

Report commissioned by the Policy Evaluation Department of the Directorate-General for International Cooperation (DGIS).

This Colombia study forms part of a larger project for the DGIS Policy Evaluation Dept to evaluate how environmental ‘SWaps’ in three countries - Vietnam, Senegal and Colombia - have contributed to progress towards the environmental objectives of the three national governments, in accordance with Dutch Cooperation policy.

Evaluation of Sector-wide approach in environment

Colombia Case Study Report

**Characteristics, opportunities, risks
and recommendations for taking the experience
forward**



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Acknowledgments and disclaimer

This is a report for the Policy Evaluation Department of the Directorate-General for International Cooperation (DGIS). This Colombia study forms part of a larger project led by MetaMeta Management for the DGIS Policy Evaluation Department to evaluate how environmental SWApS in three countries - Vietnam, Senegal and Colombia - have contributed to progress towards the environmental objectives of the three national governments, in accordance with Dutch Cooperation policy. In the Colombian case, the preparation process is recent, as formalised in the financing agreement (*acuerdo de financiación*) of August 2007.

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The research was carried out during the ODI visit to Colombia in August 2007. It reflects the status of the Colombian environmental sector and the SWAp process at that time.

Responsibility for the opinions presented in this report rests exclusively with the authors and should not be attributed to DGIS, the RNE in Bogotá or any of other persons consulted (as listed in Annex 2). Any feedback on this report would be gratefully appreciated by the authors at p.newborne@odi.org.uk and l.cabral@odi.org.uk.

List of acronyms

AAU	Urban Environmental Authority (<i>Autoridad Ambiental Urbana</i>)
ASOCAR	Colombian Association of Environmental Authorities (<i>Asociación Colombiana de Autoridades Ambientales</i>)
CAR	Autonomous Regional Corporation (<i>Corporación Autónoma Regional</i>)
CDS	Autonomous Sustainable Development Corporation (<i>Corporación de Desarrollo Sostenible</i>)
CGR	National Audit Office (<i>Contraloría General de la República</i>)
CNA	National Environmental Council (<i>Consejo Nacional Ambiental</i>)
CONPES	National Council on Economic and Social Policy (<i>Consejo Nacional de Política Económica y Social</i>)
COP	Colombian pesos
Corponariño	Autonomous Regional Corporation for Nariño (<i>Corporación Autónoma Regional de Nariño</i>)
Corpoamazonía	Sustainable Development Corporation for Amazon South (<i>Corporación para el Desarrollo Sostenible del Sur de la Amazonía</i>)
CTA	National Technical Advisory Council (<i>Consejo Técnico Asesor</i>)
DNP	National Planning Department (<i>Departamento Nacional de Planeación</i>)
DPL	Development Policy Loan
EIA	Environmental Impact Assessment
GBS	General budget support
GDP	Gross domestic product
GoC	Government of Colombia
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
IDEAM	Institute of Hydrology, Meteorology, and Environmental Studies (<i>Instituto de Hidrología, Meteorología y Estudios Ambientales</i>)
IIAP	<i>Instituto de Investigaciones Ambientales del Pacífico</i>
INCODER	Colombian Institute of Rural Development (<i>Instituto Colombiano de Desarrollo Rural</i>)
INDERENA	National Institute of Renewable Natural Resources (<i>Instituto Nacional de los Recursos Naturales Renovables</i>)
INVEMAR	<i>Instituto de Investigaciones Marinas y Costeras José Benito Vives de Andrés</i>
Humboldt	Instituto de Investigación de Recursos Biológicos Alexander von Humboldt
LICs	Lower income countries

MARD	Ministry of Agriculture and Rural Development (<i>Ministerio de Agricultura y Desarrollo Rural</i>)
MAVDT	Ministry of Environment, Housing and Regional Development (<i>Ministerio de Ambiente, Vivienda y Desarrollo Territorial</i>)
MICs	Middle-income countries
MHDA	Ministry of Finance (<i>Ministerio de Hacienda y Crédito Público</i>)
MME	Ministry of Mines and Energy (<i>Ministerio de Minas y Energía</i>)
M&E	Monitoring and evaluation
NGO	Non-governmental organization
PAF	Performance Assessment Framework
PAT	Three-Year Action Plan (<i>Plan de Acción Trienal</i>)
PDM	Municipal Development Plan (<i>Programa de Desarrollo Municipal</i>)
PDT	Territorial Development Plans (<i>Plan de Desarrollo Territorial</i>)
PFM	Public finance management
PGAR	Regional Environmental Management Plan (<i>Plan de Gestión Ambiental Regional</i>)
PND	Nacional Development Plan (<i>Plan Nacional de Desarrollo</i>)
POAI	Annual investment and operating plans (<i>Plan operativo anual de inversiones</i>)
POMCA	Watershed Administration and Management Plan (<i>Plan de Ordenamiento y Manejo de la Cuenca</i>)
POT	Land Use Plan (<i>Plan de Ordenamiento Territorial</i>)
SBS	Sectoral budget support
SEPINA	<i>Sistema de Seguimiento a las Entidades del SINA</i>
SIAC	Colombian Environmental Information System (<i>Sistema de Información Ambiental de Colombia</i>)
SIGOB	<i>Sistema de Gestión y Seguimiento a las Metas del Gobierno</i>
SINA	National Environmental System (<i>Sistema Nacional Ambiental</i>)
SINAP	<i>Sistema Nacional de Areas Protegidas</i>
SINAPSIS	<i>Sistema de Seguimiento al Plan Indicativo y Plan de Acción del Ministerio de Ambiente Vivienda y Desarrollo Territorial</i>
SINCHI	Amazonian Institute for Scientific Research (<i>Instituto Amazónico de Investigaciones Científicas</i>)
SIP	Sector investment programmes (World Bank)
SWAp	Sector-wide approach
UAESPNN	Special Administrative Unit for the National Natural Parks System (<i>Unidad Administrativa Especial del Sistema de Parques Nacionales Naturales</i>)
VMA	Vice-Ministry of the Environment

1. Introduction

1.1. Purpose and scope of the work

The objective of this study is to evaluate how Dutch cooperation policy, which has promoted sector-wide approaches (SWAp) in the environmental sector in partner countries, has been interpreted and developed in Colombia.

This Colombia study forms part of a larger project for evaluation of this Dutch cooperation policy: namely, evaluation of how SWAp in the environmental sector have contributed to progress towards the environmental objectives of three national governments, in Vietnam and Senegal, and Colombia, in accordance with Dutch Cooperation policy.

The case study countries have been selected in order to provide a geographical spread over three continents, and to represent different stages of experience with environmental SWAp, as well as different contexts (e.g. institutions and governance).

In the Colombian case, the preparation process has been conducted recently, as formalised in the financing agreement (*acuerdo de financiación*) of August 2007. It is too early to evaluate the success of the SWAp in Colombia: instead, this report records the progress to date, including some initial achievements, and provides analysis of the SWAp's design, its particular characteristics, and preliminary lessons to be learned.

The aim is to contribute to assessment by DGIS of the scope and means, in future, for applying SWAp in support of environment. The Colombian example provides a case study of an emerging SWAp in a middle-income country.

The SWAp concept made its appearance in Dutch bilateral aid in 1998, when the then Minister for Development Cooperation announced that the bilateral aid programme would be restructured and Dutch overseas development assistance to partner countries would be concentrated in a limited number of sectors, including environment. The underlying principle was that aid should be aligned as much as possible with the policy and management frameworks of the recipient country's government (including financial management). Environmental SWAp were to contribute to DGIS's poverty reduction goals, in line with national poverty reduction strategies. The goal was to improve the effectiveness and sustainability of aid. This 1998 declaration of policy was accompanied by a strong preference for providing budget support, with a corresponding reduction in project aid (IoB Evaluations, 2006 - Foreward).

Since 1998, this policy on SWAp has retained its place in the DGIS agenda, although the way the policy is formulated has evolved over time. This is in line with international trends in SWAp (see Chapter 2.). From 2003, DGIS has, for example, qualified its preference for budget support, advocating 'a mix of modalities'. **The evolution of DGIS's SWAp policy, as articulated in The Hague and applied internationally, including its application to the environmental sector, is described in more detail in Chapter 4.**

The key research questions which this project addresses are as follows:-

1. What progress has been made with the implementation of the SWAp for the environment in the case study countries, and what factors account for this?
2. What lessons can be learned from the experience in the three countries so far, in terms of the usefulness of the SWAp approach, including to the environment?

3. What actions/improvements are required to improve the implementation of the SWAp in the environment sector in each case and maximize the impact on policy achievement?

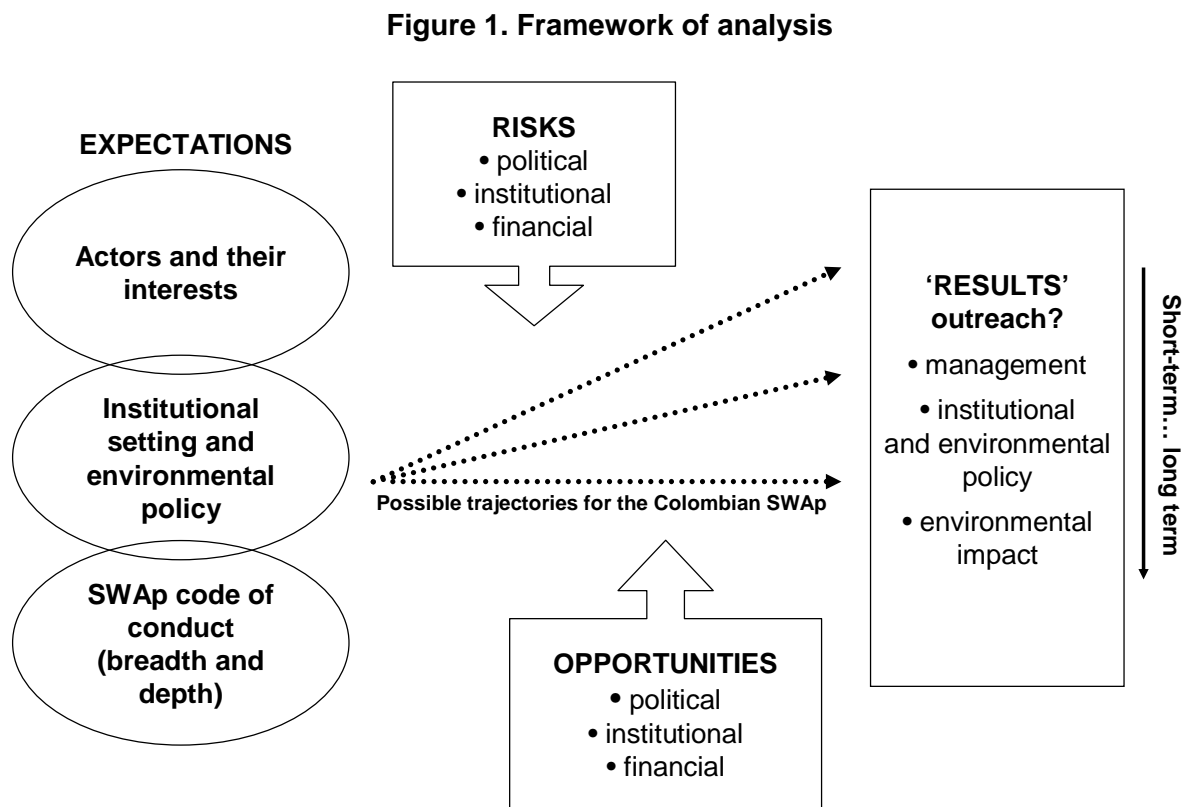
4. To what extent has the application of the SWAp in Dutch bilateral sector aid contributed to the effective achievement of the environmental and the associated poverty alleviation objectives to which the Netherlands subscribes?

Based on the above, the terms of reference for the Colombian study were defined in terms of the research questions set out in **Annex 1**. Those questions are applied to the Colombian case in the light of the preliminary stage reached in its development - noted above - with a focus on SWAp design, viewed in the light of international experience, rather than on an accumulation of results.

The environmental SWAp is an innovative initiative in Colombia, with high profile in the sector. The research team listened to actors' perspectives, which ranged from actively participating, to supporting/observing, to sceptical. Those perspectives are summarised under 'Stakeholders' Expectations' in section 4.4.

1.2. Framework of analysis

The following framework (*marco de análisis*) is used in this report to analyse the approach to the environmental SWAp which has been adopted in Colombia, and to structure the research team's responses to the research questions.



The above framework is simple, but nevertheless sufficiently broad in scope to encompass the different dimensions of SWAp - the application of SWAp in practice presents a multi-dimensional problematic.

The issues referred to in the framework are each discussed in following chapters and sections of this report,

1.3. Methodology

The research in Colombia was carried out jointly by ODI and its Colombian partners.¹ The principal research methodology employed was semi-structured interviews with key sector actors, including government officials and representatives of non-governmental organisations, both in the national capital, Bogotá, and in two regional centres, *Amazonas Sur* and *Nariño*, as well as bilateral and multilateral agencies supporting the sector. A full list of persons consulted during the eleven days of the mission is set out in **Annex 2**.²

Additionally, the researchers carried out desk study of documentation relevant to the environmental SWAp and the National Environmental System (*Sistema Nacional Ambiental* - 'SINA') in Colombia.

1.4. Structure of the report

The report is organised in the following way.

Section 2. is a summary of international perspectives on SWAp, including the origins of the concept and how it has evolved. A means of characterising and tracking evolution of the SWAp approach is proposed according to 'breadth' and 'depth' of the SWAp (in sections 2.1. and 4.2.).

In **Section 3**, the environmental sector in Colombia is described, including the actors and policies of the SINA, as well as expenditures and funding available to the sector and aid agencies supporting the SINA and their development approaches.

Section 4 reviews the origins and development of the SWAp in Colombia, its particular characteristics vis-à-vis the concept of SWAp and the expectations of stakeholders.

Section 5 assesses achievements and weaknesses, to date, of the environmental SWAp in Colombia.

Section 6 considers the opportunities and risks associated with the SWAp in Colombia.

