strengthening of the National System for Victims' Assistance and Comprehensive Reparations (SNARIV). The SNARIV is made up of 42 entities and Program support will work to improve its coordination, targeting and results-oriented management processes. This support will be carried out within the framework of the National Plan for Victims' Humanitarian Assistance and Reparations (adopted during Year 2 of the Program through National Council on Social and Economic Policy (White Paper) - CONPES Document 3726. The Program will continue to provide support to the GOC in adopting and implementing the Vulnerability Cessation Index.

Crucial support will be provided in Year 3 to strengthening nation-region coordination on victims' agenda issues. The Program will develop strategic guidelines for monitoring Territorial Action Plan implementation and Transitional Justice Committees' operations. These efforts seek to establish a direct connection between national agency plans and actions and those required and identified as priorities at the territorial level. As such, the Program will provide the GOC with inputs for the decree to regulate the System of National and Territorial Joint Responsibilities, taking into consideration the relevant Constitutional Court orders and Law 1448 of 2011.

To ensure the DPS is functioning and working in coordination other GOC activities, the Program will support the Social Inclusion Sector through Year 3. The Social Inclusion Sector was created in November 2011 to address the country's need to provide a comprehensive and effective response to the needs of its most vulnerable population. President Santos' administration decided that the efforts of agencies charged with serving the most pressing needs of the population should work on generating synergies and a targeting plan in the search for results that would have a greater impact in terms of the quality of life of the most vulnerable Colombians.

The recent Social Inclusion Sector institutional transformation will allow the GOC to unify efforts through the Social Inclusion and Reconciliation Sector and organize initiatives that will generate added value and ensure a greater impact in serving populations living in moderate and extreme poverty, victims of violence, young children, and the populations of the territories targeted in the Territorial Consolidation Plan. The sector will be consolidated through the design of intra- and inter-agency agreements that will allow for the true coordination of actions at the national and regional level. This will enable sector services to be provided to target populations/territories in an effective manner. Based on the activities planned for Year 3, the Program will complete the scope of work required for Result 2.1 (Victims' Law Institutions Designed) and Result 2.2 (National Plan for Victims' Humanitarian Assistance and Reparations).

Result 2.1: Victims' Law Institutions Designed

In Year 2, the Program contributed decisively to the creation of the new institutional framework derived from the Victims' Law. In Year 3, the Program will focus its efforts on assisting these nascent entities (particularly the Victims' Unit and the DPS) to strengthen their capacity to manage and execute victims' public policy. Program support will enable these entities to efficiently and effectively execute their investment and operating budgets. It will also establish the Victims' Unit the SNARIV's lead entity by way of its bold and effective proposals and its ability to mobilize the entire system around official priorities at the national and territorial level. In Year 3, the Program will achieve the result envisioned with the completion of the milestones described below.

Milestone 2.1.1 Design of Department of Social Prosperity (DPS)

The newly formed Social Inclusion Sector (institutional arrangement approved under Law 1448 of 2011) is headed by the Administrative Department for Social Prosperity (DPS), which coordinates five semi-autonomous offices, each with full administrative and financial independence. While this autonomy is important

for reducing decision-making bureaucracy, it makes it difficult to coordinate on shared actions given competing roles and responsibilities. The Program will complete the results under this milestone in Year 3 by harmonizing DPS activities as described below.

Activity

2.1.1.a. Harmonization of DPS activities: In Year 2 the Program made recommendations to adjust current DPS programs and projects in order to guarantee that services meet the sector's objectives and the target population's needs. In Year 3, the scope of the activity has been broadened to focus on the design of intra- and inter-agency agreements that strengthen coordination on the processes related to the provision of comprehensive victims' assistance and reparations. Specifically, the Program will work in two areas: (1) Establish coordination processes and mechanisms between the Agency for Overcoming Extreme Poverty (ANSPE), the Victim's Unit and other GOC agencies involved in ensuring comprehensive assistance to victims that form part of the *Familias en Accion* and UNIDOS Programs, and (2) In coordination with the Consolidation Unit, strengthen implementation of comprehensive victims' assistance and reparations policy in consolidation zones. Both the ANSPE and the Consolidation Unit form part of the Social Prosperity Sector, overseen by the DPS. As such, Program efforts and resources under this activity will directly support the GOC's policy on victims' assistance and reparations.

Milestone 2.1.2 Design of Victims' Unit

In Year 3, the Program will offer on-going assistance to the Unit's strategic planning process. It will strengthen the technical and administrative support team and the entity's planning mechanisms and tools, and will provide technical and methodological assistance to the Unit's 20 Territorial Directorates. The Victims' Unit is the entity charged with directly implementing and coordinating the assistance and reparations required under the Victims' Law. As such, the activities under this milestone directly contribute to achieving the design of Victims' Law institutions (Result 2.1). Through the activities described below, the Program will complete this milestone.

Activities

2.1.2.a. Specialized assistance for the Unit's strategic planning and review: The Program will provide the Victims' Unit support in facilitating the development of goals and action plans and transferring a culture of planning, monitoring and control to all of the processes led by the entity. Specifically, the Program will provide technical assistance to update the Unit's strategic plan and will detail the Unit's annual action plan objectives, and transfer the capacity to lead strategic planning processes to the Unit's national executive management team as well as to the entity's 20 Territorial Directorates. This capacity will be transferred through strategic planning workshops.

2.1.2.b. Strengthening of the Unit's contracting and budget execution mechanisms and tools: The Program will provide the Unit with specialized guidance for the continuous improvement of its contracting and budget execution processes, in order to ensure its timely response to victims and the sustainability of its provision of goods and/or services to victims, and to maximize the efficiency of the entity's contracting processes.

Result 2.2: National Plan Victims' Humanitarian Assistance and Reparations

The Victims' Law implementation process requires several activities to regulate each subject included in the Law. Therefore the Program will be supporting the GOC to effectively implement and put into practice the legal framework for victims' assistance and reparation. One of the most crucial aspects of the Victims' Law is its implementation at the local level. Colombia is a country with very low institutional capacity in municipalities, putting impact expected from

institutional and legal reforms at risk. The Program will provide strategic technical assistance in order to influence the execution of the Law by supporting the design of instruments that can build capacity in territories and that can improve coordination between the Nation and municipalities. In Year 3 the Program will achieve the results envisioned with the completion of all the milestones described below.

Milestone 2.2.2 Improved service delivery for victims

Despite the significant increase in the national budget to provide emergency relief and reparations to victims, many of the programs and services provided by GOC agencies fail to meet the needs of victims and are not conducive to reducing the vulnerability of the displaced population. Assessments done by the Public Policy Program for the Victims' Unit and the National Planning Department provided evidence of significant gaps between the services offered and the special needs of victims in terms of housing, psycho-social attention, nutrition, access to land, access to finance, and sustainable income and livelihoods projects. In Year 3 the Program will support different GOC agencies in the redesign of some of these programs and in developing new forms of delivering services that adopt a gender and differential approach, addressing the specific needs of victims, thereby completing this milestone.

Activities

2.2.2.a. Making services and programs more flexible: Phase 2. In Year 2, the Program identified the main bottlenecks that impede the effectiveness of assistance and/or reparations measures or prevent them from reaching victims in a timely and relevant manner.⁵ In Phase 2 of support, the Program will assist in generating policy/instrument transformations that are identified as priorities by the GOC and USAID (psycho-social attention and nutrition). For this purpose, the GOC, through National System for Comprehensive Victims' Assistance and Reparations' subcommittees, has established a work plan for defining the priority focus of the efforts, which will be supported by the Program in Year 3.

2.2.2.b. Make available financial instruments tailored to the needs of the population in rural and consolidation areas, victims and vulnerable populations: In Year 3, the Program will give priority to the provision of comprehensive assistance to the GOC to ensure improvements in the quality, relevance and efficiency of the payment medium that it uses to transfer cash resources to victims for humanitarian assistance and/or administrative reparations, the creation of a trusteeship required for the indemnification of minors, financial education for victims in order to facilitate their inclusion, and comprehensive advice on different fundraising mechanisms. The Program will also work on ensuring the sector's services are flexible to meet distinct needs of sub-populations.

Milestone 2.2.3 SNARIV Strengthened to Monitor Agency Action Plans

After a year of operations of the National System for Comprehensive Victims' Assistance and Reparations, the Government has deemed it necessary to perform an evaluation and assessment of the System's actions and to generate a perspective of its priorities for 2013, which could include modifications to the System's organizational structure (adopted following the issuance of Decree 4800/2011). The government and USAID have asked the Program for technical assistance in this process, for which the activity mentioned below is planned. This activity will finalize this milestone.

⁵ The Program studied housing, land, income generation, food and psychosocial care measures.

Activity

2.2.3.a. Strengthening the SNARIV: Following the adoption of the National Plan for Victims' Assistance and Reparations, the main challenge is to ensure that coordination mechanisms required for the proper implementation of the policy flow within the entities involved and the agencies created by Decree 4800/2011. For this purpose, the Program will support a participatory evaluation of the System's first year of operation together with relevant institutions and will provide recommendations for making adjustments in order to maximize the effectiveness of the System (ensuring that, within the analysis, victims of conflict are of central importance). It is expected that this evaluation will lead to the creation of the System's new action plan, which will continue to be based on a comprehensive view of the State's response, and not exclusively of the sector. This will involve a change in vision and in the type of indicators adopted for measuring performance; measuring the inter-agency response will be a fundamental aspect of the planning process.

Milestone 2.2.4 Support implementation of Cessation of Vulnerability Index

The Victims' Law and the National Plan for Victims' Assistance and Reparations are designed to promote the full enjoyment of constitutionally safeguarded rights of the displaced population and cease their condition of vulnerability. In Year 2 the Public Policy Program assisted the GOC in establishing criteria to determine when a displaced person ceases to live in vulnerable conditions. In Year 3 the Program will support the socialization of the Index among relevant GOC counterparts and will update the design of the Index prepared in Year 2 to ensure vulnerability conditions can be tracked by the GOC.

Activity

2.2.4.a. Determining when condition of vulnerability of victims ceases: The main objective of public policy programs and projects for victims is to reconstitute rights violated within the internal conflict. All public services should aim to ensure victims' rights are met so they can move from assistance to promotion and social protection; to objectively determine when the victims are ready to transit to the next level, the GOC needs an instrument to measure the status of victims regarding their rights. During Year 2, the Program proposed the use of an index with which to make this measurement. During Year 3 the Program will assist the GOC (specifically entities of the SNARIV) in a discussion regarding adoption and implementation of the Index. The Program will also work to adjust and update the Index (developed in Year 2) in accordance with GOC feedback. In addition, the Program will work closely with the International Organization for Migration (IOM) to generate synergies that strengthen the Index by communicating with IOM regarding the two processes it will carry out to pilot the Index.

Milestone 2.2.5 Design and implementation of regional reparations plans

The Victims' Law requires that the GOC have Local Action Plans for Comprehensive Assistance and Reparation to Victims to ensure that victims' policy framework is effectively included on the local level. The Program will develop a methodology to facilitate the strategic monitoring of the Regional Action Plans (that the country's municipalities and departments developed over the second half of 2012), and connect them with national institutions' services and programs within the SNARIV framework. The Program will complete this milestone through the activities described below.