Section 7 describes different perspectives of development cooperation and how the risks of operating the SWAp differ from a conventional projects approach.

Section 8 sets out conclusions, recommendations and some issues for further analysis.

¹ The four researchers who are named in the Acknowledgements and Disclaimer section.

² In the time available to the research team it was not possible to include interviews with representatives of the private sector.

2. International perspectives on SWApS: definition, experiences and evolution

2.1. Origins and concept

The origins of SWApS can be situated around the mid-to-late nineties. A number of influential studies determined the course of aid management thinking and practice. The 1995 World Bank paper entitled “The Broad Sector Approach to Investment Lending” (Harrold and Associates 1995) introduced the notion of ‘sector-wide scope’ in World Bank-funded sector investment programmes (SIPs). These sector-wide SIPs aimed to cover all relevant policies, programs and projects within a sector in order to address problems in the implementation of development programmes, such as: insufficient government ownership, ‘islands of success’ created by stand-alone donor-funded projects, imbalances between recurrent and investment budgets, poor coordination and lack of consistency across donor-funded interventions within the sector.

In 1998, the World Bank also published an assessment of development aid (Dollar and Pritchett 1998) which highlighted a number of factors constraining the effectiveness of aid. These included: (i) the fragmentation and lack of synchronisation of donor-funded development interventions; (ii) the lack of sound institutions and good policy environment; and (iii) the failure of donor policy conditionality as a driver of policy reform.

The work by Tony Killick on conditionality reinforced the latter point by illustrating how domestic considerations over policy reform are largely immune to donor-imposed pressures and how conditionality is ineffective as a lever to foster policy reform in countries where a local constituency in support of reform is absent (e.g. Killick 1998).

SWApS represented, therefore, an attempt to address some of these concerns. Donor agencies intended to improve the effectiveness of aid by: (i) working more closely with governments to build domestic policy ownership and institutional capacities; (ii) bringing on board other actors in a sector in order to build policy constituencies and strengthen accountability mechanisms; and (iii) synchronising donor development interventions in order to reduce fragmentation and associated inefficiencies in the distribution and use of aid.

By the end of the 1990s a commonly used definition for the SWAp was “all significant funding for the sector supports a single sector policy and expenditure programme, under Government leadership, adopting common approaches across the sector, and progressing towards relying on Government procedures to disburse and account for all funds” (Foster 2000a: 9). The following five elements in this definition have been widely accepted as key features of a SWAp:

- (i) comprehensive (or sector-wide) and coherent policy and expenditure framework;
- (ii) government ownership/leadership;
- (iii) engagement of most or all significant stakeholders or funding sources;
- (iv) common planning and management procedures across the sector; and
- (v) use of (or progress towards) government financial management systems and procedures.

A number of international development agencies (such as the OECD and the European Commission) include SWApS in the list of preferred arrangements for channelling development assistance, alongside other forms of support which emphasise ownership, alignment and harmonisation (such as general or sectoral budget support).

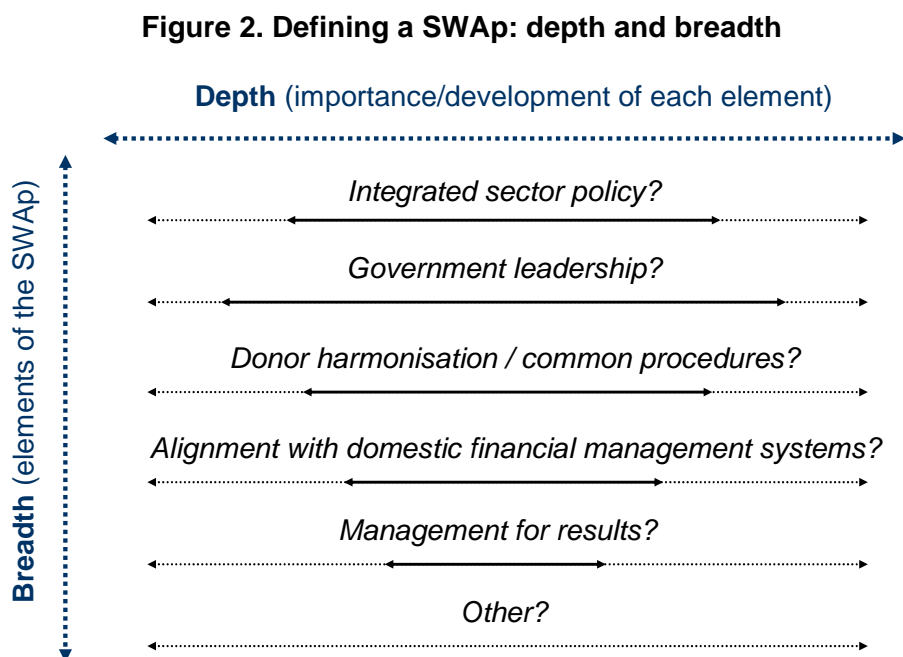
DGIS introduced SWAp in its aid delivery policy in the late 1990s “as a carefully considered step to improve the quality and effectiveness of Dutch development cooperation”, as noted by the Dutch Minister for Development Cooperation in a response to an independent evaluation on the use of SWAp (DGIS 2006). The Netherlands was one of the first donors to adapt its aid management to the internationally agreed principles on effective aid. It has also been quite quick to move to adjusting its operations at country level to modalities which best incorporate those principles. In 2005, DGIS channelled funding to a total of nine countries (out of 22 priority countries for Dutch cooperation) via budget support in a variety of sectors and country contexts (IOB Evaluations 2006, page 11).

Despite the broad international agreement on what constitute the basic features of a SWAp, there have been cross-country variations in its practice. **It is, indeed, frequently emphasised that a SWAp should not be seen as a blueprint, but rather as a framework setting a direction of change** - towards better coordinated and more effective aid management. This means that, at a given point in time, sectors and countries with SWAp may not have all the above elements in place, or, at least, not to the same degree. Walford (2003) suggests talking about stages of SWAp development by looking at the ‘breadth’ and ‘depth’ of the approach.

Breadth of the SWAp refers to the elements typifying the SWAp in the specific context – e.g. donor harmonisation is less of an issue in countries with low aid dependency and is therefore likely to be relatively little emphasised by the SWAp.

Depth refers to how important each of those elements is, and how effectively they are being implemented - e.g. how genuine is government leadership and ownership? How embedded is the results-focus? How significant is donor harmonisation?

Figure 2 illustrates this ‘breadth-depth’ means of characterising and tracking the evolution of the SWAp in each context where the SWAp approach is being developed.

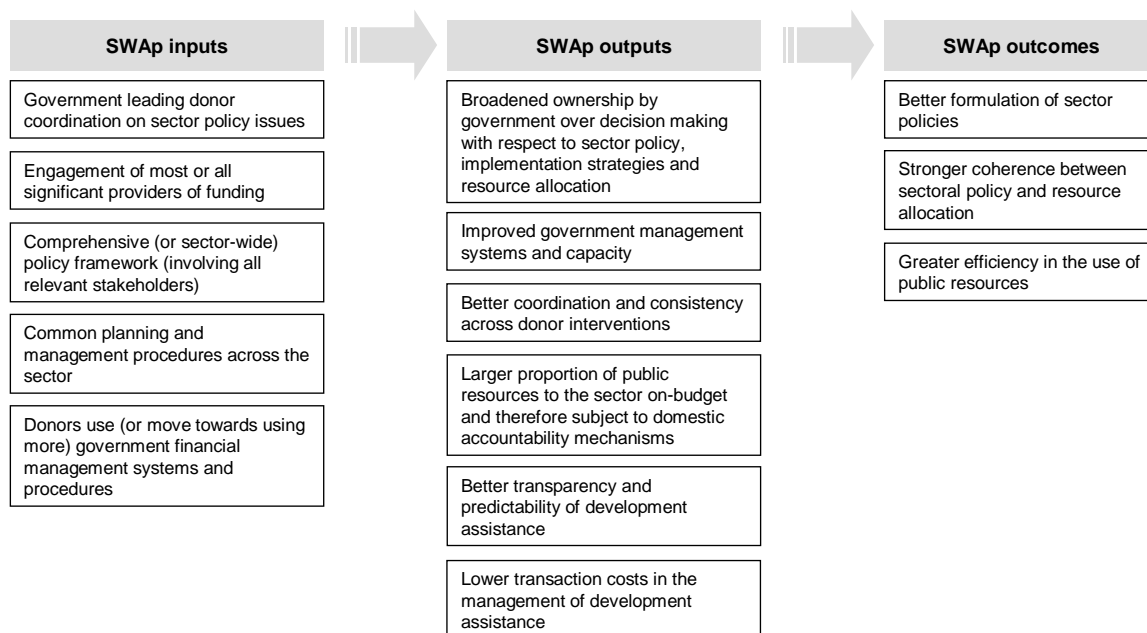


But is a SWAp a feasible development cooperation arrangement in all contexts, or are there basic pre-conditions for it to be effective?

The OECD's Development Assistance Committee (DAC), in its 2006 Guidelines on Harmonising Donor Practices for Effective Aid Delivery, identifies three necessary conditions for success: (i) political and macroeconomic stability, (ii) broad and effective government ownership, and (iii) broad consensus between government and donors on sector policy and management issues. Further to these, it has also been argued that SWAp only make sense where public expenditure is a major feature of the sector's activity (such as in a sector like education, health or roads) and donor contributions are large enough for its coordination to be a significant issue (Foster 2000a). Furthermore, SWAp can only be effective where the incentives of key players are compatible with the objectives of the SWAp (*ibid*). Some of these pre-conditions are difficult to verify with objectivity, particularly (ii) and (iii) in the DAC list. **Indeed, the reality has been that SWAp have been applied in many different contexts and sectors**, including where these conditions do not seem to apply easily; such is the case of SWAp in productive sectors (where public expenditure is not a major feature) and in countries with low aid dependency (where donor contributions to sector programmes are not significant).

Irrespective of the context, SWAp have been developed under the assumption that they represent a more effective way of delivering aid and with the expectation that they contribute to better results in development cooperation. A causality chain can be used to indicate how the SWAp process is expected to lead to certain desirable outputs and outcomes (as shown in **Figure 3**). Government-led sector-wide coordination and common funding mechanisms are expected to contribute to broadened ownership, better functioning of national planning and financial management mechanisms, improved accountability - thereby contributing to better formulation of policies, stronger coherence between policies and budgets, and greater efficiency in the use of public resources. Naturally, variations in the SWAp inputs (differences in the breadth and depth of the SWAp) will lead to variations in outputs and outcomes. Hence, if donors do not 'buy into' common planning and funding mechanisms, then not much is likely to be seen in terms of development assistance predictability and coherence across development interventions.

Figure 3. SWAp logical chain



The logical chain should be read as an indication of the development path of a SWAp and not as a blueprint. It should be noted that the causal links between inputs, outputs and outcomes are still to be demonstrated in practice. Experience with SWAps indicates that, despite the efforts to develop policy coordination and alignment mechanisms (through SWAps), there is as yet little evidence that these are leading to better policy formulation and efficiency in the use of public resources.

2.2. Overview of achievements and challenges

A number of studies and evaluations have been conducted on the experience with SWAps: in the social sectors³, in agriculture and rural development⁴, and more recently also in middle-income countries-MICs⁵. These point to a number of achievement, but also challenges. These are discussed in more detail in the scoping study on SWAps and the environment which preceded the country case-studies (Cabral 2007).

In summary, SWAps have generally contributed to more streamlined dialogue between the donor community and government, strengthened government leadership and coordination between donors. Yet, this has often been at the cost of a re-centralisation of the policy-making process, particularly around central government departments, and of an excessive focus on the SWAp process itself rather than on sector policy outcomes.

There is also very limited evidence that SWAps have actually led to a reduction in transaction costs⁶ - in fact, heavy management structures have often been created to support the design, implementation and monitoring of the SWAp. Also, and despite the original intent, SWAps have ended up concentrating almost exclusively on the way resources are channelled to the beneficiary sectoral ministry, doing little to stimulate linkages across government and with non-state actors. Finally, as noted above, there is limited evidence - at least to-date - that SWAps have actually contributed to a more efficient use of public resources and better service delivery.

2.3. Evolution of the concept and its application

The general features and objectives of the SWAp have remained largely unchanged over the years. They are broadly consistent with the principles on aid effectiveness which a number of donor agencies and developing countries' heads of state committed to in the Paris Declaration signed in 2005: domestic ownership, harmonisation, alignment, management for results and mutual accountability.

Country evidence illustrates, however, the diversity in the application of the approach. SWAps initially targeted social sectors in highly aid dependent and low income countries. They have since expanded to other sectors and to less aid dependent and middle-income countries. SWAps were also first introduced in sectors with a large number of donors where aid fragmentation was a significant problem. But, today there are SWAps funded by a single donor, such as the Colombian environmental SWAp analysed by this study. The scope of a SWAp is also changing and there are currently sector-wide approaches at sub-sectoral and multi-sectoral levels.⁷

³ For example, Brown et al. (2001), Foster et al. (2000b) and Pavignani (2001).

⁴ Foster et al. (2000c) and Evans et al. (2006 and 2007) review SWAps in the agriculture sector.

⁵ Batley et al. (2007) review the use of SWAps in Brazil.

⁶ See for example Watt (2005).

⁷ For this reason the more general concept of 'Programme-Based Approach' is sometime used since it is thought to offer a higher degree of institutional flexibility by focusing on a policy programme and objectives –

Finally, SWAps seem to be increasingly less associated with a particular financial aid instrument, and seen more as a platform for sector policy dialogue and coordination. When SWAps originated, they were strongly associated with forms of common pool funds supported by a group of donors and managed by the sector (although not necessarily on-budget). Today, SWAps are seen as consistent with various ways of channelling assistance (budget support, pooled funding or stand-alone projects), as long as policy dialogue remains sector- or theme-focused and, in the spirit of improved stakeholder coordination and coherence, increasingly harmonised and aligned mechanisms for channelling and managing financial resources are pursued.

The variety of practices and ten years of experience has added some nuances to the original framework, for example: a stronger focus on the need to monitor for concrete policy results ‘on the ground’; the emphasis on policy dialogue as an instrument of development cooperation at the macro level; and, also, the emphasis on complementarity of interventions at the macro, meso and micro levels of the sector (as reflected by the ‘mixed modality’ argument, discussed further in Chapters 7 and 8).

2.4. Opportunities in middle-income countries

There are different views on the extent to which SWAps are relevant to MICS. Indeed, if it is assumed that the main reasons for having a SWAp are to overcome the fragmentation of development cooperation and strengthen government-led policy processes, then it is reasonable to ask whether the SWAp model is of relevance in countries where there are fewer aid agencies, higher levels of human and financial resources, and stronger governmental structures and procedures. But, the fact is that the approach has been found suitable to middle-income context too, and there seems to be a growing number of SWAps in MICs (e.g. Brazil, Mexico and Poland). The World Bank’s guidance note on SWAps (World Bank 2006a) argues that SWAps are suitable to both LICs and MICs, and specifies that whereas SWAps in LICs focus on donor coordination and pooling, in the case of MICs, SWAps are used by the Bank to align its support to the government’s existing programmes and systems through pooling of funds using existing channels, institutions and procedures. Thus, as noted in Chapter 2.1, the different elements of the SWAp concept emerge more or less prominently in different contexts.

MICs, particularly, offer opportunities for SWAp development which are not easily found in the contexts where SWAps originated. These include the possibility for:-

- stronger public sector institutions (policies, legislation, systems) as well as management and technical capacity;
- a more balanced aid relationship, given the lesser aid dependency (access to alternative capital markets); and
- strong counterbalance (to central governance) provided by stronger local government and civil society organisations.

Arguably, these characteristics found in MICs provide better ground in which to pursue the principles for more effective aid.

which can be multi-sectoral, sectoral or sub-sectoral – rather than a bureaucratic institutional structure, i.e. the sector.

2.5. SWApS in environment

SWApS in environment are believed to be relatively uncommon, compared with SWApS in other sectors, such as health and education. The environment 'sector' is thought to have characteristics which make it less easy to engage in a SWAp: environmental agencies may be politically weak and under-resourced, and the sector 'fragmented' between many policy areas and many actors. The question arises, therefore: to what extent do the features of a SWAp sit comfortably in a sector like the environment?

In an early review of the experience with SWApS, Foster (2000a) expressed the view that the approach had worked most effectively where it was defined in terms of the area of budget responsibility of a single sector ministry. He noted that SWApS in education or health had proved more manageable than for cross-cutting themes such as the environment. He also argued, as discussed before, that SWApS work better where public expenditure is a major feature of the sector's activity. This is unlikely to be the case in the environment sector, where much of the public sector role is about producing and enforcing regulation. Does this make the environment 'un-SWApable'? If the expectation is that a sector-wide approach will support a 'single' sector programme which is 'comprehensive', that ambitious goal may indeed be difficult to achieve in relation to a sector which is diverse and widely cross-cutting. If, however, the expectation is that the SWAp will support formulation by recipient governments (with donor support) of environmental policy/ies which is/are 'coherent' (e.g. coherent policies within a 'sub-sector' of environment), the degree of ambition is substantially reduced and the task of developing an environmental SWAp more manageable.

Donor harmonisation in the environment is also a debatable issue. The environment sector is often supported by a relatively small number of donor agencies which means that from the perspective of those who channel funding to the sector there is less to harmonise. With regard to assessments of impacts of other donor-funded activities in areas on the environment (though not directly funding the environment), harmonisation is still an important matter - the Paris Declaration particularly emphasises the need to strengthen harmonisation on environmental impacts assessments-EIAs.

3. Colombian context: Environment, 'SINA' and aid trends and patterns

3.1. Environmental issues and policies

Environment is a strategic sector in Colombia. The country's territory is home to biological diversity of global significance - **Box 1**.

Box 1. Colombia: mega-biodiversity

Colombia is a very important country in terms of biological diversity, among the world's five most ecologically diverse countries.

Colombia's national territory is 1.14 million square kilometres in area, representing 0.8 per cent of the world's surface area, yet it is home to 15 per cent of all known terrestrial species. It is cited by some sources as being the second most bio-diverse country in the world, after Brazil (e.g. by Humboldt, 1998), with some 10% of the planet's biodiversity and a remarkably wide range of ecosystems, in the Andes, Amazon, Chocó and Caribbean regions. It is first in the world in the number of bird and amphibian species, and second in terms of vascular plants.

The natural endowment of Colombia is reflected in its national system of protected areas, *Sistema Nacional de Areas Protegidas-SINAP*, which comprises different protection categories, including at national level: national parks, indigenous territories, ethnic Afro-Colombian community territories and national forest reserves, as well as regional protected areas, and some departmental and municipal protected areas.

The territories owned by indigenous and Afro-Colombian communities, at c.30 million and c.3 million hectares respectively (the latter located primarily in the Chocó region), have substantial conservation and environmental management potential, based on ancestral natural resource management practices. However, lack of benefits to local populations has led these communities to resist government efforts to regulate use. Protected area legislation has had the effect of limiting their traditional production systems, making economic activities illegal. The parks system now aims to work with communities to support development alternatives and provide incentives for settlement in buffer zones around national parks rather than within the boundaries of the parks themselves. The 2002 policy for social participation in conservation is helping promote co-management agreements with local communities.

The 2006 World Bank study on 'Mitigating Environmental Degradation to Foster Growth and Reduction of Inequality in Colombia' (World Bank 2006b), however, observed that: "Despite the large number of newly created protected areas, deterioration of existing protected areas continues. This can be attributed to large-scale population displacement and colonization, illicit crop cultivation, ... and weak institutional presence" (page 318). The populations which inhabit forest areas are amongst the poorest in the country, as noted by the authors of this World Bank study (ibid, page 318 again): "Poverty and lack of economic alternatives" for people inhabiting the buffer zones "generate pressures" which can defeat efforts to conserve forests and other ecosystems.

The principal illicit crop is coca. Its cultivation increased significantly in the 1980s and, by 1994, the official estimate of land used for commercial coca production was c.75,000 hectares, much of it in indigenous territories. The GoC (through the *Contraloría General de la República-CGR* - see below) reported in 2002 that, in the period between 1974 and 1998, illegal crops accounted for destruction of 850,000 hectares of forests in Colombia.

Meanwhile, eradication of illicit crops through fumigation (chemical aerial fumigation) is controversial for its potential negative effects on human health and the environment.

The rate of deforestation in Colombia has slowed in recent years, as compared with previous decades. The forest cover in the country as a whole is currently at about 45 per cent of land area, above the world average of 30 per cent (World Bank 2006b). Nevertheless, a significant percentage of the national territory has been ‘drastically altered’ by human action, with the most affected areas being in the arid peri-Caribbean belt, the Sierra Nevada and the North Andean regions. A review of the level of deforestation in each department shows two-thirds of the remaining forest area is located within the six departments in the south-eastern part of Colombia, east of the mountains chains, corresponding to the Amazon region. The forest cover in those departments, Amazonas, Caquetá, Guainía, Guaviare, Putumayo and Vaupés, averages about 85%. The World Bank study (*ibid*) states (citing government sources) that the leading causes of deforestation are, first, coca and poppy cultivation, also: agricultural expansion, timber extraction, firewood consumption, ranching and settlements and forest fires.

The Pacific region has a smaller total area of forest cover than the Amazon region, but the Pacific contains large areas of commercial species and supplies the largest part of commercial timber harvests from natural forests (as compared with plantations). Colombia’s timber sector produces pulp, paper and furniture production.

The challenges of forest protection are closely related to those of watershed management. While Colombia is endowed with water resources more abundant, in per capita terms, than in other large countries of Latin America (e.g. Brazil, Argentina, Mexico), there are considerable regional and seasonal variations, with environmental vulnerability in some river basins. IDEAM estimates that by 2030, if watersheds are mismanaged, vulnerability to surface water shortages may pose a significant problem in the Andes and Caribbean regions of the country. Meanwhile, rivers and wetlands are suffering environmental degradation due to effluents from agriculture, industry and towns/cities. Many important rivers, such as the Rivers Bogotá, Cali, Pasto, Pamplonita, Combeima and Otún, are highly contaminated as a result of discharge of untreated effluents.

The main tool provided in Colombia’s policy to control degradation of water bodies is watershed administration and management plans, *planes de ordenamientos y manejos de cuencas hidrográficas*, or ‘POMCAs’. Under water laws, it is the autonomous regional corporations (the ‘CARs’ - described below) which are mandated to establish POMCAs. The World Bank study (World Bank, 2006b) commented that: “Although CARs throughout Colombia are required by law to create [the POMCAs], it is difficult to evaluate the degree of compliance. Available information suggests that only a few watersheds have such plans ... and there is no effective monitoring or enforcement of such plans” (page 272). IDEAM has estimated that 95% of wastewater is released into rivers without treatment. A CAR’s efforts to improve water quality may be undermined if it receives polluted water from the jurisdiction of another CAR upstream.

Pressure on natural resources is linked to land-use conflicts in many areas. While disputes with indigenous communities have often turned around how conservation goals can be reconciled with traditional activities of indigenous communities, many activities which cause deforestation are those of drug (or ‘narco’) traffickers and armed groups. In the context of many years of conflict, resolving land-use issues will be an important means for peace-building in the country. For Colombia and the quality of life of Colombians, managing the environment, including resolving conflicts, is essential to economic development and economic reconstruction.

3.2. SINA: policies, actors and their roles⁸

The institutions and laws for managing the environment sector in Colombia make up the **National Environment System**, or ‘SINA’.

The institutional entities of the SINA are listed in **Box 2**.

Box 2. Entities of Colombia’s National Environmental System (SINA)

Key government environmental authorities

- MAVDT, including the VMA
- CARs, AAUs, CDSs
- National Park System-UAESPNN

Territorial Authorities

- Departments
- Municipalities
- Territories of Indigenous Peoples

Other government institutions with environmental responsibilities

- DNP
- Government oversight institutions: CGR and *Procuraduría General de la República*
- Ministries other than MAVDT (e.g. MARD, MME)
- Research Institutes: IDEAM, Humboldt, INVEMAR, SINCHI and IIAP
- National Environmental Council
- National Technical Advisory Council

Civil society

- Environmental NGOs: national and international

Private sector

- Private firms
- Private farms
- Private research institutions

Source: Adapted from Blackman et al. (2005).

The roles of the institutions of the SINA are as follows.

The **Vice-Ministry of Environment (VMA)** is by law the head (*‘rector’*) and coordinator of SINA. The VMA is part of the **Ministry of Environment, Housing and Regional Development-MAVDT** and is responsible for nature and biodiversity conservation, including oversight of national parks, as well as policy-making and regulation in relation to management of forests and water resources. Water supply and water pollution control fall under the other vice-ministries in the MAVDT (those other parts of the MAVDT which have received in recent years a larger share of public resources – see section 3.4). Commentators agree that the VMA is - currently - weak, politically and financially, to play its leadership role.

The **autonomous regional corporations (CARs)** are a major player within SINA. Colombia’s first CAR, in the Valle del Cauca, was created in 1954. Defined by reference to

⁸ The descriptions of the entities of the SINA in this section are drawn from the contributions of the Colombian members of the evaluation team for this study, and also Blackman et al.(2005).

the Cauca watershed, it was based on the model of the Tennessee Valley Authority in the United States, with a wide range of functions relating to environmental management and economic development.

Between 1960 and 1988, 18 further CARs were established, including some CARs defined by departmental boundaries. The scope of CARs' functions was reduced over time (e.g. roads and telecommunications transferred in 1987 to other specialised entities), until Law 99 of 1993 redefined them with a principally environmental management role, retaining a few aspects of their economic development functions. CARs have duties with regard to all aspects of environment management in their jurisdiction, including water resources/watersheds and forests, and conservation of the biodiversity within both those ecosystem types. It is the CARs and other decentralised agencies which are responsible for implementing the policies formulated and promulgated by the central government authorities, the MAVDT and VMA, as well as for enforcing environmental regulation within their territories.

Law 99 assigns to CARs the task of establishing regional protected areas as well as exercising authority in buffer zones of national parks.

Under Law 99, the CARs are, further, required to produce short-, medium- and long-term plans. The Regional Environmental Management Plan (*Plan de Gestión Ambiental Regional*-PGAR) is a 10 year action plan which must align with the National Development Plan. Each CAR Director must also prepare a 3 year action plan - *Plan de Acción Triannual*-PAT - covering his/her three year mandate, as well as annual investment and operating plans - *planes operativos anuales de inversiones*-POAIs. The POAI specifies the projects and actions which will be undertaken to carry out the PAT - and links the planning process to the CARs' annual budgeting process.

Law 99 defines the relationship between these governmental entities in SINA as a hierarchical structure in which CARs and territorial authorities are subordinate to the central ministry, and departments and municipalities are, in turn, subordinate to the CARs in environmental matters (Article 63).

A striking feature of the CARs, however, is their financial independence. Under the 1991 Constitution, municipalities are required to transfer a percentage of municipal property taxes to the CARs for environmental management (Article 317) and this and other local sources of income which CARs are entitled to levy represents a large part of their revenues (e.g. fees attached to environmental licences and permits, as well as watershed protection fees from water users). The revenues of the CARs represents c.85% of total SINA resources (Canal Albán, 2004), i.e. the financial independence of the CARs is combined with financial strength (as discussed further in Chapter 3.4).

There are, however, significant variations between CARs both in terms of financial resources and technical competence. The CARs which are responsible for regions located areas in and around major cities such as Bogotá typically have much larger available resources than those CARs in important areas of biodiversity. For example, the CAR for the Amazon south region which seeks to manage an area of c.225,000 square kilometres⁹ with a (full-time) staff of only 59 persons and total projected revenues in the current year of c.11 billion CoP.