Activities

2.2.5.a. Design mechanisms to monitor Regional Action Plans: The Program will develop a tool that facilitates the monitoring and comparative analysis of Regional Action Plans in order to identify regional demand priorities (in an ordered manner) in terms of the types of assistance and reparations measures that are required in each region. This will facilitate the connection of this demand with the SNARIV's organized services and programs.

2.2.5.b. Strategic Orientation of the Operation of Transitional Justice Committees: The highest territorial authority charged with coordinating the implementation of the victims' policy is the Transitional Justice Committee. Therefore it is essential to promote proactive actions that are aligned with the National Plan for Comprehensive Victims' Assistance and Reparation. The Program will support the on-going development of the strategic guidelines that should guide the performance of these territorial authorities.

2.2.5.c. Regulation of the System of Joint Responsibilities: The Program will support the regulation of the System of Joint Responsibilities, which will clearly define the national and territorial roles and authority for the implementation of the victims' policy, and will determine when subsidiary, complementary or decentralized actions should be taken by the different levels of government in accordance with the Constitutional Court's pronouncements and Victims' Law provisions. What is important in this case is that the country have an instrument that will enable it to strategically determine when a contribution from the national government is required to enable a territorial entity to carry out its victims' agenda, or even when the national government must directly assume the authority that, in principal, belongs to the territorial entity, when such entity is not capable of doing so, in order ensure the re-establishment of victims' rights prevails in all cases.

Synergies

The Victims' Policy Pillar has focused on promoting the inclusion of **differential approaches** based on gender, ethnicity, disability and age, as well as a focus on victims' participation in the different projects to support the development of public policies, particularly those linked to the victims' agenda. There is no doubt that, in the medium- and long-term, this contribution will ensure that assistance mechanisms and types of measures adopted for a specific populations will respect, and be relevant to, the particular gender, ethnic and age characteristics that should be observed. In this regard, the Program has worked with cross-cutting themes, in particular with respect to gender.

The Component has sought to incorporate a territorial focus in all of its analyses and contributions to the GOC, taking into account that the asymmetries of the country's economic and social development, and the characteristics of the socio-cultural context of different Colombian regions, require a differentiated approach for the implementation of public policies. Accordingly, the Program has been continuously working on dialogues and agreements related to the consolidation zones, in addition to its on-going coordinated work for the strengthening of local governments.

For Year 3, the Program plans even stronger coordination with the Land Policy Pillar, with respect not only to land restitution, but also to income generation in urban and rural areas. This is because income generation is one of the most challenging and necessary reparation measures, and the contribution of the Victim's Component can be important in terms of facilitating the coordination of the Program's efforts with the national government's victims' agenda.

PILLAR 3: CONSOLIDATION POLICY

The Administrative Unit for Territorial Consolidation (Consolidation Unit) is nearing the end of its first year of operation and faces implementation challenges. At present, the Unit is reaching a break point; the consolidation policy and the Consolidation Unit, as its executor, must focus on strengthening its management capacity and inter-institutional coordination in order to demonstrate the added value that they offer, and the impact it generates regarding presence and legitimacy of state institutions in consolidation territories and the coordination of State efforts to reach these zones. A new Unit Director was appointed in October. He will find a largely resolved legal, strategic and operational framework, but he must provide institutional strengthening,

both internally in coordinating the operations of his offices with actions taken at a national and territorial level, as well as externally in coordinating with other national institutions (sectors, ministries, agencies) and municipal and departmental governments in consolidation zones. The Consolidation Unit must be capable of showing results and demonstrating that it can generate added value across the three components of the consolidation policy: presence and legitimacy of state institutions in consolidation territories, citizen participation, and regional integration.

Year 3 Program coincides with the main challenge faced by Consolidation Unit; it must position the National Consolidation and Reconstruction Policy among all levels of government and among civil society stakeholders as the mechanism to bring State presence to and provide services in consolidation zones. In order to implement this ambitious policy, the Consolidation Unit needs support to strengthen its organizational structure. The major Public Policy Program challenges for Year 3 are:

- Ensuring the National Consolidation and Reconstruction Policy is positioned at the national and regional level in order to legitimize the Unit's efforts to provide services in the consolidation zones;
- Ensuring national entities engage in the policy and fulfill the budget commitments they prioritized for consolidation zones;
- Achieving greater commitment from ministries and sectors to cover consolidation zone with a range of services tailored to local needs;
- Achieving coordination the National Consolidation and Reconstruction Policy and *Contrato-Plan* in consolidation zones; and
- Institutional strengthening of Consolidation Unit via improved procedures and mechanisms to enable rapid and effective resource implementation.

YEAR 3 ACTIVITIES AND ASSOCIATED RESULTS

In Year 3, the Program's Consolidation Pillar will complete the actions it initiated in Year 2. It will also begin to perform a set of activities not undertaken in Year 2, mainly because the Unit was in the process of forming, adjusting and structuring its teams and processes. In addition, the development and approval process for the policy document (potentially National Council on Social and Economic Policy White Paper (CONPES document) that contained the sectors' commitments has taken longer than expected, delaying the implementation of sectorial commitments and the Ministries' adaptation of the offer to meet the needs of consolidation zones.

The Year 3 Work Plan will focus on 4 major objectives: (i) Formalize Consolidation Policy in a document or policy instrument that includes an illicit crops replacement strategy; (ii) Assist the Consolidation Unit and Ministries in designing the national range programs and services required by the consolidation zones, adapting it to the needs of these regions, and implementing a control board with compliance indicators to support management and monitoring; (iii) Promote consolidation policy coordination with other initiatives aimed at promoting inter-institutional coordination and regional development, such as *Contrato-Plan*; and (iv) Support institutional strengthening for the Consolidation Unit, especially in the management of contracting tools, rapid response, and management monitoring.

Result 3.1: National Consolidation Policy (NCP) Framework Revised and Under Implementation

The Special Administrative Unit for Territorial Consolidation and Reconstruction (Consolidation Unit) requires technical assistance from teams of experts, that working together with different ministries and GOC agencies, identify adjustments to existing programs or establish new programs and policy instruments (i.e. subsidies, procedures) to ensure that demands identified by the Regional Consolidation Managers, in conjunction with communities and local authorities, can

be met in each consolidation zone. In Year 3 the Program will achieve the results envisioned with the completion of all the milestones described below.

Milestone 3.1.1 Revised NCP Framework

During Years 1 and 2 of program implementation, the Program supported the national consolidation policy's strategic review process and the drafting of a CONPES document jointly with the DNP and relevant sectorial entities which was delivered to the GOC. However, the Consolidation Unit and the DNP are, based on security considerations, currently re-considering the best mechanism to formalize the National Consolidation Policy (be it in a national or regional CONPES document or via inter-institutional coordination mechanisms). Within this process, the Program will, in Year 3, support the Consolidation Unit and the DNP in defining and designing the most appropriate mechanism to guarantee that sectorial NCP commitments are incorporated and defined (in terms of joint nation-region actions (budget commitments)) and to define the institutional arrangement that will allow for coordination between entities and monitoring of the process, ensuring that efforts to date a properly incorporated into the final mechanism. This milestone will be completed through the activities described below.

Activities

3.1.1.a. Assistance for developing the Consolidation Policy framework: The Program will support the review and adjustment of the draft CONPES document on the National Consolidation Policy (or whichever policy instrument is considered most appropriate) to formalize the consolidation policy and establish sectorial commitments in terms of actions and budget. The Program will also support an appropriate institutional arrangement that will facilitate coordination and monitoring.

3.1.1.b. Feedback on the documents that define the illegal crop replacement policy and strategy: The Program will support the Consolidation Unit in reviewing strategic documents on the Illegal Crop Replacement Policy. Additionally, the Program will accompany feedback and validation sessions with experts. In addition, it will support the process of socializing and validating the strategy, both internally with Consolidation Unit teams and with other relevant entities, such as the DPS and, especially, the Victims' Unit, the Ministry of Defense and the Ministry of Agriculture and Rural Development.

Milestone 3.1.2 Support for development and implementation of Regional Consolidation Action Plans

The Regional Consolidation Plans have already been structured in Year 2. However, they are dynamic documents that are being continuously reviewed and adjusted. Program the support that it will provide through two other activities of this Work Plan will have an impact on the monitoring and evaluation of the Regional Plans, through: (i) the construction of a dashboard for monitoring Ministries' commitments and implementation in the regions (*Activity 3.1.3.b.*); and (ii) the design of the Consolidation Index, which will include all indicators for the management and implementation of the Consolidation Policy, and will allow for an on-going review of the progress made in graduation variables in consolidation regions (*Activity 3.2.1.a.*). In Year 3 the Program will finalize commitments under Milestone 3.1.2 by unifying regional action plan indicators as described below in order to support the GOC in monitoring ministry compliance.

Activity

3.1.2.a. Unify Regional Action Plan indicators in a Master Plan: The Program will support the Consolidation Unit in reviewing Regional Consolidation Plan indicators in order to include those deemed relevant in the dashboard that will be used to monitor ministry compliance and their investments in consolidation regions. It will also incorporate Regional Consolidation Plan indicators in the Consolidation

Index, as part of Result 3.2 of this pillar. As discussed in the Year 2 Work Plan, this activity initiated in Year 2 and will be finalized in Year 3.

Milestone 3.1.3 Improved service delivery in Consolidation Zones

The GOC must ensure that service delivery is flexible and tailored to consolidation regions, particularly with respect to key policies related to rural development plans, livelihood programs, victims' assistance plans, and land restitution and formalization processes. In Year 3, the Program will assist the Consolidation Unit in its work with some of the ministries that will have a major impact on the implementation of the Consolidation Policy. This will facilitate the review of their programs and instruments so as to make them flexible in addressing the particular needs of the consolidation zones. The Program will complete this milestone through the activities described below.

Activities

3.1.3.a. Support in Enhancing the Flexibility of the National Service Provision to Consolidation Zones: The Program will provide teams of experts to review ministries' investment tools and programs that are relevant to consolidation purposes (such as the Ministries of Transport, Health, Education, Agriculture and Rural Development, and Housing). The Program will compile a document with proposed recommendations and adjustments to the programs in order to adapt the government-sponsored programs and services, especially in the infrastructure, rural development, income generation, victims, and financial services sectors. As a result, the GOC will have a guide to ensuring GOC services and programs meet the needs of consolidation zones.

3.1.3.b. Design and implementation of a dashboard to monitor ministries' commitments: The Program will support the High Council for Good Governance and the Consolidation Unit in designing a mechanism to monitor commitments assumed by ministries with the Consolidation Unit in terms of increasing access to their offer and programs, and their provision of goods and services in consolidation zones. The Program will assist the Consolidation Unit in the negotiation of indicators to be used for the monitoring, which should reflect the commitments assumed and the expected impacts. To do this, the Program will provide technical inputs on which indicators are optimal to measure investment and ministerial activities in the consolidation zones.