The Board of CARs is designed to include a range of stakeholders, national and local. Law 99 specified that board members include each departmental governor of the CAR territory, a

⁹ Comparable to a medium-sized European country, e.g. Great Britain (England, Scotland and Wales).

representative of the President, a representative of the MAVDT, up to four mayors voted to represent the municipalities, two representatives of the private sector, and two representatives of local NGOs. In practice, commentators observe that the Boards of CARs are prone to capture by local political interests, including through local NGOs which may be spurious, created as shells (Blackman et al. 2005).

At national level, the CARs are represented by **ASOCARs**, the association of CARs - a non-governmental body based in Bogotá.

The 1993 Law created **Autonomous Sustainable Development Corporations** (Corporaciones de Desarrollo Sostenible-CDSs), a similar regional authority in territories reserved for indigenous peoples, as well as **Urban Environmental Authorities** (Autoridades Ambientales Urbanas-AAUs) in large cities (with more than 1 million inhabitants). The national territory in its entirety was, thereby, placed under the jurisdiction of regional environmental authorities.

Another key SINA player is the **Special Administrative Unit for the National Natural Parks System-UAESPNN** which administrates the c.10% of national territory covered by national parks, the principal category of protected area for conservation purposes. This Unit does not have legal autonomy and sits under VMA. Its share of the national public budget has declined from 0.038% in 1996 to 0.020% in 2007. In absolute terms, this represents a negative trend from COP\$20.4 billion in 1996, only reverting in year 2007 (to COP\$21.6 billion).

While the UAESPNN is the environmental regulatory agency in the areas inside the boundaries of the national parks, as alluded above it is the CARs which exercise authority in the buffer zones around them. This issue is discussed below in relation to the performance assessment framework-PAFs of the Colombian SWAp.

Indigenous territories, known as *resguardos* (reserves), occupy c.26% of the national territory, some 30 million hectares (World Bank, 2006b), alongside ethnic Afro-Colombian community territories (c.3 million hectares). Management plans drawn up by indigenous and Afro-Colombian communities with the UAESPNN, and *Planes de Vida* (Life Plans) of indigenous communities, are designed to promote development opportunities for the communities which are consistent with conservation of biodiversity and sustainable use of natural resources.

The **Departments** and **Municipalities** are the so-called ‘territorial’ authorities responsible for key aspects of environmental planning and management at departmental and municipal levels, e.g. the municipalities hold key duties in respect of delivery of water supply. According to Law 99, both departments and municipalities are required to support CARs, and one another, in implementing environmental programmes, including coordinating their planning activities with CARs, in line with the national development plan.

Law 99 stipulates that Colombian environmental policy be based on the best available scientific information and five scientific **research institutes** are mandated to serve that purpose: the *Instituto de Hidrología, Meteorología y Estudios Ambientales-IDEAM*; the *Instituto Alexander von Humboldt*; the *Instituto de Investigaciones Marinas y Costeras-INVEMAR*; the *Instituto Amazónica de Investigaciones Científicas-SINCHI*; and the *Instituto de Investigaciones Ambientales del Pacífico (IIAP)*. According to the system, IDEAM is responsible for certifying that the environmental data collected by CARs (through monitoring) is accurate.

The research institutes are public bodies, with, however, semi-autonomous status including raising the major part of their resources from sources other than the national budget. Heavy

recourse by ‘the institutes’ (as they are commonly called by SINA actors) in recent years to grants from international sources (whose availability is now declining) - seems to have had the perverse consequence that, despite the public service remit of the institutes and the recognised quality of their work, the GoC feels little obligation to help maintain their flow of funding, for example, to the *Instituto von Humboldt*. Further, the recourse to external donors causes “a disconnect between the research agenda of the institutes of investigation and the needs of the ministries and other entities in the SINA” (Blackman et al, 2005, page 99).

Law 99 established the **National Environmental Council**-Consejo Nacional Ambiental-CNA, a coordinating forum designed to operate above ministerial level, with the task of coordinating environmental policy with other aspects of government policy, including economic development (Article 14). Its decisions are advisory only. The **Technical Advisory Council** (*Consejo Técnico Asesor*) was also created by Law 99 with the function of assisting the MAVDT by assessing the technical feasibility of environmental policies, regulations and programmes (Article 11).

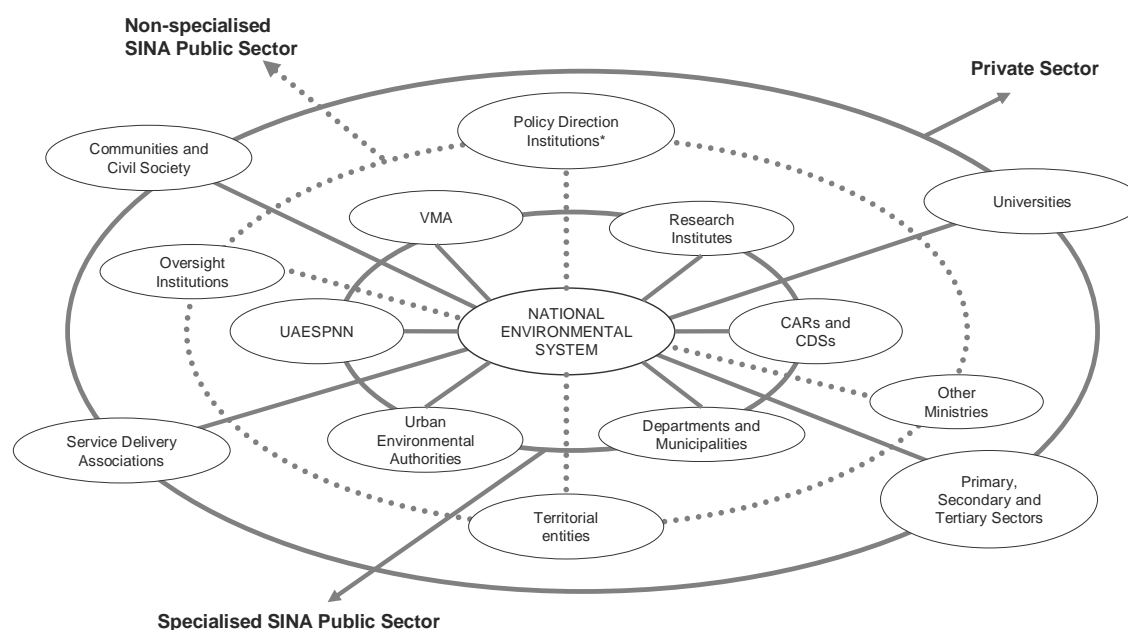
The **Contraloría General de la República**-CGR (National Audit Office) is responsible for financial auditing, as well as presenting an annual report on the state of the environment and natural resources in Colombia. The **Procuraduría General de la República** ensures compliance with the constitution and law, e.g. that public officials act within their authority without abuse of their powers.

The role within the SINA of the **National Planning Department**-DNP is to help to integrate (or ‘mainstream’) environmental concerns into other sectors of the government and coordinate the budgets of environmental programmes and investments (Blackman et al, 2005). A key challenge for the DNP (and the MAVDT) is monitoring the performance of the CARs, for which information on the nature of investments by the CARs and their impacts is needed. Blackman et al, commenting in 2005, express the view that; “a reasonably effective system of environmental quality and institutional performance indicators does not yet exist” (page 114).

Other line ministries with responsibilities relating to the environment are, e.g. **the Ministry of Agriculture and Rural Development**-MARD and the **Ministry of Mines and Energy**-MME, as well as the **Ministry of Finance**-MHDA with its central role of management of the national budget. Blackman et al refer to previous evaluations of SINA which highlight gaps in terms of inter-sectoral planning in Colombia: planning is generally done sector by sector and more effort, they argue, is required to break out of “sectoral boxes” (page 96) in order to promote coordination, and support prioritisation between different areas of environment.

A visual portrayal of the SINA with its multiple players with overlapping remits is shown in **Figure 4**.

Figure 4. SINA institutional structure



* These include the National Directorate of Planning, the National Environmental Council and the National Technical Advisory Council.
Source: Canal Albán (2004).

3.3. Legal bases of SINA

As to the legal bases of the SINA, its current legal foundation is the 1991 Constitution and Law 99 of 1993. Additionally, the National Renewable Resources and Environmental Protection Code, passed by Decree in 1977, remains (with its regulations) key to the environmental sector.

The 1991 Constitution devotes significant space to the environment, protection of Colombia's natural resources being a fundamental aim of the state (Article 8) with a duty under Article 79 to plan the management and exploitation of natural resources towards the goal of achieving their 'sustainable development' and 'conservation' (or 'restoration or substitution') (Article 80).

Law 99 bestows upon the MAVDT and the CARs a range of means for enforcement of environmental rules, e.g. fines, suspensions of environmental licences and concessions and permits. Under Law 99, 'licences' apply to any activity which could cause serious environmental damage or significantly modify the landscape. The MAVDT is responsible for licensing large scale activities with a national impact - e.g. oil and hydrocarbon extraction projects, large mining projects, large dam projects etc; construction of large irrigation projects – and projects that affect national parks - and the CARs are responsible, principally, for environmental licences whose impacts are limited to their geographic territory. In each case, the responsible government body determines whether an EIA must be carried out to accompany the licence application. Blackman et al comment that licensing is not consistent across CARs: in some regions, for example, contractors who build roads are required to reforest cleared areas, whereas in other CARs there is no such obligation (Blackman et al, 2005, page 89).

For water resources management, the main responsible entities are the regional, departmental and municipal authorities. The CARs are responsible for monitoring and enforcing national water policies, granting concessions of water rights and reviewing

environmental impact assessments. Departmental and municipal governments assist the CARs in monitoring and enforcing water pollution regulations and are responsible for developing sanitation and wastewater treatment infrastructure.

Creation of more decentralised and participatory government is a key aim of both the 1991 Constitution and the 1993 Law. Under the Constitution, the CARs, as well as departments and municipalities, are, as noted above, vested with independent powers to carry out planning, pass local decrees and impose taxes, although they remain part of the executive branch of local government, and should carry out their planning in coordination with the national system of planning. The 1991 Constitution meanwhile envisages an active role for civil society (NGOs and individual citizens) in protecting natural resources and the environment. However, according to Blackman et al. (2005), the availability of the causes of action which citizens have in practice in order to intervene before the Colombian courts in protection of the environment is reduced by lack of detailed regulations, for example providing notice to the public and adequate hearings, as well as absence of controls against NGOs which are shells created to represent political interests.

As regards conflict-affected areas, for example locations where narco-traffickers and armed groups are operating - so long as they continue to exercise power over land-use decisions and practices of local communities - “conventional” environmental “command-and-control regulation” will be “impractical” (Blackman et al, 2005, page 101).

Such are the diverse actors of the SINA and its constituent laws. **What of the SINA as a system?**

In the context of the multiple actors in the environmental sector, the goal of Law 99 was to promote effective collaboration amongst environmental stakeholders. Article 4 defines the SINA as a ‘set of orientations, norms, activities, resources, programmes and institutions which allow the implementation of environmental principles’. Such implementation requires coordination.

Some commentators consider that the SINA’s design is fundamentally well-defined and sound (Canal Albán 2004). Compared with the environmental sector in many LDCs, many policies/regulations/norms exist (at least on paper) and the multiple actors of the SINA have considerable existing and potential capacities. According to this view, the SINA’s variety of funding sources and autonomy make it resilient to national financing instability (as demonstrated by national versus regional financial trends since its creation). Further, the SINA’s relative autonomy gives it a capacity to contest national priorities, creating a potential scenario for policy dialogue.

However, commentators generally agree that the SINA is characterised by significant asymmetries in the distribution of financial and technical capacity. Because of this, some, analysts, such as Blackman et al, consider that the design of the SINA is flawed:-

“On their face, Law 99 and the 1991 Constitution appear to have created legal mechanisms for addressing many of the problems Colombian environmental management faced prior to their passage ... In actuality, however, the legal structure itself and its implementation leave many of these problems unresolved” (page 50). In particular, “tensions inherent in the structure of governmental relationships established in the 1991 Constitution and Law 99” reflect “contradictory desires for autonomous regional environmental administrations and national level policy-making”.

The above comment points to the substantial fiscal autonomy of the CARs (independent revenue stream) combined with their political autonomy (locally elected leaders) which “virtually ensures” (Blackman et al. 2005, page 50) “inadequate national-regional coordination”. That contrasts, they say, with systems in other countries such as the US where the decentralised government entities, the States, are substantially dependent on Federal grants which represent 25% to 60% of total state funds available for environmental programmes, with such federal grants typically made conditional on alignment with federal goals. This US system results in negotiation between state and federal government, annually, over the grant conditions, which are tied to availability of further federal grants in subsequent years.

Some persons interviewed during this study lament reforms which have, they say, contributed to the weakening of the SINA over recent years: the fusion of environment, water, housing and territorial planning into one single ministry, the MAVDT, with the consequent political weakening of the VMA; attempts to change the regulation on CARs including a degree of regulatory ‘capture’ over these ‘autonomous’ bodies (in other words, for these commentators, the autonomy of the CARs is a positive feature of the Colombia environmental system); and tensions between those in the MAVDT who have favoured a brown - or, in Spanish, ‘grey’ (*gris*) - environmental agenda (e.g. pollution issues), as compared with a green agenda (eg. forestry, biodiversity conservation).

In the above SINA context, the contribution which the environmental SWAp may make to strengthening of the SINA, through its support to the VMA, is discussed.

3.4. SINA expenditure and funding sources

Total public spending in SINA (including the Ministry of Environment, CARs/CDSs and the research institutes) averaged 0.38% of GDP between 1995 and 2002, having increased from 0.34% in 1995 to 0.37% in 2000 (Blackman et al. 2005). This level of public environmental spending is low as compared with the estimated costs associated with environment degradation and depletion of natural resources (3.7%). It is also low if compared with the volume of funding recommended by the World Bank to Developing countries – between 1.4% and 2.5% of GDP (*ibid*).

SINA has, broadly speaking, three main sources of funding: the national budget, SINA self-generated revenue and external funding (loans and grants from international cooperation). Between 1995 and 2002 the national budget contributed to about 31% of SINA’s total funding and self-generated resources (mainly by CARs) covered the remaining 69% (**Table 1**).

Table 1. Total SINA funding by funding source and purpose, 1995-2002 (millions of Pesos)

Purpose	National budget	Self-generated resources	Total
Operations	606,504	740,401	1,346,905
Debt service		53,448	53,448
Investment	697,940	2,111,569	2,809,509
Total	1,304,444	2,905,418	4,209,863
% of total	31%	69%	100%

Source: Blackman et al. (2005), Table 1.

The past five years have seen a progressive decline in public resources allocated by the national budget to the sector. National investments in the environment declined 78%

between 1995 and 2003. The share of SINA in the total national budget reached a low of only 0.88% in 2004. This decline was reportedly related to a significant increase in external funding. Between 1994 and 1996 the country received US\$240 million in loans from the World Bank and the Inter American Development Bank to be used in the environmental sector (*ibid*).

The decline in national budget funding and increase in external funding is illustrated by the case of the National System of Protected Areas (SINAP), a focus of investment in the 'green' sub-sector, shown in Table 2. The substantial variations, peaks and troughs in levels of public budget available to the UAESPNN between 1995 and 2006, contributed to financial imbalances within the system. Such fluctuations in funding complicate the central task of the UAESPNN which is to recruit and retain personnel to staff the protected areas offices around the country. Seeking to compensate for the unreliability of core public funding, from 2001 onwards, it obtained from external (international) sources the sums also recorded in **Table 2**.

Table 2. Funding to SINAP by funding source, 1995-2006 (millions of USD)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total SINAP	5.24	19.57	17.73	13.81	12.10	9.72	13.69	13.90	21.33	25.73	31.85	35.63
SINAP-national budget	5.24	19.57	17.60	13.68	12.10	9.37	11.84	9.08	14.65	17.88	20.92	23.18
SINAP-external sources	0.00	0.00	0.13	0.13	0.00	0.35	1.85	4.82	6.68	7.85	10.93	12.45
UAESPNN	4.63	9.76	8.46	7.09	6.35	5.28	7.93	7.33	7.42	10.60	14.96	15.63
UAESPNN-national budget	4.63	9.76	8.46	7.09	6.35	5.28	7.15	4.14	4.06	6.11	7.43	8.28
UAESPNN-external sources							0.78	3.19	3.36	4.49	7.53	7.35
Other (CARs, Institutes)	0.61	9.81	9.27	6.72	5.75	4.44	5.76	6.57	13.91	15.13	16.89	20.00
Other-national budget	0.61	9.81	9.14	6.59	5.75	4.09	4.69	4.94	10.59	11.77	13.49	14.90
Other-external sources			0.13	0.13		0.35	1.07	1.63	3.32	3.36	3.40	5.10

Source: Patrimonio Natural (2007).

In contrast, at regional level, CARs have progressively increased their revenue self-generating capacity. The structure of own revenue in the sector has contributed, however, to the consolidation of asymmetries within the system. About 99% of SINA's self-generated resources are concentrated in the CARs (see **Table 3**) whereas VMA and other key players within the green agenda generate limited own revenue and depend largely on national budget allocations. CARs also receive the larger share of the national budget. As noted above, the total volume of funding received by CARs between 1995 and 2002 represented about 80% of SINA's total funding.

Table 3. Distribution of funding among SINA institutions, 1995-2002 (millions of Pesos)

SINA institutions	National budget	Self-generated resources	Total	%
Ministry of Environment	412,823	0	412,823	10
UAESPNN	92,045	515	92,560	2
CARs	540,003	2,812,770	3,352,773	80
Research institutes	246,971	15,577	262,548	6
National Environmental Fund	27,832	23,108	50,940	1
Other	12,531	0	12,531	0
Total	1,332,205	2,851,970	4,184,175	100

Source: computed on the basis of data from Blackman et al. (2005).

As to the uneven distribution of resources among CARs, almost three-quarters of SINA's self-generated revenue accrues to just 8 of the total 33 CARs (*ibid*). The CARs located in regions with higher economic development and larger population concentrate the bulk of resources, whereas CARs in less developed regions have less resources despite the fact that the latter often coincide with larger megadiversity areas (eg. *Amazonía*) and hence bigger resource requirements. Although there are mechanisms in place to reduce such disparities (such as the Environmental Compensation Fund), these do not seem to be working effectively.

3.5. Aid agencies supporting SINA and their development cooperation approaches

There are a number of international development organisations providing support to the environment sector in Colombia, either directly or indirectly.

The **World Bank** is by far the most significant source of financial and technical cooperation. The Bank provides support either through conventional investment projects or sectoral programmes. Active projects in the environment domain include: the Colombian National protected Areas Conservation Trust Fund Project and the Integrated National Adaptation Project, both funded by the Global Environment Facility-GEF. There are also two new projects funded by Carbon Offset: the San Nicolas Carbon Sink and Arboreal Species Recovery Project and the Caribbean Savannah Carbon Sink Project. At the sectoral programme level there is the Second Programmatic Development Policy Loan for Sustainable Development which is a development policy loan (DPL) (the second in a series of three loans supporting the government's efforts to achieve the Millennium Development Goals) providing budgetary support to the Government of Colombia in exchange for policy actions related to sustainable development. This sectoral programme has as stated main objectives: improving the effectiveness and efficiency of SINA and integrating principles of sustainable development into key sectors.

The **Royal Netherlands Embassy (RNE)** has a longstanding presence in the environment sector in Colombia. Cooperation started in the 1960s. In its first two decades a large range of activities was developed, especially in infrastructure, natural resource conservation, health and higher education. In the 1970s and 1980s most of the bilateral cooperation was directed at large programmes of integrated rural development, particularly in the Departments of Chocó, Urabá and the Amazonas. The environment has always been an important element in these programmes. In the 1990s, support for the environment was reduced to a limited number of projects, such as the community forestry projects in the Andes region, implemented by the FAO. Since 2000, a new environmental support programme has been developed and funding has gradually increased. Two basic assumptions underlie the development of this programme: (i) support for environment should be linked to the objectives of poverty reduction and conflict management, and (ii) this can best be done by providing support at the local (grassroots) level (bottom-up approach). In 2001, RNE announced a shift from an exclusively "green" approach with a strong emphasis on forests and biodiversity, towards an approach aiming at linking environment to the political and socio-economic context. Between 2001 and 2005 the embassy's environment programme evolved into a comprehensive sector programme – the *enfoque sectorial* programme which is the focus of the present study.

Other important agencies in the sector include the Inter-American Development Bank, the European Commission, the Spanish Cooperation (focused on the National Patrimony Fund), among others. GTZ used to be a major partner of the sector but has recently stopped its

environment programme and is now focusing on peace building; it works on environment issues indirectly to the extent that they relate to conflict resolution.

These agencies use various cooperation arrangements and funding modalities. The project modality (whereby funding is channelled through specifically set funding mechanisms, is managed by a purposely created management unit and monitored on the basis of project specific indicators) dominates the landscape, but there are also other modalities in use.

Despite being a middle-income country, the principles of ownership, alignment and harmonisation are permeating into Colombia and are increasingly part of the cooperation agenda.¹⁰ Some donor agencies have been adjusting their aid delivery mechanisms accordingly, as reflected by the Dutch sectoral support and the various attempts to strengthen donor coordination, particularly between the Dutch, the World Bank and the EC.

World Bank's DPLs are also a case in point. They are an important feature of the Bank's current strategy which emphasises the principles of aid effectiveness. The Sustainable Development DPL provides funding to the Government (US\$ 200 million) in exchange for policy actions related to sustainable development. The programme includes no earmarking of funds to the environment sector, but provides general budget support to the national government (hereby ensuring alignment with national policies and financial management systems) on the basis of the assessment of an agreed monitoring framework. The monitoring framework includes indicators related to institutional management of SINA and environmental outcomes. There is also a complementary technical assistance component directed specifically at strengthening environmental governance systems. For example, the programme supports the development of a results-based framework for planning and monitoring progress of the SINA toward goals directly linked with sustainable development and achievement of the MDGs. It also supports the strengthening of inter-institutional coordination and increased public participation in decision-making as well as preparation of key policies and regulations on sustainable development.

The World Bank and RNE have been having regular exchanges about their cooperation arrangements in the environment domain. Although a common funding mechanism is not a viable option there have been discussion about having common monitoring indicators and targets on environmental governance and outcomes and there is a possibility in the future of sharing a single performance assessment framework.

Despite progress on alignment and harmonisation in working with central government, projects remain an important and complementary form of cooperation, particularly when working with local government and civil society organisations. At these levels the provision of budgetary support would probably be too risky, for both political and fiduciary reasons. GTZ, for example, is using conventional capacity building projects to assist the creation of fora for dialogue between government and civil society at local level.

¹⁰ The Government of Colombia is expected to sign the Paris Declaration soon.

4. Sector-wide approach in Colombia: origins, characteristics and expectations

4.1. The origins and development of the Colombian 'SWAp'

Since 1999, SWAps were adopted by Dutch cooperation as one of the preferred approaches for delivering aid. In a number of African countries, rapid progress has been made with the preparations and implementation of SWAps, particularly in the social sectors. In Colombia, however, the shift to the SWAp was taken slowly. This was in spite of the Embassy's interest in moving towards a more integrated sectoral approach, as expressed in the Embassy's annual planning reports.

There were three concurrent reasons for the slow move towards the SWAp in Colombia.

First, there were uncertainties within the Embassy about the feasibility of the approach in the environment sector, where the Embassy had a tradition of working directly with indigenous and Afro communities in local development initiatives. The SWAp called for a substantially different way of working, focusing on central government capacities, which did not fit easily with the Embassy's perception of environment priorities in Colombia.

Secondly, there were concerns about the lack of sufficient staff and necessary expertise at Embassy level for developing the SWAp and for the additional tasks of monitoring the rather complex environment sector.¹¹

Thirdly, after the change of government in 2002, the state of affairs, politically, existing at that particular time were considered to be unfavourable to the environment and civil society organisations operating in the sector. There were strong criticisms about the new government's handling of environmental policy, as, for example, in relation to the merger of the Ministry of Environment with the Ministry of Economic Development to form the (still current) Ministry of Environment, Housing and Regional Development (MAVDT). Environment has since been managed by a vice-ministry, the Vice Ministry of the Environment (VMA), which is seen as having a lower profile and less influence to mainstream environment in other policy areas. The MAVDT and VMA mandates relate to the 'brown' (in Spanish, *gris*) and green environment agendas respectively.¹²

Another criticised government action, seen as an indication of the government's decreased interest in environment, was the draft of the Forestry Bill - *Ley Forestal*. This has been strongly contested for the lack of consultation with Afro-Colombian and indigenous communities which are located in some of the most important natural reserves and forests in Colombia. The Bill is seen as weak on conservation, protection and restoration issues, failing to see the potential of the forest as source for environment goods and services.¹³

From 2005, the preparations for the environmental SWAp gained momentum. There were four main reasons for this:-

(i) Embassy staff changes coupled with changes of opinion resulted in a more optimistic view of the possibilities for implementing a SWAp, although a difference of opinion

¹¹ This issue was addressed, at least in part, by bringing in Dutch consultants to supplement Embassy capacity.

¹² The VMA is responsible for nature and biodiversity conservation, including oversight of national parks, as well as policy-making and regulation in relation to management of forests and water resources (but not e.g. water supply or pollution control which falls under the MAVDT).

¹³ World Bank (2006b).

remains as to whether the political context is favourable or unfavourable to the SWAp (on political aspects, see section 6.3. below).

(ii) The Headquarters in the Hague have exerted increasing pressure to reduce, gradually, project funding and to start working towards a SWAp in a systematic manner. The Netherlands Ministry of Foreign Affairs' Country Team visited Colombia in November 2005 and made an explicit recommendation to integrate the different activities in the sector within an umbrella programme with the Colombian Vice-Ministry of Environment.

(iii) There had been growing dissatisfaction about the lack of regional perspective of the regional projects (or 'programmes' as they are called with the Embassy) and their limited contribution to regional development; for example, while the report of the evaluation of the Amazon Programme (Rodriguez-Beverra et al. 2006) commented positively on the relevance of the Programme's results, the report was critical of their influence at macro and meso levels (*'incidencia en la política pública a nivel macro y meso en aquellos temas comunes para las cuatro organizaciones'*). While the report recommended continuation of the Programme, its main recommendation was that much more attention be paid to coordination between organisations participating in the Programme in order to influence regional policy, legislation and public administration.¹⁴

(iv) A positive change has been noticeable in the Colombian government's environment policy, particularly in its commitment to implement a more active environmental policy which was reflected in the National Development Plan for the four year period 2007-2010. Further, the new Vice-Minister declared a clear intention that the VMA recover from the previous period during which the relative status of the VMA had been weakened (e.g. in the fusion of 2002 which created the MAVDT).

The Embassy concluded that the best way to strategically support Colombian national environmental policy was to accelerate the application of the SWAp approach and that this should be done by acknowledging the leading role played by the MAVDT¹⁵ To this end, an intensive programme of preparation has been implemented, supported by external consultancies and support missions (van der Horst 2005 and 2007, Palacios 2006).

These missions pointed to favourable conditions for development of the SWAp:-

- suitable characteristics of the sector, including: a) the institutional strength of SINA¹⁶, b) the quality of environmental policies, and c) the quality of policy dialogue;
- public finance management (PFM) systems and macro-economic policy were considered to be sound and offered the necessary backing for budgetary support to be provided – the 5th PFM mission concluded that 'the Colombian PFM system is sufficiently reliable and solid for budgetary support and from a PFM perspective there is (almost) no impediment to start budgetary support' (Cornelissen 2007: p.15);
- the Embassy's environment programme already embodied some of the elements of the SWAp philosophy, such as the multi-actor approach and attention to good governance, institutional development and capacity building.

¹⁴ This criticism was echoed in observations made by RNE staff in interviews conducted by Nico van Niekerk of the DGIS Policy Evaluation Department, during his visit to Bogotá in August 2007.