3.1.3.c. Identify ways to coordinate with key policies: Technical assistance to design coordination mechanisms and protocols facilitating the harmonization, from the policy and the operative perspective, between the Consolidation Policy and Rural Development Policy, Victims' Assistance and Reparations Policy, and Land Restitution and Formalization Policies at the national and regional level, and ensure all relevant policies are executed in consolidation zones to generate value added in implementation and have a greater impact on the population.

Milestone 3.1.4 Design of Interagency and Inter-Governmental Budget and Coordination Mechanisms

The NCRP aims to effectively coordinate governmental actions and programs to appropriately serve focused regions. As part of this process, each zone's unique situation is considered; improving state presence in these zones is a determinant factor to overcoming the fragile social and economic conditions produced by armed conflict and illicit activities. The implementation of the NCRP will face many challenges, not only at the national level but also in the field; the development of mechanisms and budgeting models to improve inter-agency and inter-governmental coordination and create effective linkages between national and sub-national programs will be key to successful NCRP implementation. Also, the GOC must ensure service delivery is flexible and tailored to consolidation regions, particularly in key policies related to rural development plans, livelihoods programs, victims' assistance plans, and land restitution and formalization processes. In Year 2 the Program

delivered the *Contrato-Plan* design to the GOC and supported the signing of the first *Contrato-Plan* in Gran Darién. Modification No. 7 calls for support for *Contrato-Plan* in Sierra Nevada and Northern Cauca. Given that negotiation processes between local and national government and local communities was delayed, this milestone will be completed in Year 3 (and not in Year 2 as originally anticipated) through the activities described below.

Activities

3.1.4.a. Support Consolidation Unit management coordination mechanisms with other inter-agency development or coordination mechanisms present in consolidation zones: Facilitate the start-up of mechanisms that promote the involvement of the Consolidation Unit in regional planning and development processes for consolidation zones, such as the *Contrato-Plan* process, Rural Development Programs with a Territorial Focus (PDRET), local development areas, collective territories and reserves. The Program will facilitate start-up by supporting 5 regional workshops with the participation of the DNP, INCODER, the Consolidation Unit and departmental and municipal government representatives. As discussed in the Year 2 Work Plan, this activity initiated in Year 2 and will be finalized in Year 3.

3.1.4.b. Public-Private Partnership guidelines: Design guidelines for Public-Private Partnerships in consolidation zones that takes advantage of the Public Private Partnership Law's incentives to attract investment and constructs public private partnership models for social investment that can be proposed by consolidation municipalities and private investors. As discussed in the Year 2 Work Plan, this activity initiated in Year 2 and will be finalized in Year 3.

Result 3.2: Institutional Structure Designed to Implement the NCP at the National and Regional Level

To succeed, NCRP implementation needs a strong state structure that can determine and understand the demand for state services in priority areas and, is capable of harmonizing these services to effectively reach the territory. Additionally, mechanisms must be established to promote development in these areas through private investment and to ensure economic sustainability in the region. NCRP implementation also requires that the state promote and accompany the priority zones in a process of strengthening local institutions and developing social capital to ensure sustainability in the development process in the region. In Year 3 the Program will achieve the results envisioned with the completion of all the milestones described below.

Milestone 3.2.1 Design and Implementation of Consolidation Unit: Institutional Strengthening of Consolidation Unit

During Years 1 and 2 of Program operations, the Public Policy Program supported the creation of the Consolidation Unit as the executor of the National Consolidation and Reconciliation Policy. It also supported the Unit's entire strategic planning process, which served as the basis for the design of the agency's strategic map and the action plans of each of its offices. This served a tool for focusing the Unit's actions and monitoring its performance.

In Year 3 the Public Policy Program will continue to support the implementation of internal institutional management processes and systems in order to coordinate and mobilize the provision of state services and private sector and international cooperation in consolidation zones, and to integrate consolidation regions into the country's social and economic life. This will guarantee the Unit's ability to promote the building of trust in state institutions and the development and construction of social networks in areas where the state has been absent.

The implementation of this policy will involve the use of a monitoring system to measure policy implementation results, as well as its impact on citizens. The Program will support the construction of a “graduation” index (index for departure of prioritized territories from the consolidation zones) which will measure the evolution of the progress of the consolidation process over time, and criteria for entrance of new municipalities into the consolidation policy. The Program will complete this milestone through the activities described below.

Activities

3.2.1.a. Consolidation Index: Over the course of Year 2, the government decided to delay the construction of the Consolidation Index as it continued to discuss the scope of the tool. As such, this activity, originally planned for Year 2, will be carried out in Year 3. The Program will provide technical support to build a Consolidation Index based on a collection of indicators that measure the level of consolidation (in each of 3 pillars of the consolidation policy) in consolidation zones and municipalities. In constructing the Index, the Program will make recommendations for the development of criteria that permit the GOC to evaluate the conditions that municipalities must meet to become a focalized zone within the consolidation policy.

3.2.1.b. Effectiveness and transparency in the use of the Consolidation Unit’s investment resources: In order to improve efficiency and execution in the Consolidation Unit’s investment budget, the Program will support the development of a management improvement plan in order to: (a) improve the Unit’s annual action plan; (b) make budget planning processes more efficient; (c) generate public contracting processes and models that allow for the use of different contracting modalities permitted by law and facilitate the adequate execution of resources.

3.2.1.c. Design of an information system for the monitoring and evaluation: Support the design and start-up of a system that integrates information generated by monitoring the Consolidation Unit’s management actions (in central-level thematic areas and territorial directions), the dashboard that monitors each sector’s investment, the regional consolidation plan indicators, and the Consolidation Index. This will facilitate the: focalization and prioritization of consolidation investment; monitoring of the socioeconomic and cultural transformation that the GOC hopes to achieve with the National Consolidation Policy; and demonstration of results.

Milestone 3.2.2 Design of Consolidation Fund

The Consolidation Unit requires speed and flexibility to respond quickly and effectively to regional needs. The public contracting process in Colombia, governed by the Public Procurement Act, sets out rules and procedures that, many times, hinder the provision of a rapid response to the region’s needs. So, it is necessary to continue supporting the Consolidation Unit in designing operation and budget execution mechanisms that meet the principles of transparency and efficiency but allow for flexibility in the arrival of state services to the territory. In Year 3 the Program will review the Rapid Response Mechanism - a type of consolidation fund - performance to suggest appropriate modifications to the model, thereby finalizing Milestone 3.2.2.

Activity

3.2.2.a. Structure flexible budgeting mechanisms: During Year 2, the Program supported the Unit in the design of the Rapid Response Mechanism. For Year 3, the Program broadened the scope of this activity in order to review this mechanism’s manuals and methodologies based on 2012 implementation experience and will suggest appropriate modifications.

SUPPORTING ACTIVITIES CONTRIBUTING TO RESULTS

The Program supports a number of cross cutting issues that are critical to the achievement of results in each pillar to ensure integration of policy implementation at the regional level: mechanisms for budgeting and coordination at the territorial level; sustainable livelihoods and access to finance; environment, biodiversity and climate change; and gender. Lessons learned from past reform efforts indicate that land reform, assistance to victims, and consolidation must be accompanied by simultaneous reforms in other areas to ensure effective and sustainable results for rural communities.

4. SUPPORT ACTIVITY: GENDER

The Program supports the GOC in the inclusion of a gender equity focus in its political and institutional reforms by identifying how institutional and legal frameworks and policies encourage gender inequity; providing recommendations for reforms; and supporting participation with a gender focus in discussion of reforms and facilitating discussions of international best practices. The intention is to transmit these best practices primarily to the institutions with which the Program currently works – INCODER, MARD, the Land Restitution Unit, the Victims' Unit (in the framework of the National System for Comprehensive Victims' Assistance and Reparations – SNARIV), and the DPS – so that they can begin to include these practices in their action plans.

The Program supports the GOC in improving gender equity to identify how current institutional and legal frameworks and policies facilitate gender inequality or fail to address gender disparities and providing reform recommendations provided that promote gender equity in the Program-supported policy. Program-supported gender activities directly support the achievement of Result 1.1 (Land Restitution Chapter of the Victims' Law Implemented, Result 1.2 (Land and Rural Development Law drafted and implemented), Result 2.1 (Victims' Law institutions designed), and Result 3.2 (Institutional structure designed to implement the NCP at the national and regional level). Therefore, gender activities directly support the improvement and targeting of Program-supported land and rural development, victims' assistance, and poverty alleviation policies.

Counterpart Interfaces: High Commissioner for Women's Equity (ACPEM) Ministry of Agriculture and Rural Development (MARD), Colombian Rural Development Institute (INCODER), Land Restitution Unit, Victims' Unit, and Consolidation Unit.

YEAR 3 ACTIVITIES

Support Activity Result 4.1: Identify how current institutional and legal frameworks and policies facilitate gender inequality or fail to address gender disparities

Lack of equal opportunities between men and women reduces productivity and efficiency and undermines economic growth and development. Excluding women from financial and land resources or productive activities results in dramatically lower household incomes and hinders household resilience to economic shocks. Labor market discrimination may be causing a misallocation of resources that can hold up productivity gains. As disparities in school enrollment and workforce training between women and men continue to increase, gender discrimination can become a major hurdle for economic growth and development in Colombia. In Year 3 the Program will achieve the results envisioned with the completion of all the activities described below.

Activities

4.1.a. Assessment of GOC service delivery to victims and poor farmers: The High Commissioner for Women's Equity (ACPEM) formalized its gender policy in September 2012. As such, this activity that was

originally planned for Year 2, will take place in Year 3. The Public Policy Program will provide experts to guide the implementation of a gender assessment on GOC's service delivery to victims and poor farmers. This assessment will begin with a review of the land and rural development, victims' assistance, and poverty alleviation policies, in order to recognize weaknesses with respect to gender issues, and to suggest the inclusion of good practices and lessons learned in the implementation of related laws. The Program will provide recommendations to the MARD, INCODER, Land Restitution Unit, Victims' Unit, and Consolidation Unit, and Department of Social Prosperity.

4.1.b. Review institutional strengthening activities: In Year 2, as part of the Program's work to design the Victims' Unit, Land Restitution Unit and Victims' Attention Centers, the Program has made efforts to ensure these institutions include a gender focus, as required by the Victims' Law. In Year 3, the Program will continue to review, together with experts, the design and implementation of the Public Policy Program institutional strengthening activities (that will take place in Year 3), including the INCODER reform, MARD, and the strengthening of the Victims' Unit, the Consolidation Unit, and the Land Restitution Unit to ensure that gender equity concerns are adequately addressed. Via the revision mentioned in 4.1.a., suggest specific actions for including a cross-cutting gender approach in the action plans of the aforementioned institutions. International experts will also provide recommendations that will be incorporated into the Program's recommendations.

4.1.c. Policy coordination: The High Commissioner for Women's Equity (ACPEM) launched its gender policy in September 2012. As such, this activity that was originally planned for Year 2, will mainly take place in Year 3. The Program will support the Gender and Women National Policy and the Presidential Advisor on Gender in coordinating the implementation of the gender policy with Program-supported policies to be executed via entities like MARD, INCODER, Land Restitution Unit, Victims' Unit, and Consolidation Unit, and Department of Social Prosperity. The Program will support monitoring of the incorporation of the gender equity policy agenda within the aforementioned policies.