¹⁵ Or, at least, the VMA within the Ministry.

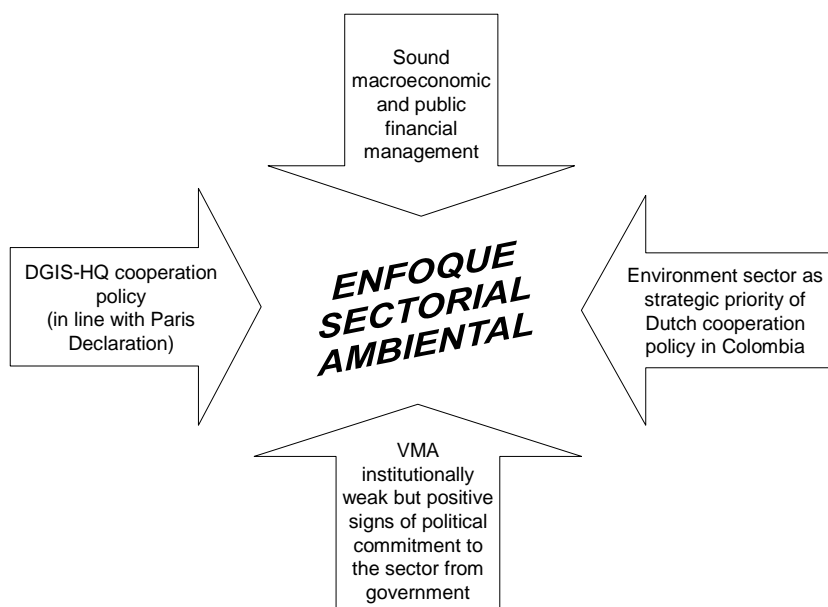
¹⁶ The institutional strength here referred to is the presence of the many institutions comprised within the SINA, and the constitutional and legal underpinning of the SINA described in chapter 3.3 - i.e. notwithstanding the asymmetries and alleged flaws referred to in the same chapter.

There were, however, a number of constraints which required attention, including: limited policy implementation and expenditure efficiency, the poor quality of the monitoring and information systems and control mechanisms such as audits and public information systems, fears that funds committed by Dutch cooperation would suffer a ‘substitution effect’¹⁷, and the lack of donor coordination and harmonisation. In spite of these, the overall conclusion of the various missions and studies was that Colombia was ready for the SWAp.

In summary, the main factors which have driven creation of the environmental SWAp in Colombia were (as illustrated in **Figure 5**):

- first and foremost, DGIS-HQ cooperation policy (taking forward the operating principles agreed in the Paris Declaration);
- the importance of the environment sector for Dutch cooperation policy in Colombia; Dutch cooperation has a long and important record in the sector, and, as noted in Box 1., the environment is a strategic policy area in the country - **see Annex 3 for a detailed account of the history of Dutch cooperation relating to the environment in Colombia**;
- despite institutional weakness of VMA, signs of political commitment from government towards the environment, as reflected in the national development plan (*Plan Nacional de Desarrollo* - PND) where environment has a dedicated chapter;
- the presence of a sound macroeconomic and public financial management system, a *sine qua non* condition for delivering aid through forms of budgetary support.

Figure 5. Main factors driving the Environment SWAp in Colombia



¹⁷ The concern being that funds made available by Dutch cooperation would not be extra to, but would instead be in substitution for, GoC funds.

In May 2007 a technical mission carried out an analysis of the environmental sector and produced, together with Colombian counterparts, the 'Programme Document' for the environment sector programme, or *Enfoque Sectorial* (RNE and MAVDT 2007).

Three main policy objectives were laid out for the programme:

1. to strengthen the VMA as the national environmental policy authority;
2. to bring together the 'green' (rural) and 'brown' (urban) environment agendas; and
3. to promote environmental policy focusing on the prevention of social problems originating from environmental degradation and on resolution of land-use conflicts, as a contribution to the peace building process.

In August 2007 a Memorandum of Understanding (MoU) was signed between the Dutch Embassy and the MAVDT which formalised the decision to provide budgetary support to the environment sector through the *Enfoque Sectorial*. The MoU committed to provide sector budget support totalling EUR 16 million between 2007 and 2010 (€1 million in 2007, €5.5 in 2008 and in 2009, and €3.9 million in 2010). The terms of the MOU are summarised in **Box 3**.

Box 3. The MOU of August 2007: Summary of Terms

Parties: Dutch minister for Cooperation and three parts of the GoC: MHDA, DNP and MAVDT.

Duration: 3 years + 2 ½ years, July 2007-December 2012.

Dutch support: to be paid in pre-determined instalments over the first three years, then re-negotiated.

Content: the environmental content of the MOU, in terms of what the GoC parties are required to deliver (Clause 3), is defined by reference to two other documents, the environmental chapter of the National Development Plan for three years (2007-2010), alignment to the PND, and the 'Programme Document' of May 2007 (RNE and MAVDT, 2007). A commentary on the nature of the environmental undertakings in the Programme Document is set out below. In the MOU, it states that the GoC 'will make every possible effort to ensure timely and full implementation' of the environmental matters referred to in the two documents.

The MOU refers to existing GoC financial regulations and rules which will provide the procedures for financial management of the SWAp, as well as audit, e.g. by the CGR.

There is a provision for a twice-yearly formal exchange of views on progress, in addition to any informal contacts between the RNE and the Colombian parties, as well as a provision for evaluation.

The MOU also refers (Clause 9) to the MAVDT reporting on performance of the CARs according to the relevant evaluation system, SINAPSIS.

The MOU is as striking for what it omits as for what it contains. It occupies only five sides of A4, set out in double-spacing, with one page almost entirely taken up with the signatures of the parties. Four pages, therefore, of text to set out the basis of contracting of c. US\$ 23 million (at current exchange rates). There is very little in the way of legal terms and conditions. For example, the termination provision (Clause 10) is very short, stating that the Dutch minister "may, after consultation with the [GoC parties] terminate the contribution to the programme". While that wording represents a 'fail-safe' for the Dutch cooperation, the wording is kept to the barest minimum: consultation is required, but the common type of contractual machinery to accompany the termination are omitted (procedures with timings, e.g. to allow either party to make up for previous failure to honour undertakings).

The shift in development cooperation perspective which use of the short MOU reflects, as a means of formalising, legally, the agreement between Dutch Cooperation and the GoC, is discussed in Chapter 7.

The consequences of the *Enfoque Sectorial* on the composition of the Embassy's portfolio in Colombia will be significant. The volume of funding channelled through VMA will increase from 18% (in 2004-2006) to around 62% of total funding to the environment sector. Direct funding to the research institutes or the UAESPNN will be no longer provided since under the new arrangement this is now considered to be the responsibility of VMA. According to the budget planning, all but two of the earlier activities in forest and biodiversity are to be terminated before the end of 2007. The still ongoing Amazonia programme will be closed in mid-2008. The funding of the other ongoing programme, Biocomercio, will be continued together with probably three other projects: ECOFONDO III (funding of local activities), Controloria Delegación Ambiental and the Fondo Patrimonio Natural (FUNBAP). In the areas of climate and energy, two projects will be terminated in 2007 and two other ongoing projects (Nupalnet and electrification) will continue to disburse until mid-2008 and 2011 respectively. **Therefore, from 2008 onwards, the Embassy's portfolio will consist mainly of budgetary support to VMA and four complementary projects representing around 38% of total funding to the environment¹⁸.**

4.2. Characteristics of the *Enfoque Sectorial*

The sectoral approach developed in Colombia has three distinctive features:

- Dutch financial support is directed mainly at the national level and intended to support the articulation between government's 'green' and 'brown' agendas, although funding is specifically channelled towards supporting the SINA activities in the areas of forests, water resources and biodiversity which are considered relatively weak (i.e. those under the mandate of VMA and UAESPNN, the direct beneficiaries of the SWAp);
- a mixed funding modality is used which combines (sectoral) budget support with complementary projects¹⁹; and
- a performance assessment framework (PAF), consisting of process and result indicators and targets, designed jointly by RNE and the Colombian authorities, will be used for monitoring progress towards policy objectives as well as the three above mentioned programme objectives.

The established PAF includes two matrixes, the interim PAF and the definitive PAF.

The interim PAF reflects the agreement between the GoC and the RNE that the initial focus should be on strengthening of structures and systems of governmental institutions. In this interim PAF there is very little mention of outreach to other SINA actors, whether at national, regional or territorial levels. And there is little place for matters of policy content,

¹⁸ In relation to 'complementary', see sections 6.3 and 7.2.

¹⁹ These projects will be funded directly (as traditional stand-alone projects) but are expected to be clearly aligned with the objectives of the SWAp. Examples mentioned by the formulation mission are: Patrimonio Natural FUNBAP, ECOFONDO and the strengthening of the Controloría and the Consejo Nacional de Planeación.

at least at this stage in development of the programme. **Box 4** provides a summary of the interim PAF - the version made available to the researchers in August 2007.

Box 4. Interim PAF

The Matriz Transitória (MAVDT, 2007) sets out 19 indicators: 7 relate to M&E systems within the VMA and other ministries/departments of central government; 2 are concerned with the communications strategy and public positioning of the VMA; 5 relate to institutional strengthening of the VMA and DNP, including staffing levels and reinforcement of a specific unit within the VMA (water). 2 only are concerned with analysis of policy - water policy, and how environmental policies as developed by the VMA will align to the national development plan. 1 relates to means of measuring the performance of the CARs; 1 is designed to support a MAVDT methodology for EIAs; finally, 1 relates to a specific regional programme, in the Pacific.

As noted above, a key document referred to in the MOU - by which the MOU fixes on the environmental content which the GoC is to deliver - is the 'Programme Document' of May 2007 (RNE and MAVDT, 2007). The Programme Document states that five 'thematic areas' have been identified as the focus of the SWAp against each of which the means of determining progress are set out in the PAF matrix, '*Matriz de seguimiento al desempeño*', the 'definitive' PAF, set out in section 6.3 of the Programme Document. A summary of this definitive PAF is shown in **Box 5**. As noted above, the Programme Document was dated May 2007 and it is the content of the PAF as at that time which is analysed below.

Box 5. Definitive PAF (May 2007 version)

Environmental Planning as part of territorial management

- Progress in relation to the environmental agendas in 'strategic regions': Pacific and Amazon
- Number of municipalities which have taken account in their land use plans (POTs) indigenous reserves, 'collective territories' and small farmer (*campesino*) reserves.

Water

- Water policy: in place and in process of implementation;
- Hectareage of river basins with management plans (POMCAs) in place and in process of implementation including progress in managing participation in river basin councils.

Biodiversity, including forests

- Number of protected areas with participatory management plans;
- Number of inter-institutional collaboration arrangements (*agendas*) between UAESPN and CARs for buffer zones and land-use planning around national parks;
- Progress in implementation of the policy for SINAP (the National System of Protected Areas);
- Hectareage/number of Protected Forest Reserves with management plans;
- Rate of deforestation in forest reserves.

'Bio-commerce'

- Number of Strategic Environmental Evaluations ('EAEs') carried out (under SINAPSIS);
- No. of projects for promotion of productive processes which are competitive and sustainable.

Institutional Strengthening

- Progress in National Biodiversity Inventory (MAVDT and Humboldt);
- Update of the Status of National Resources;
- M&E system to measure environmental impacts;
- Survey on perceived positioning and image of the VMA;
- Percentage of investments in green agenda items as a percentage of total investment in the sector;
- Increase in staffing levels at the UAESPN.

Out of 17 indicators in the definitive PAF (the above May 2007 version) only one relates to a direct impact on the environment - the rate of deforestation. Most of the indicators are means-to-ends, 'process' indicators (*indicadores de proceso*, page 42 of the Programme Document). For example, there are six indicators measuring performance by reference to the creation of plans (POTs, POMCAs and other management plans and 'agendas'). Similarly, others refer to hectareages or number of conservation areas (of different types) under regimes of management designed to take account of environment.

The Programme Document comments on the difficulty in establishing an explicit causal relationship between such management and environmental impact. As to environmental policies, indicators in the PAF refer to 'progress' in implementation of policies and 'agendas' (water, SINAP).

Analysis of the foci of this definitive PAF in Box 5, as compared with the interim PAF, yields the following points of note:-

- the roles of SINA actors, other than central governmental entities, responsible for implementation, e.g. the CARs/municipalities, are referred to in this set of indicators; the emphasis in this definitive PAF is less (as compared with the interim PAF), focused on institutional strengthening of the VMA and other governmental agencies, although this continues to occupy one set of indicators, the last set of bullets in Box 5., the scope of which is still confined to a small group of SINA institutions (principally the MAVDT, VMA and UAESPNN);
- the institutional strengthening indicators focus on information-gathering and M&E against environmental impacts, instead of programmes (i.e. in this respect the definitive PAF pursues the approach initiated in the interim PAF): the aim is to address the gaps in available information, in order to measure performance of e.g. the CARs;
- increase in staffing levels at the UAESPNN also remains a priority;
- the Pacific is again highlighted as a strategic region, also the Amazon;
- an indicator relating to progress in implementation of water policy is retained;
- in relation to the need to promote coordination between SINA entities, a significant feature is the indicator relating to '*inter-institutional collaboration arrangements (agendas)*'. e.g. between UAESPNN and CARs for buffer zones and land-use planning around national parks - it was noted in Chapter 3 the importance of linking the role of the CARs in relation to buffer zones with that of the UAESPNN within park boundaries;
- there is a similar indicator designed to promote collaboration between municipalities and indigenous territories under POTs;
- several indicators are designed to support increased participation of civil society, at least in environmental *planning* - in river basins, via POMCAs, and in protected areas, via participatory management plans;
- as regards the need for combining conservation and development, the focus on productive processes which are competitive and sustainable is aimed at helping address the issue of a previous lack of support to economic alternatives (as noted in section 3.1.).

Criticisms of the performance assessment measures will, therefore, be more difficult to sustain in relation to the definitive PAF, as compared with the interim PAF - assuming the

content of the PAF applied in the future is as least as demanding as the terms of the May 2007 version of the definitive PAF analysed above.