Support Activity Result 4.2: Reform recommendations provided that promote gender equity in the Program-supported policy

In Year 2 the Program provided recommendations to the GOC to promote gender equity in rural development, including land access, agriculture extension services, income generation through the Land and Rural Development Law and for victims' rehabilitation services in the design of the Regional Attention Centers. In Year 3, the Program will identify and provide recommendations to close the gender gap (particularly for rural women and female victims of violence as explained in the following activities). In Year 3 the Program will achieve the results envisioned with the completion of all the activities described below.

Activities

4.2.a. Regulate the Law on Rural Women: In Year 3, the Program will support the ACPEM in the regulation of the Law on Rural Women to enable the institutions (MARD and INCODER) and programs associated with rural development to comply with the obligations established by said Law, and to harmonize said regulation with the rural development bill. This support will also be coordinated with the INCODER for the implementation of said Law. Program recommendations/inputs will be based on the consolidation of inputs provided by rural women's working groups for regulation of this law.

4.2.b. Pilot workshop for the prevention of violence against women and related assistance: The Program will support a pilot workshop to raise awareness among officials about violence against women. This workshop will be held over two days in the city of Barranquilla, with the participation of 20 judges, 20 police

officers, 20 prosecutors and 20 commissioners of that city. The Program will, as a result of this workshop, draft a document with the methodology to be used to replicate the workshop in different cities.

5. SUPPORT ACTIVITY: ACCESS TO FINANCE

The Program works to support access to credit, savings and insurance in Colombia is a crucial step in the successful implementation of GOC policy priorities, such as the Victims' Law, the National Consolidation and Reconstruction Policy, and the Land and Rural Development Bill. Access to credit is essential for victims with restituted land to start and maintain productive land use. Access to financial services contributes to the recovery of regions with high rates of social vulnerability (affected by the actions of illegal armed groups) because it facilitates the inclusion of the population into the dynamics of regional development and prosperity. Access to financial services in rural areas facilitates income generation for small farmers and household welfare, thus, contributing to the expansion of agricultural activities and licit livelihoods.

The Program supports the GOC in improving access to finance by expanding financial networks to rural areas and consolidation zones and making available financial instruments tailored to the needs of population in rural and consolidation areas, victims, and vulnerable populations. Program-supported access to finance activities directly support the achievement of Result 1.2 (Land and Rural Development Law drafted and implemented), Result 2.2 (Improved service delivery for victims), and Result 3.1 (Institutional structure designed to implement the NCP at the national and regional level). Access to finance activities directly support the GOC's ability to provide improved services to victims and in consolidation zones, and to generate a sustainable livelihoods framework by providing the mechanisms through which the GOC and private sector can reach the aforementioned population.

Counterpart Interfaces: Ministry of Finance (MOF), Financial Superintendence (FS), *Banca de las Oportunidades* (BDO), Ministry of Agriculture and Rural Development (MARD), *Banco Agrario* (BA), *Finagro*, Victims' Unit, Consolidation Unit, and National Planning Department (DNP).

YEAR 3 ACTIVITIES

Support Activity Result 5.1: Financial Networks Expanded to Rural Areas and Consolidation Zones

Access to financial services for low-income rural population is very limited. One of the main bottlenecks is the lack of financial networks, such as branches and banking agents in rural and remote areas. High costs prevent financial institutions (FIs) from expanding their networks towards these areas. In Colombia, the number of formal financial entity branches per 100,000 adults is only 15, while in other medium income countries is 30. Therefore, policy instruments need to be designed and implemented to facilitate the expansion of financial networks, and thus, increase the supply of financial products in rural areas, facilitate the payment of conditional cash transfers, such as subsidies, and aid the implementation of the GOC's formalization strategy. In Year 3 the Program will achieve the results envisioned with the completion of the milestone described below.

Mobile Financial Services (MFS) and E-Money Developed

Activity

5.1.a. Implementation of Challenge Fund to promote E-Transactions: As part of the Year 2 Work Plan, the Program supported the MOF and the BDO to form a competitive fund to promote the development of new technologies and products that promote E-Transactions in Colombia. The government has put aside US \$1.6M to co-finance up to 50% of the value of each project, with a minimum of US \$60,000 and a maximum of US \$550,000 per project. As a result of the Program's work, the GOC has received 14 innovative ideas. In

Year 3, the Program broadened the scope of this activity to advise the GOC/private sector selection team on criteria to consider in the evaluation and selection of the best ideas to co-finance. As a result, E-Transactions in Colombia will be expanded with at least three proposals which will be co-financed and implemented during 2013 and 2014.

Support Activity Result 5.2: Make Available Financial Instruments Tailored to the Needs of the Population in Rural and Consolidation Areas, Victims, and Vulnerable Populations

Access to financial services is a fundamental part of successful land restitution and rural development in Colombia, as it enables individuals with restituted and formalized lands to maintain or begin productive land use, generating income and welfare for their households. Without access to credit, it is very difficult to acquire working capital or assets. Access to financial services for population in rural and consolidation areas, victims, and vulnerable population is very limited. One of the main bottlenecks is the lack of financial products specially designed to meet their needs (credit, savings and insurance for agricultural producers and rural population). Therefore, policy instruments need to be designed and implemented to facilitate the offer of adequate financial products. In Year 3 the Program will achieve the results envisioned with the completion of the milestones described below.

Activities

Agriculture Finance System (AFS) Improved

5.2.a. Assist the GOC in the reform of the Agriculture Finance System (AFS): Historically, the AFS has been based on interest rate subsidies, credit subsidies (like *Incentivo a la Capitalización Rural (ICR)* and *Agro Ingreso Seguro (AIS)*), and inadequate state guarantees. As a result, there is a limited range of financial services available for the sector; transaction costs to access credit are high and subsidies have principally benefited medium and large producers (not small producers) thereby limiting the sector's development. During Year 2, the Program supported the GOC in proposing guidelines to reform the AFS in order to support the GOC's rural development needs. In Year 3 the Program will provide strategic assistance to the GOC in the development of the requirements to increase funding and financing to stimulate the sector's development. This will include diversification of funding sources, modifying mechanisms for subsidy assignment, and public guarantees assignment (Agricultural Guarantee Fund) and developing capital markets to finance long gestation crops. To mitigate risks, the Program will advise the requirements for developing agricultural insurance, coverage, derivatives, and investment in venture capital funds. This implies modifying the current institutional framework by transforming *Finagro* into a development agency for the sector, and *Banco Agrario* into an integral financial services provider (savings, insurance, transfers) for the agricultural and non-agricultural sectors. The Program will advise the institutional changes to be implemented. This activity was originally planned for Year 2. However, the GOC delayed discussions on the need for this reform. The GOC confirmed their support for moving forward with this activity in Year 3 in October 2012.

Financial Inclusion for Victims of Violence

5.2.b. Advise the Victim's Unit on complying efficiently and in an expedited manner with mandates regarding payment of humanitarian assistance and reparations for victims of conflict: The Program will provide expert financial and legal advice to the Victims' Unit on developing and implementing mechanisms that will assist victims in receiving resources and promoting their financial inclusion: humanitarian assistance and reparations payments; the structuring and implementation of trusteeships for reparations management for minors; and the optimization and maximization of donations for victims' reparations. This will include recommendations on awarding humanitarian assistance and reparations payments in the amount of US \$1 billion to one or more financial institutions; awarding reparations resources of more than US \$30 million for

minors to a financial institution that will manage these funds until the minors reach legal age. The Program will also make recommendations on how to collect funds in order to funnel them towards victims' reparations, as dictated by the Victims' Law (for example via supermarkets or utility bills).

5.2.c. Pilot to promote financial inclusion of compensated victims and provide assistance to enable reparations resources to contribute to rebuilding victims' lives: The Program will provide advice on the design and implementation of a financial education program for victims who receive reparations in judicial and administrative proceedings. Given that 4 million victims will receive reparations over the next 10 years, it will be necessary to implement a program with national coverage with the participation of various entities (the Victims' Unit, SENA, *Banca de las Oportunidades* and ASOBANCARIA). The Program will initiate pilot programs in two cities. It will also continue to promote financial inclusion for victims who receive reparations in judicial and administrative proceedings (based on the lessons learned in the financial fair held with victims in Mampuján). The objective is to enable victims to become associated with the financial sector through savings products. The Program will also provide advice on improving access to credit and other financial services.

Financial Products Expanded in Consolidation and USAID Afro-Colombian & Indigenous Program (ACIP) Municipalities

5.2.d. Synergies with CELI and ACIP Programs: In Year 2 the Program carried out the necessary analyses to determine the current situation of access to financial services in municipalities. In Year 3 the Program will assist the CELI and ACIP Programs in the implementation of microfinance programs to expand access to financial services in the priority municipalities. Main activities will focus on supporting, negotiating agreements, and assessing work plans with FIs. The Program will provide orientation and guidance to the USAID regional and ACIP projects on the implementation of microfinance pilots, such as agricultural microcredit, agricultural insurance and village banking, in the consolidation municipalities. The Program will also promote the implementation of strategic alliances with financial institutions for expanding products towards consolidation municipalities with the technical assistance provided by the CELI Programs.

5.2.e. Design of a policy instrument to incentivize financial institutions to expand financial services towards consolidation municipalities: In Year 2 the Program created synergies with USAID regional operators. In Year 3 the scope of this activity will be broadened to support the following phases of the development of a policy instrument to reduce costs and risks of offering financial services in consolidation municipalities: (a) Definition of the financial incentive to provide; (b) Technical design of the financial incentive; (c) Public bid process for financial sector entities to implement the incentive. The Program will support the design of the policy instrument.

5.2.f. Design strategies to promote financial inclusion in regions with *Contrato-Plan*: The Program will propose an agreement model for the national government (*Banca de las Oportunidades*) and participating departmental and municipal governments to procure the destination of public resources to stimulate the expansion of financial services in zones where *Contrato-Plan* will be signed.

6. SUPPORT ACTIVITY: LINKAGES BETWEEN GOVERNMENT LEVELS AND USAID IMPLEMENTERS

The Public Policy Program assists the GOC in maximizing the impact of government programs by facilitating consultations at all levels of government, in order to develop public policies and programs that are responsive to and tailored to the realities and needs of the regions. These policies and programs are oriented to a) clarify roles and responsibilities between levels of government; b) strengthen small municipalities; c) introduce sound policy, legal and budgetary frameworks to improve the delivery of services, promote good governance, and

enable the business environment in rural areas; and d) support institutional reform to improve government transparency and encourage citizen participation in governance and policy/program oversight.

The Program supports the GOC in creating linkages between government levels and USAID implementers by promoting interagency coordination, budgeting and implementation within the GOC, and coordination with USAID implementers, to ensure an integrated and strategic approach to key policies for the regions. Program-supported linkage activities directly support the achievement of Result 1.2 Land and Rural Development Law (drafted and implemented), Result 2.2 (Improved service delivery for victims), and Result 3.1 (Institutional structure designed to implement the NCP at the national and regional level). Linkage activities directly support the GOC's ability to provide improved services to and generate sustainable livelihoods for victims, rural farmers and individuals living in consolidation zones. These activities also contribute towards an effective state presence in consolidation zones. Program activities provide tools needed to effectively coordinate between the central and territorial level, ensuring policy implementation becomes an on-the-ground reality.

Counterpart Interfaces: National Planning Department (DNP), Ministry of Agriculture and Rural Development (MARD), Ministry of Interior, High Commission for Good Governance and Administrative Efficiency, Ministry of Finance, ESAP, Consolidation Unit, Administrative Department of Social Prosperity, Ministry of Environment, INCODER, Ministry of Transportation, USAID Regional Programs' Implementers: *Colombia Responde* Montes de María, CELI Central Region, CELI North - South Region, and ACIP.

Support Activity Result 6.1 Link Local, Regional And National Government And USAID Implementers

The Program supports for strategic interventions and ensures synergies across a wide range of GOC requirements and USAID priorities and regional programs. To ensure impact, national policies must be linked to their implementation on the regional level, and, the range of national level policies must be harmonized under a comprehensive framework oriented to promote regional development. The activities described below will complete this support activity result.

Activities

Bring national level policies to the regions & strengthening local government

6.1.a. Support decentralization processes: In Year 2 the Program designed the Departmental and Municipal Regime Bills. The scope of this activity is broadened in Year 3 to continue strengthening the Departmental Regime Bill (which has not yet been signed into law) and congressional support documents and its posterior regulation. The Program will also support the Ministry of the Interior and the DNP in the defining an agenda for regulating implementation of the Municipal Regime Bill.

6.1.b. Policy framework for local governance/institutional strengthening: In Year 2 the Program drafted a policy document (CONPES) on institutional strengthening at the local level and developed guidelines for the development of local development plans. In Year 3 the activity will be broadened to review the credit structures that are in process with the Inter-American Development Bank and the World Bank to finance these actions. In Year 3 the Program will focus on supporting the DNP and regional USAID programs in developing strategies to facilitate project formulation at the regional level (particularly for royalty funds), to construct or improve project banks in USAID-focalized municipalities and departments, and create institutional capacity to implement rural development instruments.

6.1.c. Assistance in the design of a Regional Development Policy: Support the High Council for Good Governance and the DNP in the design of a regional development model that will be reflected in policy guidelines and recommendations for strengthening the institutional arrangement at the national and territorial

level, in order to adjust the instruments that have a regional impact and to implement the model in a pilot program.

Mechanisms for budgeting and coordination at the territorial level

6.1.d. Contrato-Plan policy framework and regulation: Assist the DNP in the development of a CONPES Document on *Contrato-Plan* that includes policy strategies on how State coordination can be strengthened in regards to *Contrato-Plan* implementation and provide parameters regarding its the management model, negotiations, signing, governance, monitoring and evaluation, among other issues. In addition, make recommendations on how the policy and regulations should be adjusted, based on the analysis of the planning and negotiation processes of the pilot *Contrato-Plans* that have been signed. Also, support the DNP in constructing a mechanism for monitoring and evaluating the management of the Plan Contracts.

6.1.e. Pilot Contrato-Plan: Support the DNP and provide recommendations in the planning and negotiation processes for the *Contrato-Plan* in some regions that are of major interest to USAID, such as Montes de María, Southern Tolima, Northern Cauca, Nariño, Meta and Sierra Nevada de Santa Marta. The Program will support the design and implementation of the institutional arrangement that will be responsible for executing each Plan Contract, giving priority to Southern Tolima and Northern Cauca during the first 6 months.

7. SUPPORT ACTIVITY: ENVIRONMENT

The Program supports the GOC in strengthening the country's environmental policy framework in regards to conservation of biodiversity, climate change, and land-use planning. These activities attack the problems related to the conservation of protected areas and land use for holistic rural development and land use planning which are needed to resolve land and rural development policy framework. As such these activities directly support the achievement of Result 1.2 (Land and Rural Development Law drafted and implemented). In addition, illegal mining issues and their effects on security conditions and the presence of illegal armed groups is a specific issues that the Consolidation Policy must cover. As such, these activities directly contribute to Result 3.1 (Institutional structure designed to implement the NCP at the national and regional level).

Counterpart Interfaces: Ministry of Environment and Sustainable Development, National Parks Unit (PNNU), National Planning Department (DNP), Ministry of Mines, and Consolidation Unit.

YEAR 3 ACTIVITIES

Support Activity Result 7.1 Support Implementation of the Policy that Defines the National System of Protected Areas -SINAP (CONPES 3680)

Colombia's methodology for evaluating protected areas is outdated. Colombia needs a new methodology to evaluate protected areas and in some cases re-categorize them into more appropriate types of areas. During Year 2 the Program supported the design and socialization of the indices and indicators for analyzes protected areas. These indicators were discussed with National Parks Unit representatives and included marine areas. A battery of indicators was defined. The final version will be presented to the GOC in Year 3 and will be used by decision makers to define if an area should be re-categorized and to engage in monitoring.

Activities

7.1.a. Harmonize protected areas categories: Support the National Parks Unit (PNNU) in developing an instrument for harmonizing protected areas categories. This instrument will be applied and adjusted in 12 Regional Environmental Authorities (Corporaciones Autónomas Regionales). Define the conservation status

for re-categorization and protected areas declaration at the regional level, and identify the conservation gaps, and define conservation priorities. Provide support for methodological issues related to marine and coastal protected areas *vis a vis* the National Protected Areas System Law and specifically support the aforementioned process for marine and coastal protected areas. As previously mentioned, in Year 3, the Program will present a final battery of indicators to monitor and evaluate these areas. Delays in negotiations between the National Parks Unit and the Regional Environmental Authorities regarding decisions on final indicators led to this activity being finalized in Year 3, instead of Year 2 as originally anticipated.

7.1.b. Evaluation system for the National Parks Unit: In Year 2 the Program proposed a set of 13 indicators to measure pressure on coastal and marine ecosystems; they will serve as early warnings and medium-term decision making tools. The Program also supported a protected areas business plan to ensure financial sustainability effectiveness of the national protected areas system. In Year 3 the Program will define indicators for non-marine areas, a system to evaluate the effectiveness in of PNNU management and support the PNNU in defining the procedure for the harmonization of the protected areas categories.

Support Activity Result 7.3 Support GOC in Climate Change Policy Initiatives

The establishment of a climate change plan, biodiversity protection and conservation plan, the reduction of greenhouse gas emissions, and a land use plan are GOC priorities. The GOC requires support to develop an integrated policy to address these issues.

Activity

7.3.a. Support National LEDES strategy: Support for the coordination of the first phase of the national low emissions development strategy (LEDES). This activity (and the other activities associated with the LEDES strategy) was, for the most part carried out in Year 2. In Year 3, the Program will present the results and final recommendations associated with the strategy to the Ministry of Environment and Sustainable Development's Climate Change Group.

Support Activity Result 7.4 Support GOC in Sustainable Urbanism and construction

Seventy-five percent of Colombian homes are located in urban areas. High demographic growth has a direct impact on the extraction of natural resources, waste product increase, increase of CO2 emissions, and climate change. This makes the development of a national policy on the sustainable urbanism and construction necessary.

Activity

7.4.a. Sustainable urbanism and construction policy document: In Year 2, the Program analyzed existing international policies on Sustainable Urbanism and Construction. However, the National Planning Department's (DNP's) team on sustainable urbanism was changed during this period. So, the activity will be finalized in Year 3 (instead of Year 2 as originally anticipated). In Year 3, the Program will assist the DNP in the preparation of the Sustainable Urbanism and Construction Policy Document for Colombia, recognizing that cities are efficient when they grow upwards, but only if they are planned and structured based on a vision of sustainable development.

Support Activity Result 7.5 Support to control illegal mining

Given the negative ecological fingerprint generated by illegal extraction of natural resources, and its effects on: degradation of natural resources, rural land use, and water supply, the GOC urgently needs integral policy guidelines to control further degradation and guarantee responsible coexistence of agriculture, mining, and environmental

preservation. In addition, it is recognized that illegal mining generates social and economic problems in the country that are also associated with the ongoing conflict in the regions in which many of these mining activities are found. The Program will endeavor to make suggestions for the alternative development of these areas, including mining as part of the activities (in coordination with the Consolidation Policy).

Activity

7.5.a. Illegal mining control policy document: Although originally planned for Year 2, the GOC delay in formalizing the Colombia's Mining CONPES (an input for this activity), led to this activity being pushed out to Year 3. The Program will assist in the preparation of a policy document that approach illegal mining in order to control the current situation. This document will focus on alternative development that will enable the formalization of small mining operations, and it will present alternatives to illegality. As such, this contributes to sustainable legal livelihoods for rural populations, reducing land use conflict, and reducing financing sources for illegal armed groups.

8. SUPPORT ACTIVITY: KNOWLEDGE MANAGEMENT

The Program's Knowledge Management strategy aims to produce strategic communications on Program achievements and lessons learned, and also builds a knowledge base, for targeted audiences, regarding the processes and methods used to achieve public policy innovation and profound legal and institutional change in Colombia.

YEAR 3 ACTIVITIES

Activities

8.a. MONITOR: In Year 3, the Program will continue to participate in USAID's monitoring and evaluation information system based on Program indicators and budget execution. In Year 3 the Program will also upload its most representative deliverables in the MONITOR system.

8.b. Knowledge Management Strategy implemented: Communicate key messages, satisfy the needs of the strategy's audiences (recognizing that USAID is the principal audience), provide strategic information and analyses on crucial Colombian public policy issues, deliver technical documents, case studies and lessons learned that document Program innovations and results, as well as compile principal technical deliverables to ensure knowledge management and organize the contract's achievements.

8.c. Case studies: In Year 3 the Program will complete, at a minimum, two case studies and disseminate the case studies in appropriate forums.

8.d. Website designed and functioning: Given the *Instituto de Ciencias Políticas*' (ICP) capacity to influence public opinion and access the media, decision makers, and academia, the Program, together with USAID, decided to include the Program's website within ICP's web portal as part of the Program's standard grant agreement. In Year 3, the Program's webpage will be presented to USAID for approval and then go live and update it as required.

8.e. Quarterly Reports: Contract Compliance Reports and Deliverables: As part of an integrated strategy, the preparation and edition of quarterly, annual, and final Program reports will continue under the Knowledge Management team's responsibility.

8.f. E-bulletin: In Year 3, the Program will produce 12 monthly e-bulletins based on success stories, fact sheets, and case studies, linked to Program achievements:

8.g. Weekly/biweekly reports: Year 3, the Program will continue to produce biweekly reports as requested by USAID, a powerful content resource and a unique historical record of Colombia's public policy context.

8.h. Work Plan: Prepare annual work plan in compliance with Performance Work Statement.

8.i. Documentation and Release of Program Products: In Year 3 the program will continue to review the content of approved Program deliverables, describe and upload them into the Program's information management system (one source), and identify deliverables to be submitted to the Development Clearinghouse – USAID's Development Experiences Center.