That said, there are gaps in the May 2007 indicators:-

- first, the preoccupation with plans and planning processes, alluded to above, raises the question as to how results-focused, ends-oriented, is the vision embodied in the SWAp;
- secondly, there are no indicators explicitly relating to poverty reduction, and social aspects of sustainable development (*desarrollo sostenible*) are largely unarticulated (the closest is reference to vulnerable populations (*poblaciones vulnerables*) under 'Bio-commerce', while there is mention of social-environmental conflicts (*conflictos socio-ambientales*), there is no explicit inclusion of measures relating to coca cultivation and other illegal activities (the participatory management plans may address these issues in locations where they arise);
- thirdly, as regards the role of a key category of SINA actor, the CARs, the issues of variations between CARs in terms of financial resources and capacity (chapter 3.2) and consistency between CARs (in relation to licensing, referred to in 3.3) are not specifically addressed, nor is promotion of coordination between CARs, departments and municipalities;
- fourthly, as defined by reference to the PAFs, the predominant focus of the *Enfoque Sectorial* is on the green agenda with little explicitly promoting links between the green and brown agendas despite this being one of the main programme objectives (except in relation to the strategic environmental evaluations under 'Bio-commerce');
- fifthly, as noted above, the effort in institutional strengthening is not extended to many institutions of the SINA: the question arises, for example, how CARs responsible for large territories, but with little resources, will be equipped in practice to promote implementation of management activities 'on the ground', and how NGOs and local communities who (the evaluations of the regional programmes has indicated) are important to resolving local environmental problems, are to be supported in that role.

The point to retain here is that the PAF, as a monitoring tool of governance performance in the sector, should include indicators which are representative of the strategic issues raised in the policy dialogue between the two parties in the arrangement, i.e. GoC and RNE.

Notwithstanding, it is important to avoid falling into the trap of overloading the PAF with an excessive number of indicators. Early evidence on the use of PAFs suggests that long and complex PAFs tend to undermine the overall focus of the policy dialogue, generate inconsistencies and make the process more transaction cost-intensive than necessary (Lawson et al. 2005). An overloaded PAF can also represent a threat to domestic ownership and counteract donor alignment with national processes (including domestic monitoring frameworks). Instead of moving in the direction of a comprehensive and exhaustive list of measures of environmental performance, it would be advisable to have a selection of indicators which accurately reflect the dialogue being held at higher political levels and which expose the substantive challenges environmental governance currently faces. Poverty and exclusion, the weak articulation between green and brown agendas and the unbalanced distribution of resources across CARs are certainly some of the major issues on the table which require continuous attention.

Finally, although the PAF must identify the areas where progress needs to be made, it is not necessary for the PAF to be the sole means of assessment. The PAF should be conceived as

one element within a range of (formal and informal) processes of performance review, policy dialogue and knowledge sharing. In this way, not only will it work more efficiently, it will also be a more effective tool for alignment and strengthening of government systems.

4.3. *Enfoque Sectorial* vis-à-vis the concept of SWAp

How does this model relate to the generic characteristics of the SWAp discussed in Section 2.1?

Alignment is a major element of the *Enfoque Sectorial*, both at policy and public finance management levels, through the articulation with the environment policy in the PDN and use of country public financial management and, increasingly, performance assessment systems.

Government leadership is an important objective; the *Enfoque Sectorial* will focus strongly on this goal, though the consolidation of the VMA leadership will certainly require a strong political and institutional commitment from the GoC to develop a territorial approach to foster SINA dynamics and reduce its asymmetries, thereby enabling institutional strengthening at regional and territorial levels.

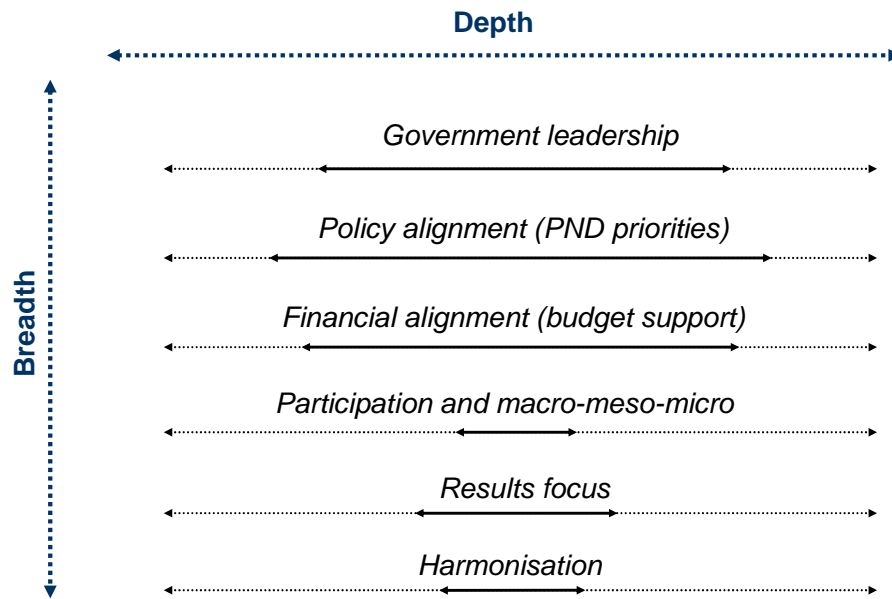
The *results-focus* (e.g. short term/immediate) is present through the development of the performance assessment frameworks, including both process indicators (focusing largely on institutional strengthening of environmental management) and result/impact indicators. As noted above, the researchers for this study have had access to the PAFs, so it was unclear at the time of the visit to Colombia what result/impact indicators would subsequently feature in the PAFs in the longer term.

Stakeholder participation has to-date concentrated on a few national government agencies in Bogotá alongside the VMA, namely the National Planning Department (Departamento Nacional de Planeación-DNP), the UAESPNN and the Ministry of Finance.

Donor harmonisation is an objective, but unlikely to actually happen in the near future - there is interest of other donors in this innovation, but they may be content to watch from the side-lines, at least at present (a case to question whether it would be at all convenient).

Figure 6 illustrates the breadth and depth of the environment sector programme in Colombia, as the authors of this study view it in its current status, with its relatively strong alignment and government leadership dimensions. Evolution, over time, of the relative weights of each of these SWAp components (as well as addition of new elements) would be an interesting subject for future evaluation, to how the pattern of breadth and depth behaves as the experience matures, i.e. **this is the dynamic aspect of SWAps: the different elements of each individual SWAp responding to evolution of its specific context, as noted in chapter 2.1.**

Figure 6. Breadth and depth of the *Enfoque Sectorial*



The main difference between the *Enfoque Sectorial* and the concept of SWAp described in chapter 2 is the fact that the Colombian sectoral approach is a single-donor initiative and therefore donor coordination and harmonisation are not primary objectives. Despite this significant difference, this report will abide by the practice followed in Colombia of using the term SWAp as a way of referring to the *Enfoque Sectorial*.

It is also worth noting that the *Enfoque Sectorial* is more than just a budget support funding modality. The complementary projects, the monitoring and evaluation frameworks (PAFs) and the formal and informal policy dialogue mechanisms created around the programme are equally important elements of the new aid relationship between RNE and GoC established through the *Enfoque Sectorial*. It is precisely the combination of such elements which make the approach appealing to a middle income country like Colombia which has low aid dependency (and hence little interest in questions of aid harmonisation) and has public sector institutions which are strong enough to guarantee the leadership of development interventions. The projects complementing support provided to central government represent a potentially good platform for making the most of another characteristic found in Colombia which is the counterbalance to central government provided by strong local government and civil society organisations.²⁰

4.4. Stakeholders' expectations

Different stakeholders have different interests and expectations about the *Enfoque Sectorial*, summarised in **Table 4**. These are determined by their position in relation to SINA and their involvement in the process of development of the SWAp.

The **VMA**, RNE's main counterpart for the environment SWAp, expects first and foremost that the SWAp will reinforce its political/institutional strength (vis-à-vis the rest of SINA as well as sectoral ministries) and its technical capacity. It also expects greater scope for

²⁰ As noted in section 3.3., some commentators consider that the counter-balance to central government provided by the regional CARs (or, at least, resource-rich CARs) is too strong.

alignment of aid (Dutch aid in this case) with government policy priorities and access to a larger volume of discretionary resources. Finally, the SWAp is seen by the VMA as a vehicle for promoting debate and analysis on critical issues (e.g. functions of VMA within SINA, strategic vision for the sector).

From the perspective of the **DNP**, which has also taken part in the SWAp development, the SWAp will contribute mainly to focus on national policy priorities and enhance the quality of policy formulation and the planning process through better definition of policy priorities and better articulation of environment priorities and issues across sectoral policies. The SWAp is also expected to improve the effectiveness of spending in the sector, through its focus on results. There is also a more direct interest in the SWAp since DNP's environment unit will benefit from support to its technical capacity.²¹

MHDA, also represented in the working group devising the SWAp, expects the SWAp will contribute to greater transparency in the allocation and use of public resources and to the strengthening of national public financial management systems and procedures. The system for monitoring progress under the SWAp has been designed on the basis that budget allocations by the MHDA and DNP, including future increases above the present levels, will be reviewed in the light of progress against agreed indicators included in the PAF.

UAESPNN have also taken part in the development of the SWAp. Their main expectation is that a more stable flow of resources will be provided allowing for the recruitment of staff to fill current human resource gaps.

The **CARs** seem largely uninformed about the SWAp, but welcome any attempt to strengthen the capacity and position of the head of SINA. This is, at least, the perception gathered in the two *Corporaciones* visited. It is worth noting, however, that both *Corponarino* and *Corpoamazonia* are relatively under-resourced CARs which therefore value the role of VMA as head of SINA. Rich CARs' perceptions of the SWAp might be very different.

The **Institutes** and **NGOs** consulted seem to some extent sceptical about the extent to which sectoral budgetary support will contribute to the strengthening of SINA. They are also concerned about the effects of this approach on their own levels of funding (the approach being fundamentally about working with/through government).

²¹ Strengthening of the DNP's environment unit is one of the indicators included in the interim performance assessment matrix for the SWAp.

Table 4. SINA stakeholders' expectations and interests in relation to the *Enfoque Sectorial*

Stakeholder	Expectations and interests in relation to the <i>Enfoque Sectorial</i>	Typology
VMA	<ul style="list-style-type: none"> - political and institutional strengthening with repositioning of VMA as effective head of SINA - increase in the volume of discretionary resources available (i.e. more flexibility in the allocation and management of funds) - secure budget resources - predictability of funds over a longer time frame – opportunity to plan interventions in the medium to longer term - strengthening the environment agenda (particularly its green dimension) in the national policy framework - more integrated vision of the environment - promote dialogue and analysis on critical environmental issues (SWAp as catalyst) 	- Supporter
DNP	<ul style="list-style-type: none"> - focus on national public policy and priorities - improvements in the quality of the planning process, i.e. better policy prioritisation and better articulation of environment priorities and issues across sectoral policies - greater effectiveness of spending in the sector, through a stronger results-focus – opportunity to monitor and measure government performance in the sector (e.g. the VMA) - direct support to DNP technical capacity 	- Supporter
MHDA	<ul style="list-style-type: none"> - funds secured from Dutch cooperation to supplement national budget resources - greater transparency in the allocation and use of public resources - improve the budget negotiation process with the sector (through the use of results indicators to support the sector's budget proposal) - contribution to strengthening national public financial management systems and procedures 	- Supporter
UAESPNN	<ul style="list-style-type: none"> - have a stable flow of resources which enables the recruitment of staff and improve the Units' technical capacity - seat at policy table (alongside VMA, DNP and MHDA) 	- Supporter
CARs²²	<ul style="list-style-type: none"> - not very clear or informed about the SWAp, but welcome any attempt to strengthen VMA's capacity to act as head (<i>rector</i>) of SINA 	- Hopeful
Institutes	<ul style="list-style-type: none"> - some are worried about implications on their own funding (have been suffering from cuts from external financial sources) 	- Sceptical
NGOs	<ul style="list-style-type: none"> - generally doubtful about the SWAp and sceptical about whether this will change VMA's political leverage and capacity to influence sectoral policies - some are concerned about the implications on their own funding. 	- Sceptical

²² At least the two visited during this study: Corponariño and Corpoamazonia.

5. Achievements and weaknesses

The arrangements for the implementation of the *Enfoque Sectorial* had just been finalised at the time of the field visit for this study and it was therefore too early in the process to make an assessment of the approach. There are however a number of achievements and weaknesses already visible which this chapter documents.

5.1. Achievements

The following are achievements to-date of the *Enfoque Sectorial*., since its recent beginnings.

First of all, the approach represents a pioneering attempt to develop a cooperation framework at sector level which puts the GoC in the driver's seat. It is also the first sectoral budget support mechanism established in Colombia (as far as the persons consulted during this study are aware).

Secondly, the *Enfoque Sectorial* is supporting alignment with Government environmental policy priorities, as expressed in the National Development Plan. This is happening at a moment in time when the political context is not particularly favourable to the (green) environment.

Thirdly, through articulation between sector finance and planning, the *Enfoque Sectorial* has fostered dialogue between those who formulate policy and those who allocate public resources. This is important not only to strengthen the functioning of government institutions, but also to ensure the financial sustainability of planned policy interventions.

Fourthly, the support of the MHDA to the SWAp has already been secured in tangible terms, in the form of the budgetary allocation to the environmental sector shown in **Table 5**, as determined in the Medium Term Expenditure Framework-MTEF for the period, 2007-2010 (source DIFP and DNP). This reverses the tendency, highlighted in section 3.2 above, of previously declining (in real terms) national budget allocations. Although the annual allocations to the 'Environment' sub-sector over the four years are flat, at US\$ 42-43 millions per annum, the allocations in Table 5 represent an increase on the preceding four year period where the annual allocations for 2003-2006 (the initial allocations at least) ranged between US\$ 23 millions and US\$ 34 million (source GPA-DNP, DNP-DIFP). The MHDA and DNP have undertaken to maintain the above allocation to Environment, thus, in principle, avoiding a 'substitution' effect, so that the funds made available by Dutch cooperation are confirmed as being extra to, not in substitution for, GoC funds.