8.j. Deliverable Quality control: In Year 3, the Program will continue to consolidate its technical deliverable inventory to review compliance against contractual requirements. The Program also held expert meetings to review final products to discuss the most important issues within each deliverable to ensure the product accurately responds to GOC and USAID needs.

8.k. Public discussion of key policy issues: In Year 3 the Program will continue to work with ICP to achieve the 63 activities planned under the grant and update the website as described in activity 8.d.

PROGRAM OPERATIONS

BUDGET EXECUTION AND PERFORMANCE WORK STATEMENT COMPLIANCE

The Program received Modification No.7 from USAID in September 2012 to implement additional activities and increase its budget by US \$4,9M; the new total Program budget is US \$27,387,555. Through September 2012, the Program invoiced US \$14,972,920 and obligated US \$2,031,927, for a total of US \$17,004,847 in order to achieve Year 1 and Year 2 milestones.

In its first year of operations, the Program completed five milestones from its Performance Work Statement (PWS), and in Year 2 it completed six more milestones. This included Milestone 2.2.1 (National Plan for victims' reparations) which it completed early (in Year 2 instead of Year 3). Based on the contract Modification No. 7, seven new milestones were added to the PWS and the scopes of three milestones were broadened and include activities for Year 3.

The new milestones included are as follows:

- 1.2.5 Reform of INCODER implemented
- 1.2.6 Reform of MARD Implemented
- 1.3.4 Formalization of Land Tenure Rights Policy Document developed
- 2.2.2 Improved service delivery for victims
- 2.2.3 SNARIV Strengthened to Monitor Agency Action Plans
- 2.2.4 Support implementation of Cessation of Vulnerability Index
- 3.1.4 Design of Interagency and Inter-Governmental Budget and Coordination Mechanisms

Results/Performance Standards	Delivery Requirements/Milestones	Year 1	Year 2	Year 3	Year 4	Year 5
PILLAR ONE: LAND POLICY						
1.1 Land restitution chapter of the Victim's Law implemented	1.1.1 Land Restitution Unit Established			●		
	1.1.2 Inputs to Compensation Decree		●			
	1.1.3 Inputs to Land Restitution for Ethnic Minorities decree	✓				
1.2 Land and Rural Development Law drafted and Implemented	1.2.1 Inputs to Law for Rural Development		●			
	1.2.2 Design of Unit for Rural Land Use Planning	✓				
	1.2.3 Design of Sustainable Livelihoods Policy Framework			●		
	1.2.4 Design of Regional Rural Development Areas Programs			●		
	1.2.5 Reform of INCODER Implemented			●		
	1.2.6 Reform of MARD Implemented			●		
1.3 Rural property formalization program designed, including regulatory framework and institutional infrastructure	1.3.1 Design of formalization program		✓			
	1.3.2 Regulatory framework for land formalization	✓				
	1.3.3 Design of institutional structure for formalization program	✓				
	1.3.4 Formalization of Land Tenure Rights Policy Document developed			●		
PILLAR TWO: VICTIM'S POLICY:						
2.1 Victims' Law Institutions Designed	2.1.1 Design of Department of Social Prosperity (DAPS)		●			
	2.1.2 Design of Victims' Unit			●		
	2.1.3 Design of Regional Victims' Assistance Centers		✓			
	2.1.4 Design of Center for Historical Memory		✓			
2.2 National plan for Victims' humanitarian assistance and reparations	2.2.1 National Plan for victims' reparations in place			✓		
	2.2.2 Improved service delivery for victims			●		
	2.2.3 SNARIV Strengthened to Monitor Agency Action Plans			●		
	2.2.4 Support implementation of Cessation of Vulnerability Index			●		
	2.2.5 Design and implementation of regional reparations plans			●		
2.3 Victims and civil society stakeholders participate in the implementation of the Victims' Law	2.3.1 Victims and stakeholder participation in policy design		✓			
PILLAR THREE: CONSOLIDATION POLICY						
3.1 National Consolidation Policy (NCP) framework revised and under implementation	3.1.1 Revised NCP framework	✓				
	3.1.2 Support for development and implementation of Regional Consolidation Action Plans			●		
	3.1.3 Improved service delivery in Consolidation Zones			●		
	3.1.4 Design of interagency and inter-governmental budget and coordination mechanisms		●			

Results/Performance Standards	Delivery Requirements/Milestones	Year 1	Year 2	Year 3	Year 4	Year 5
3.2 Institutional structure designed to implement the NCP at the national and regional level	3.2.1 Design and Implementation of Consolidation Unit			●		
	3.2.2 Design of Consolidation Fund		✓			

✓ Milestone Achieved
 ● Scope broadened under modification
 ● Rescheduled based on GOC agenda

As the table indicates, three milestones broadened their scope under the modification and will be achieved in Year 3. Additionally, due to changes in the GOC policy agenda, one milestone will be executed in Year 3 instead of Year 2.

YEAR 3 ACTIVITIES

Through October 2012 the Program invoiced a total of US \$15,830,147 (70.7% of its total budget). By October 2013, the Program will have 100% of its budget obligated. This will allow the Program to achieve all the milestones established in its Performance Work Statement (PWS), including new and modified milestones. The resources will be obligated as follows:

Item	Oct-Dec 2012	Jan-Mar 2013	Apr - Jun 2013	Jul - Sep 2013	TOTAL
Value of STTA Contracts (US\$)	\$ 113,636	\$ 568,182	\$ 852,273	\$ 312,500	\$ 1,846,591
Total commitments under AECOM Grants & Subcontracts US\$	\$ 85,227	\$ 454,545	\$ 255,682	\$ 85,227	\$ 880,682
Total C&G in US\$	\$ 198,864	\$ 1,022,727	\$ 1,107,955	\$ 397,727	\$ 2,727,273
Subtotal Direct Short-Term Local Labor (Communication Office/CCN STTA)	\$ 409,060	\$ 846,378	\$ 349,770	\$ 124,461	\$ 1,729,669
Subtotal Labor (incl. FB & Overhead)	\$ 711,133	\$ 1,206,237	\$ 613,966	\$ 559,312	\$ 3,090,648
Total of Field Office: (ODC+ODC Admin Staff+Social Costs)	\$ 267,798	\$ 274,763	\$ 276,877	\$ 254,265	\$ 1,073,703
Subtotal Contractor	\$ 1,020,926	\$ 873,517	\$ 659,926	\$ 381,746	\$ 2,936,116
TOTAL	\$ 2,408,918	\$ 3,200,895	\$ 1,900,539	\$ 1,319,784	\$ 8,830,135
TOTAL (US\$)	\$ 2,607,781	\$ 4,223,622	\$ 3,008,493	\$ 1,717,511	\$ 11,557,408

The contract modification does not alter the original results established within the Program's PWS; new activities aim to improve impact of the policies and institutional reforms the Program has supported to date. This includes generating GOC capacity to successfully implement land, victims', and consolidation policies to ensure they meet their short- and medium-term goals. The changes in PWS milestones are presented below.

The modification of the aforementioned milestones and the addition of new activities affect the level of Program compliance with its goals. By including new activities and new milestones in the contract, the Program experiences an average 17% reduction in implementation given that the new activities proposed aim to deepen the impact of Program-supported policy design and institutional reform (see table below).

Result	Implementation prior to	Implementation based on new	Variation
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	modification	milestones/ activities	
PILLAR ONE: LAND POLICY			
1.1 Land restitution chapter of the Victim's Law implemented	76%	69%	-7%
1.2 Land and Rural Development Law drafted and Implemented	75%	47%	-28%
1.3 Rural property formalization program designed, including regulatory framework and institutional infrastructure	100%	70%	-30%
PILLAR TWO: VICTIM'S POLICY			
2.1 Victims' Law institutions designed	92%	79%	-14%
2.2 National plan for Victims' humanitarian assistance and reparations	100%	81%	-19%
2.3 Victims and civil society stakeholders participate in the implementation of the Victims' Law	100%	100%	0
PILLAR THREE: CONSOLIDATION POLICY			
3.1 National Consolidation Policy (NCP) framework revised and under implementation	76%	59%	-22%
3.2 Institutional structure designed to implement the NCP at the national and regional level	90%	72%	-20%

FINANCIALS

In accordance with commitments planned for FY13, disbursements will be made as follows:

Table in US Dollars

a	b	c	d	e=c+d	f	g	h	i	j	k=e+f+g+h+i+j	l=b-k	m= a-k
Current Budget (contract base period)	Total Obligated amount to Date	Expenditures invoiced to date October 28 2012	Accrued expenditure estimate Oct 29 to 30 2012	Expenditure through 30 Oct 2012	Projected expenditures for Nov01 - Dec 30 2012	Projected expenditures for Jan 01-Mar 30 2013	Projected expenditures for Apr 01-June 30 2013	Projected expenditures for Jul 01-Sep 30 2013	Projected expenditures for Oct 01-Dec 30 2013	Total projected expenditure through 30 Dec 2013	Balance (estimate of remaining obligated amount)	Balance (estimate of remaining contract budget)
\$ 27,387,555	\$ 27,387,555	\$ 15,830,147	\$ 682,320	\$ 16,512,467	\$ 2,063,979	\$ 3,018,941	\$ 2,083,414	\$ 1,707,833	\$ 2,000,921	\$ 27,387,555	\$ 0	\$ 0

RECRUITMENT/CONTRACTING

Based on Year 3 Program commitments, the technical team has estimated the following contracting needs:

STTA and Subcontracts for FY13	Oct-Dec 2012	Jan-Mar 2013	Apr - Jun 2013	Jul - Sep 2013	TOTAL
Consultants hired directly by AECOM	20	65	40	5	130
Consultants approved to be hired via Subcontractors	3	10			13

ANNEX

Land Policy Pillar Year 2 Accomplishments: Throughout the second year of the USAID Public Policy Program the Land Policy Component provided crucial support to the GOC to design the Land Restitution Unit and provide it with the tools necessary to ensure its efficient and effective operations. The Program's focus on land formalization decreased in Year 2, but the Program continued to provide strategic targeted support to facilitate inter-institutional coordination and continue to make the process more efficient. Finally the Program also contributed to a range of rural development policy instruments and pilots to ensure inter-institutional coordination and nation-region coordination on coherent rural development strategies.

Restitution. In Year 2, the Program assisted the GOC in designing the LRU's organizational structure and establishing its internal procedures, personnel needs and job descriptions. Assistance was provided in drafting the decrees that contain LRU objectives and mandates, issued by President Santos on December 20, 2011 (Decree 4801/2011⁶, Decree 4939/2011⁷, and Decree 4633/2011⁸). The new LRU is working within the framework of the Victims' Law to address 360,000 cases of land seizure over the next 10 years. As a result, to date, the LRU has received 26,684 requests to be included in the Registry of Seized and Abandoned Land (194% of its 2012 goal), 2,842 cases are under review by the LRU, and restitution judges have ruled on 14 cases. The Program supported MARD's Land Protection Program and LRU staff in developing a strategic action plan to be implemented in the next four years to meet the GOC target of restituting 270,000 land plots. Finally, the Program also designed two additional tools to assist the LRU in its operations. An LRU personnel selection process was designed and implemented and manuals and guidelines were delivered to the entity for future processes, and, security protocols were developed to address the needed actions to be taken by the LRU, together with the Department of Defense, in order to safeguard officials, documents, regional offices and in turn reducing risks to the land restitution process.

The Program also supported measures to ensure that restitution is coherently and consistently applied across restitution cases. The Program supported the *Escuela Judicial Rodrigo Lara Bonilla* (which trains all judges in Colombia) in the design of a course on land restitution and formalization. Those who will serve as restitution judges or magistrates must complete this training before they begin hearing cases. The GOC accepted the Program's recommendations to harmonize land restitution implementation between the Justice and Peace Law and the Victims' Law. The bill will modify the Justice and Peace Law (Law 975 of 2005) and includes three important reforms related to land restitution which will accelerate the Justice and Peace restitution process and unify outcomes for victims. This, combined with a Program-supported protocol to coordinate restitution processes, is also a concrete step towards synchronizing activities between the Land Restitution Unit (LRU) and the Victims' Unit.

Formalization. Support for coordination between the Land Restitution Unit (LRU) and the MARD's Land Formalization Program was also provided to construct an integrated geographic information system (GIS) where the two actors could share and benefit from each other's information. The Program supported the identification, conceptualization and schematization of the necessary macro processes to form the system, and as part of the concept paper delivered, the Program suggested that the system be linked to the Ministry of Information Technology and Communications to ensure compliance with GOC technical requirements and

⁶ Establishing the LRU's organic structure (as a result of the LRU Technical Study).

⁷ Establishing the LRU's Personnel structure.

⁸ Decree with force of law for the assistance, reparation and land restitution for ethnic minorities (in accordance with Law 1448's mandate).

norms. Recommendations included the design of a “cloud” based system to reduce costs and to carry out a market study. The Program developed the request for proposals document for the system and recommended that the call for proposals include in one only call, the design of the system and the application.

In addition, the Program-supported law on formalization of rural property was enacted (Law 1561/2012). Over a two year period the Program worked in collaboration with key senate stakeholders to draft the law, respond to congressional questions regarding the bill, and develop of promotional materials for congress (ex., presentations). This law will reduce formalization costs for land tenants and the judicial system, and facilitate the formalization of property of millions of persons.

Rural Development. The Program supported the MARD in drafting the Land and Rural Development Bill. The new bill is comprehensive and outlines a new policy framework to promote rural development and improve the livelihoods of close to 11 million Colombians living in rural areas, many of which are vulnerable populations living in extreme poverty. Requested by Congress in the Victims’ Law, the bill complements the Victims Law by ensuring that victims and other vulnerable populations have access to GOC services and sustainable incomes to ensure their constitutional rights.

Together with legal experts, the Program also reviewed the current tax policy and delivered recommendations on tax exemption in order to motivate rural development and investment in agribusiness activities. These inputs to the tax reform were delivered to MARD on May 15th. The Program also supported the design of a model permits the GOC to evaluate different tax scenarios for specific agribusiness value chains and investment initiatives.

The Program also worked at the territorial level (Montes de Maria, Southern Tolima and Cauca) to pilot innovative rural development policy initiatives (Rural Development Programs with a Territorial Focus - PDRET), ensuring inter-institutional and nation-region coordination as well as linkages with other complementary policy instruments such as *Contrato-Plan*. The Program also designed an income generation and livelihoods path model, as well as an M&E instrument, for a pilot project in Chaparral (Tolima).

Victims’ Policy Pillar Year 2 Accomplishments: The Program’s most significant accomplishment for Year 2 was its contribution to the creation of the new institutional structure established by Victims’ and Land Restitution Law/Law 1448 of 2011 (the Victims’ Law), its regulation and the initiation of its implementation. The Victims’ Law establishes a transitional justice framework for Colombia; it is one of the most ambitious laws passed in the world for providing comprehensive reparations to victims in the context of an internal conflict. Program assistance provided to the GOC throughout the initial phase of designing, regulating and implementing the Victims’ Law has ensured that the GOC made relevant changes in the social inclusion sector’s institutional framework and management schemes to secure effective enjoyment of rights for victims.

Once the Victims’ Law passed, the Program assisted the GOC in establishing the design of the new institutional framework by providing technical studies and proposed decrees for the establishment of the Victims’ Unit, the Historical Memory Center, and the Department of Social Prosperity (DPS), all of which are directly linked to implementing the victims’ agenda.

The Program also designed a methodology, and facilitated the creation of participatory spaces in seven regions of the country, to collect victims’ inputs and the statements as well as inputs from territorial entities and civil society actors for regulation of the Victims’ Law. It also fostered a specialized technical dialogue with the country’s 15 major human rights and victims’ civil society organizations in order ensure their participation and the inclusion of their perspective in the Victim’s Law regulatory framework (finalized in Decree 4200 of 2011).

As part of this regulatory process, the Program contributed technical and methodological inputs for the construction of the National Plan for Comprehensive Victims' Assistance and Reparations (adopted through CONPES Document 3726 in May 2012), as well as methodological guidelines for the preparation of the Territorial Victims' Action Plans (which will be used by all municipalities and departments in the country). The Program also contributed to the development of regional and local capacities and skills, ensuring that Regional Development Plans and Territorial Action Plans on Victims' Assistance include a victims' policy that corresponds to the Nation Plan for Comprehensive Victims' Assistance and Reparations. It also contributed a set of weighted criteria to enable the National Government to measure territorial entities' actions in response to the victims.

At the institutional level, the Victims' Unit (one of the most important actors involved in victims' assistance and reparations) has been a subject of special interest and focus of Program efforts. In Year 2 the following was achieved: (1) Inclusion of the victim's perspective in the design and composition of the Unit;(2)Prioritization of the regions where the Unit's presence is needed, through the creation of Territorial Directorships and Regional Attention Centers; (3) Center design and composition based on: geographic criteria, concentration of victims, historical demand for services, capacities of the territorial entities, and physical infrastructure; (4) Support for staff selection processes under the highest standards of transparency and quality; (5) Facilitation of Unit's provision of financial support services to promote administrative reparation fund savings and their investment in projects that can contribute to rebuilding victims' lives; (5) Development of a communication strategy for providing information about the Victims' Law and the Unit to citizens, officials and, especially, victims; (6)Support for the development of the Unit's strategic plan at the national and territorial level; and (7) Development of an action plan to effectively execute the Unit's 2012 budget.

The Program also supported the development of two indices which can prevent new victimizing events throughout the country (Victimization Risk Index) and can measure progress in securing the effective enjoyment of the rights of victims and determine when their vulnerability can be considered to have ended (Vulnerability Cessation Index).

Finally, the Program also provided technical assistance to other institutions that have a strategic role in implementing the Victims' Law. In particular, it contributed to the transformation of the Social Inclusion Sector in which the Presidential Agency for Social Action was absorbed by the DPS. The Program helped the DPS to secure international cooperation assistance to support the DPS in finalizing the definition of its roles and responsibilities as head of the new Social Inclusion Sector. In addition, the Program worked to identify major gaps in the services provided by the 42 entities that comprise the National System for Victims' Assistance and Comprehensive Reparations. This facilitated the adoption of commitments necessary to improve the GOC's response to victims.

Consolidation Policy Pillar Year 2 Accomplishments: In Year 2 the Program provided support for the GOC's National Consolidation Policy in three main areas: (1) Support for the policy instrument that will define the National Consolidation Policy; (2) Harmonization of Consolidation Policy with other key policies; and (3) Support for institutional strengthening of the Special Administrative Unit for Territorial Consolidation and Reconstruction (Consolidation Unit). The Program supported the Consolidation Unit in continually reviewing the policy document that defines the National Consolidation Policy, ensuring that the document included technical input on critical USAID issues, such as victims' assistance and reparations, land restitution and formalization, rural development, access to financial services, environmental issues, and the illegal use of natural resources and illegal mining. As part of the Program's strategic support for the policy, sectorial budget projections were defined. In Year 2, the Unit confirmed these projections resulting in a commitment of US

\$970M by approximately 24 national-level entities for the support of the consolidation plan in the 51 target municipalities. The Program also compared the aforementioned commitments acquired by the different Ministries for investment in consolidation zones with needs prioritized in the regional consolidation plans. This resulted in the development of an action matrix for each sector in the seven consolidations regions, and allowed for geographical targeting and rapid initiation of execution of planned investments.

Concurrently, the Program supported the creation of the Consolidation Unit as the coordinator and executor of the National Consolidation Policy (via Decree 6141/2011). The Unit coordinates State presence and service provision in violence-affected zones, and zones prioritized as consolidation zones (that, until recently, have been under the control of illegal armed groups). The Program supported operational start up by supporting the Unit's institutional mapping exercise which identified the Unit's objectives, strategic priorities, programs, goals, and short-, medium- and long-term performance indicators (Resolution 488/2012 and Resolution 489/2012). This resulted in a management tool that allows the Unit to ensure activity compliance with policy objectives and goals and to monitor performance for decision-making purposes. The Program provided additional assistance to the Unit in order to define the organizational structure and initiate operations.

In particular, the Program provided expert advice to the Consolidation Unit on the design, creation and implementation of its Rapid Response Program (RRP) (Resolution 284/2012). The RRP is an agile investment mechanism that responds to urgent needs in targeted areas, in order to build trust between the population and the State. Rapid response resources may be used for the construction of small and medium infrastructure works, strengthening of community-level economic and social opportunities, and community transition assistance. Under the Rapid Response Program, the Public Policy Program supported the hiring process for contractors and auditors in order to ensure expeditious, efficient assistance to the population. The Unit will be able to effectively acquire and execute resources for priority investments in consolidation zones, thereby generating trust between the population and the State and making the State's presence evident. The management model and operating manuals created for the RRP provide instruments for ensuring transparency in selection, approval, viability, execution, and monitoring and evaluation processes for the use of these public funds. As a result, through September 30, 2012 the RRP had committed US \$12,450,000 in rapid response activities, representing 83% of its US \$15M budget for 2012.

The Program also worked to ensure effective and efficient implementation of the National Consolidation Policy at the regional level. The Program provided the Consolidation Unit with intensive support to design a methodology for reviewing and updating the Regional Consolidation Plans in each of the seven consolidation zones (12 departments and 51 municipalities). The Program coordinated with USAID regional programs to support the field process, hiring an expert to accompany the Regional Consolidation Centers in implementing the methodology and developing the Plan. Action plans have a four-year life span that corresponds to the term of newly-elected mayors and governors. The Program also supported alignment from the local development plan side. As a result of Program support each consolidation zone had an action plan that was coordinated with its respective municipal and departmental development plans. It was found that the Program (jointly with DNP and other USAID operators) was highly influential in ensuring that the final versions of the development plans coincided with the National Policy for Territorial Consolidation.

Gender Year 2 Accomplishments: Over the past Year the Public Policy Program has worked closely with the High Commission for Women's Equity (ACPEM) in its effort to develop a cross-cutting approach to gender issues that bridges all government policies (instead of designing specific projects or programs). Together with the ACPEM, the Program structured a joint work plan to advance these goals Y3. The work plan focuses on interventions with institution or on policies where the Public Policy Program is already working.

In its work with the Victims' Unit, the Program supported the design and implementation of Regional Assistance Centers with a gender focus, in accordance with the Victims' Law.

Access to Finance Year 2 Accomplishments:

Key bills and regulation to promote financial inclusion were developed. The Public Policy Program supported the GOC in the development of the bill to modify the secured financing system (the E-Money draft bill) and a resolution to allow the use of a friendly technology to implement mobile banking. This regulation will facilitate financial inclusion in Colombia. The bill to modify the secured financing system makes provision for rural families without land titles to use other possessions as collateral for loans, such as crops or livestock. The bill proposes to expand the items that can be used as collateral to include equipment, inventory, consumer goods and intangible assets. It provides for the creation of an easily accessible, efficient, and cost-effective Single National Registration System to publish information about claims on movable property. Finally it proposes an enforcement mechanism to enable creditors to collect collateral and convert it to cash when debtors default on their loan payments⁹. The Program supported the GOC in making comments on the bill and in organizing a seminar to present the bill to key stakeholders, such as Small and Medium Sized Enterprises (SMEs), financial institutions, and members of Congress, and explained how a modern secured financing regime would facilitate and expand access to credit. The Program brought in an international expert from *Louisiana State University Law Center* to speak at the Seminar.

The E-Money Draft bill will facilitate the expansion of financial networks in rural and remote areas. This bill aims to increase the use of mobile financial services, e-transactions, and the supply of financial products targeted to the needs of rural and vulnerable populations by creating E-Money issuers. The Program supported the development of the bill from the economic and legal points of view through a committee formed by legal and financial experts and members of the Ministry of Finance, MinTic, Financial Superintendence and the Central Bank. The Program guided discussions and proposed the creation of a new type of financial entity as an E-Money issuer (which is contemplated in the bill). This technology is called USSD¹⁰ and will facilitate financial inclusion for vulnerable and rural populations. This technology enables individuals with outdated and inexpensive cell phones to take advantage of mobile banking, is easy to use and is less expensive to implement for banks¹¹. The GOC had considered banning the use of USSD due to fear that mobile phone transactions using this technology would be insecure. The Program reported to Financial Superintendence on the secure use of this technology in many developing countries without major security breaches, and in Colombia by Banco Agrario to transfer *Familias en Acción* subsidies. After significant discussion, the GOC decided to exempt the use of strong encryption mechanisms in monetary transactions up to US\$640, thereby permitting the use of USSD for these operations.

Victims of Mampujan saved more than US \$1 million of the reparations received. The Public Policy Program aims to support the GOC in promoting financial inclusion for victims of the armed conflict. At the end of August 2012 the victims of Mampuján (Bolívar)¹² received judicial reparations in the order of US \$10M. The average per Victim was of US \$12,000, but some received up to US \$400,000. In order to support the Victim's Unit in encouraging an appropriate investment of these resources and prior to paying the reparations, the Program

⁹ Today Colombia stands at 149 in the ranking of 183 economies on the ease of enforcing contracts, with the lowest rank in Latin America. The cost of resolving a commercial lawsuit is 48% of the value of the claim (World Bank, IFC, "Doing Business 2012", Economy Profile, Colombia, Pg. 87).

¹⁰ Unstructured Supplementary Service Data (USSD): protocol used by cellular telephones to communicate with the service provider's computers. Unlike Short Message Service (SMS) messages, USSD messages create a real-time connection during a USSD session. The connection remains open, allowing a two-way exchange of a sequence of data. This makes USSD more responsive than services that use SMS.

¹¹ Resolución 042 de 2012, Superintendencia Financiera de Colombia.

¹² The forced displacement and murders occurred in 2000 and were committed by paramilitaries belonging to the Héroe Montes de María Block of the United Self-Defense Forces of Colombia.

supported the Victims' Unit in the organization of financial fairs to promote the savings of these funds in projects to contribute to the reconstruction of victims' lives (housing, education, land and productive activities). The Program invited financial institutions to participate in the fairs, coordinated financial education sessions prior to the fairs, and supervised the development of the fairs. The fairs were held the week of August 13 in four localities of the Department of Bolívar: Cartagena, Mampuján, San Cayetano and San Juan de Nepomuceno. The Public Policy Program's efforts led to the participation of 4 financial entities (*Davivienda*, *Bancamía*, *BancoAgrario*, and *Fondo Nacional del Ahorro*) that offered savings accounts, term deposits and life insurance products. The fairs were attended by 686 victims (of a total of 800). As a result, victims saved more than US \$1 million in savings accounts and term deposits. Additionally, more than US \$50,000 was invested in life insurance products (see section 2.2.3.a. for additional detail).

The GOC now has a mechanism to evaluate access to and use of financial services. The Program advised the GOC to design indicators that measure the impact of financial inclusion policies in the country and the development of a financial inclusion report, based in internationally comparable indicators. The Program oriented the indicators to be used, how to measure them and monitor them. The Program also guided the structure of the report. As a result, the GOC launched its first Financial Inclusion Report. This Report highlights two significant findings: i) in the last 5 years, although the indicator "percent of adult population with at least one financial product" went from 51% to 63%, with savings accounts as the main product, 57% of savings accounts are inactive because these products are inadequate and costs are high (commissions and taxes), ii) most savings accounts have balances under US \$1,500 and are located in medium and large urban municipalities. These findings indicate the need for policies that increase coverage in rural areas and that develop tailor-made financial services for small agricultural producers and vulnerable populations. Having reliable and up-to-date financial inclusion data is critical for diagnosing the state of financial inclusion, producing evidence-based policy decisions that help expand access, monitoring the progress of these policies and comparing Colombia with other countries, using internationally comparable indicators.

Nation-Region Linkages Year 2 Accomplishments: The Program supported a wide range of activities that support nation-region coordination. Its biggest achievements were made in supporting the General Royalties System, developing and implementing the *Contrato-Plan* mechanism and PDRET.

The new GOC **General Royalties System** (GRS), entered into force on January 1, 2012. The Program supported the GOC in putting the GRS into practice. In particular the Public Policy Program supported the development of a number of decrees and resolutions¹³ to provide guidance on how to: i) evaluate, prioritize, make viable and determine the project's convenience and opportunity; ii) approve investment studies and design hiring projects; and iii) determine who will execute the project. The GRS reform will have a significant impact on regional development in the country, promoting regional partnerships and, in many cases, facilitating

¹³Decree 1073: Establishes the criteria and the resource distribution requirements for 10% of the Regional Compensation Fund and the Territorial Pension Savings account, included in temporal paragraph 2 of article 361 of the National Constitution; Decree 1074: Establishes the proceedings and methods to be followed in transferring monies from the savings and Oil Stabilization Fund; Bill 1530 of 2012 by means of which the organization and functioning of the General Royalties System is regulated; Decree 1075: Regulates the organization and functioning of the Managing and Decision making Professional Associations, and its Technical Secretariat; Decree 1076: Regulates management of the Savings and Stabilization Fund of the General Royalties System; Decree 1077: Partially regulates Law 1530 of 2012 in regard to budgeting and other norms are issued; Resolutions 001 and 008: Internal regulation of the CR is adopted; Resolution 006: Establishes the general guidelines for formulating and filing investment projects to be financed with funding from the Regional Compensation Fund, the Regional Development Fund and with direct allocation of funds from the General Royalties System; Resolution 005: Establishes guidelines for managing the allocated percentage for the functioning of the Royalties General System; Resolution 004: Establishes the Managing and Decision making Professional Associations and their technical secretariats unique internal regulations; Resolutions 002 and 003: Establish regionalization with respect to how the General Royalties System is to function.

the implementation of *Contrato-Plan* and the creation of public-private partnerships for infrastructure projects.¹⁴ There will be a direct impact on the 51 Consolidation municipalities, which will receive a specific allocation within the Regional Compensation Fund (FCR) (which provides funding specific municipalities based on poverty level) and will be able to submit projects to the Regional Development Fund (funding for grouped municipalities).

The Program also supported the GOC's regional royalties planning exercises (Caribbean, Sur Macizo, Pacific, and coffee-growing Antioquia) to define criteria for project prioritization and selection processes. Royalties will be one of the main sources of funding available to local governments for investment in their development plans and implementation of high-impact regional projects. The Program understood this, and began assisting the Consolidation Unit and its regional teams in identifying priority projects, explaining their relevance to the local governments and negotiating their inclusion in the regional project portfolio. As a result, through the end of October 2012, Consolidation Municipalities had been approved for US \$6.1M in royalties.

The Program also supported key mechanisms for nation-region and inter-sectorial coordination such as **Contrato-Plan** and Rural Development Plans with a territorial Focus (PDRET). In Year 2 the Program supported the design of the *Contrato-Plan* legal model. The Program supported the GOC in defining a conceptual and regulatory framework for the *Contrato-Plan* instrument that promotes the agreement, negotiation and establishment of specific project and budgeting commitments among national, departmental and municipal governments to create a common development strategy. With the Program's technical assistance, the GOC designed a decree regulating the main issues related to the nature and characteristics of the *Contrato-Plan* (the Operations Manual for the *Contrato-Plan*) (Decree 819/2012). The Program also designed a *Contrato-Plan* governance model and initiated design of monitoring and evaluation model for *Contrato-Plan*.

In addition, the program has worked closely with government and civil society counterparts to gain buy-in regarding *Contrato-Plan* from the DNP, local authorities, regional offices of INCODER, and the Consolidation Unit, the private sector, and other key stakeholders to pilot this innovative instrument which aims to coordinate national and local efforts to achieve sustainable territorial development. Specifically, the Program supported *Contrato-Plan* pilots in Montes de María, Southern Tolima, and Gran Darién (Chocó, Antioquia and Córdoba). As a result of this work, on September 13, 2012 the Gran Darién *Contrato-Plan* was signed between the Director of the National Planning Department (DNP), the Governors of Chocó, Antioquia, and Córdoba, and a mayor from each department, representing participating municipalities. The President of the Republic, mayors from each of the 25 participating municipalities, local functionaries, and representatives of community councils, and civil society and women's organizations were in attendance. The *Contrato-Plan* is expected to leverage approximately US \$500M in national-, departmental- and municipal-level funding, allowing departmental and municipal governments in the Gran Darién region to fund and implement regional projects.

The Program played a critical role in assisting the GOC in developing strategies for **Rural Development Programs with a Territorial Approach (PDRET)**, particularly in the Montes de María and the Southern Tolima Region. Public policy teams supported the development of national policies with a regional impact alongside local authorities.

Environment Year 2 Accomplishments: Throughout Year 2, the Program supported the government in defining the National Low Carbon Development Strategy, and in the specific design of two chapters that will

¹⁴ 38% of projects identified to date for financing with royalties funds are based on Public-Private Partnerships for infrastructure projects.



serve as inputs for this strategy (the transportation sector and the agriculture and forestry sector), a task that will be completed at the beginning of Year 3. The Program worked with the Natural National Parks Unit on developing a battery of indicators for use in monitoring and evaluation, and in making decisions related to the homologation and re-categorization of protected areas. This activity will also be completed in Year 3. Also, the Program began working with the DNP on the development of the Sustainable Urbanism and Construction Policy.