Table 5. National Budget Allocation to the MAVDT - including 'Environment'

Sub-sector (US\$ million, 2006)	2007	2008	2009	2010	Total
Water Supply & Sanitation	116	131	124	120	492
Housing & Territorial Development	156	183	190	192	721
<i>Environment</i>	42	43	42	43	170
Total	313	358	356	355	1,383

Fifthly, the policy dialogue between RNE and GoC has been instrumental in promoting debates on strategic issues. For example, a workshop was organised to discuss the core functions of VMA as an environment authority. Dialogue with RNE has also helped VMA in refining its strategic vision for the sector.

Finally, in terms of donor harmonisation, there have been some discussions and exchanges of information between the RNE and other development partners, particularly the World Bank. For example, the *Enfoque Sectorial* has some monitoring targets in common to the World Bank's Sustainable Development DPL and there have been discussion about devising in the future a single performance assessment matrix to be followed by both agencies.

5.2. Weaknesses

Weakness of the environmental SWAp in Colombia are as follows.

Firstly, the preparation process has tended to focus on the technical and PFM aspects of the funding mechanism, to the relative detriment of: (i) analysis and understanding of the political context (see further below, in section 6.3 and 7.2); and (ii) the *content* of environmental policies.

Secondly, participation of SINA stakeholders has been so far limited to central government agencies. It is not clear how the benefits of the sector support will be extended beyond the few institutions which are currently directly benefiting. As Table 4 records, there is an expectation amongst the CARs (consulted) that the benefits of the SWAp will reach out to the regions, as part of an effort to strengthen macro-meso-micro links. Meanwhile, grievances will be expressed by the institutes and the NGOs (presumably with increasing loudness) if the viability of their activities is financially threatened.

Thirdly, the gaps in the indicators in the (definitive) PAF identified in section 4.2 (including the lack of outreach to many SINA actors) raise the question as to whether that PAF (at least in its May 2007 version) is an adequate tool for achieving the aims which are key to the policy dialogue between the VMA and the RNE.

Fourthly, the levels of priority currently attributed by GoC to the other two parts of the MAVDT - Water Supply & Sanitation and Housing and Territorial Development - are evident from their significantly greater budget allocations shown in Table 5 relative to the allocation to environment. A key future challenge of the VMA, and the SWAp in its support, will be to position the green environment cause more favourably with the national budgeting process.

Finally, as to donor harmonisation, arguably, despite the discussions with the World Bank referred to above, more could have been done by the RNE to explore the complementarities between the agencies initiatives in the environment sector - see **Box 6**.

Box 6. Cooperation with the World Bank

The DMW/van der Horst 2007 report strongly recommended close cooperation with the World Bank because of the size of the World Bank funding and the common agenda and complementarities between the RNE and the World Bank. In view of the fact that the World Bank started a series of Programmatic Development Policy Loans for Sustainable Environment in 2005 (US\$ 350 between 2005-2007) and also financed the Colombian Sustainable Development Investment Project (2005-2009), with US\$ 7 million aiming at supporting the design and policy reforms and related investment, the mission concluded that Colombia has easy access to extensive financial resources and great liberty to achieve the agreed conditions. The mission expressed surprise, however, that Colombia had not used some of the funds available from the Development Policy Loans to strengthen the Ministry, as this would have enabled Colombia to make better use of the available funds for making progress in the environment.

6. Opportunities and risks

After the ‘Expectations’ (section 4.4 above), pursuing the headings in the framework of analysis in Figure 1, what are the opportunities, and the risks, associated with the SWAp in Colombia?

6.1. Opportunities

The opportunities offered by the environmental SWAp in the sectoral and wider governance context in Colombia - in political, institutional and financial terms - are as follows.

(a) Political

The first opportunity afforded by the SWAp is to promote public debate (government and civil society) on environment policies and issues, and strengthen environmental priorities in the national policy framework, including, within those priorities, the green agenda. The (definitive) PAF (May 2007 version, as discussed in Chapter 4.2) includes an indicator to monitor the percentage of investment on green and brown environmental agendas respectively. Meanwhile, there are some signs that the environment is a subject of increasing concern to the general public in Colombia²³. The SWAp serves to stimulate debate between government and non-governmental actors as to how the policy framework combined with the institutions of the SINA can be strengthened to increase positive environmental impacts of policies – e.g. on forests and water; on debate also on the role of government in relation to issues such as land-use for cultivation of illicit crops (e.g. coca) and resolution of other land-use conflicts which are intimately related to the challenges of peace, reconstruction and development in the country. The SWAp’s support to the VMA in relation to water is also an example of a cross-cutting theme which will require the VMA to strengthen its positioning and influence within central government. The VMA is as lead government institution relating to management of water resources which is of course critical to provision of water supply and sanitation, which falls within the MAVDT’s remit. Tackling water challenges entails overcoming any VMA-MAVDT institutional divide and also supporting inter-institutional collaboration at sub-national levels, e.g. at municipal level, the *Planes de Saneamiento y Vertimiento Municipal*.

As regards water-planning instruments at sub-national level, it was seen in the definitive PAF how the SWAp will aim, under VMA leadership, to strengthen those, e.g. POMCAs, *Planes de Manejo de Páramos y Humedales*, *Sistemas Regionales de Áreas Protegidas*. The extent of river basins covered by POMCAs is an indicator in the definitive PAF.

(b) Institutional

The SWAp is seen as an opportunity for VMA to boost its role as leader of the SINA to overcome current institutional weakness (discussed in Section 3.3) and create stronger sectoral institutions (*fuerte institucionalidad*) within the SINA. As noted in Section 4.2, those aims of better inter-institutional collaboration are manifested in the definitive performance assessment framework. The indicators recognise the VMA’s role in promotion of collaboration between environmental actors, for example in watersheds, protected areas and buffer zones, although (as noted above) the variations between CARs in terms of financial resources and capacity (chapter 3.2) are not specifically addressed.

²³ E.g. substantially increased coverage of environmental issues in the media.

In terms of the VMA's engagement in planning and finance, the timing of the SWAp has been good, coinciding with a major round of planning at all levels: the National Development Plan 2007-2010, and the 'Vision' to 2019, for which the DNP and VMA are responsible; that process is linked to regional planning, the Triannual Action Plans (*Planes de Acción Trianual*- the PATs) of the CARs; for 2008-2011; planning is also to be carried out at departmental and municipal levels - in which, in both cases, environmental issues are central.

At the same time, the GoC is engaged in ongoing institutional reforms to clarify the role of MAVDT and strengthen the status of environment within the national planning system. These reforms could in turn permit changes to the institutions of the SINA to address, potentially, the overlaps in remits and the institutional asymmetries or gaps described in Section 3.3.

(c) Financial

The inclusion as parties to the MOU/financing agreement (see Box 3.) of the MHDA as finance ministry and the DNP, with its responsibilities in relation to effectiveness of spending, provides, in principle, security of funding from the national budget and for strengthening of budget processes and financial management - the opportunity to establish a solid financial foundation for the SWAp. The consolidation of (public) funds available to the sector, as a result of the SWAp - including the agreement of the MHDA to maintain the national budget contribution to the environmental sector (without substitution effect) - provides greater predictability of resources to the sector, avoiding the peaks and troughs which it has suffered in the past (as highlighted in section 3.2). The SWAp is to include, for example, funds for the National System of Protected Areas (which, as alluded above, the Director of the UAESPNN has announced will go in large part to staffing of the protected areas offices around the country).

The MTEF which has been developed by the GoC, with refinements to the MTEF ongoing, is a tool which could - with the support of the MHDA and DNP - significantly contribute to strengthened sector planning, including alignment of investments to sector priorities.

Alongside funds committed to the SWAp from the national budget, there exists also the possibility that other donors will commit funds to the sector under the SWAp.

6.2. Risks

The following risks - political, institutional and financial - are associated with the SWAp, as viewed from the Colombian context - particularly, from the perspective of the functioning of the SINA:-

(a) Political

There is a risk of concentrating decision-making at the centre.²⁴ The focus, at least initially, on strengthening of the capacity of the VMA could possibly result in less attention to coordination, articulation and participation of other SINA actors at regional and local levels. That would run contrary to the direction of decentralisation laid down by the 1991 Constitution. The May 2007 'Programme Document of the RNE and MAVDT (incorporated by reference into MOU/the financing agreement) referred to the expectation that "more

²⁴ Van Reesch (undated) notes: "In theory, SWApS can provide the missing links between sector reform and decentralisation. In reality, however, many SWApS have the tendency to reinforce the position of central line agencies vis-à-vis other actors" (page 89).

effective management by the VMA could have a chain reaction effect down to regional and local level, to the CARs and civil society organisations working at local level”²⁵.

The question is how the VMA at the centre may exercise control/influence over investment by the CARs. The PATs are the planning tool, and the POAIs a budgeting tool, but some commentators consider that CARs are inclined to draw up PATs in order just to comply with the letter of the law on planning (though not its spirit).

Similarly, energies may be consumed in reinforcing the VMA’s leadership of the green ‘sub-sector’ without sufficient effort being applied to strengthening its positioning and influence within central government for ‘mainstreaming’ the environment within development policy, including bringing closer the green and brown agendas.

(b) Institutional

In working towards the aims, referred to above, of boosting its role as leader of the SINA and achieving stronger sectoral institutions, the VMA will conduct its role within the institutional framework of the SINA as it currently exists under Law 99 of 1993, as underpinned by the 1991 Constitution. As discussed in Section 3.2, different views exist as to the status of the relationship between the central governmental entities and the regional agencies, the CARs. There is a risk that the SWAP will not be able to help the VMA overcome what some commentators see as a structural flaw in the SINA; namely, the financial autonomy and political independence of the CARs (or at least the most wealthy of the CARs) which is (according to this analysis) such that the VMA and MAVDT can exercise little leverage over the environmental management investments of CARs - with the CARs offering token compliance with the laws on alignment of regional with national environmental planning.

Despite the best intentions of the VMA, as shown by the indicators in the interim and definitive PAF, there is a risk of disarticulation of monitoring and evaluation (M&E) instruments where M&E functions are divided between different institutions, between ‘SEPINA’ -*Sistema de Seguimiento a las Entidades del SINA* (the MAVDT) and ‘SIGOB’ -*Sistema de Gestión y Seguimiento a las Metas del Gobierno* (the DNP) and ‘SINAPISIS’ -*Sistema de Seguimiento al Plan Indicativo y Plan de Acción del Ministerio de Ambiente Vivienda y Desarrollo Territorial* (the MAVDT).

The 2006 World Bank study highlighted the need to improve collection and presentation of environmental data and information. It is difficult for the VMA/MAVDT to carry out their roles of verifying that CARs’ plans and performance match national environmental goals, because of lack of information, on the impacts of CARs’ operations.

It is conceivable that the choice of the VMA as the focus of collaboration between Dutch cooperation and the GoC might not prove to be helpful in terms of addressing the asymmetries of the SINA and disarticulation of actors within the SINA, because of, for example, institutional weakness of VMA. Despite being the leader of the SINA, the VMA constitutes, in itself, only a small part of SINA, so that the focus may prove to have been too narrow (a ‘sector-narrow’ approach?).

Further, there is the possibility that the time and attention given to the SWAp process will not be matched by the same attention to results. The May 2007 Programme Document recognises that the emphasis during the first two years of the SWAp will be institutional strengthening of the VMA “with subsequently, emphasis on the results of [the VMA’s]

²⁵ RNE and MAVDT, 2007, bottom of page 8, and top of page 9.

environmental management” (RNE and MAVDT, 2007, page 9). It is important to note, at this point, that enhanced institutional capacity within VMA risks being insufficient unless matched by the increased *political* influence referred to in section 6.1, in terms of the VMA’s positioning vis-à-vis sub-national as well as national authorities (particularly in relation to the regional CARs).

A further, more fundamental, doubt arises as regards the role of planning within Colombian institutions: there is a risk that the SWAp will reinforce what may be seen to be over-preoccupation on planning tools and processes serving bureaucratic ends, as compared with visions which are more entrepreneurial and creative. The indicators in the PAFs suggest an approach which applies systems and planning tools, but pays less attention to convening institutions and other actors face-to-face (as opposed to virtually), arranging for mediation in disputes between them, negotiating solutions to environmental problems, supporting enforcement of environmental rules.

(c) Financial

In terms of financial risks, first, there are doubts as to the capacity of the SWAp to drive sectoral change given the relatively small size of sector budget support provided by Dutch Cooperation in relation to the *total* resources going into the sector: 1.25% only of the resources available to the SINA²⁶ and 10% of the national budget allocation to the environment sector (green and brown combined).

In practice, using the availability of one source of funding (eg. the Dutch) to leverage packages of funding, would be a means of mobilising collaborative efforts around specific policy objectives (as referred to under above under ‘opportunities’, alignment of funds from different sources), but the indicators in the PAF do not point to how or whether the VMA proposes to do this.

Secondly, as noted above, there are doubts as to whether and how the substantial resources at regional level available to the CARs (because of the CARs’ own revenue-raising powers) will be aligned to environmental objectives under the National Development Plan. The lever, in the hands of the VMA, for bringing about such an alignment is the process of tri-annual planning by the CARs (the *Planes de Acción Triannual*), but the SWAp does not, at least in its current terms, set any direction for achievement by the VMA of articulation between funding sources - national budget and ‘own revenue’.

A third doubt relates to the VMA’s capacity in terms of absorption of funds. As part of the enhanced budgetary planning facilitated by the MTEF, new rules have recently been introduced (promulgated in Decree no. 1597 of 2007) relating to budget carry-over (*reservas*). Penalties are now applied to government institutions which lag more than 15% behind in spending of their allocated annual budgets. Given past low levels of implementation and spend by the VMA, it will be a substantial challenge for it to avoid losing funds nominally allocated from the national budget.

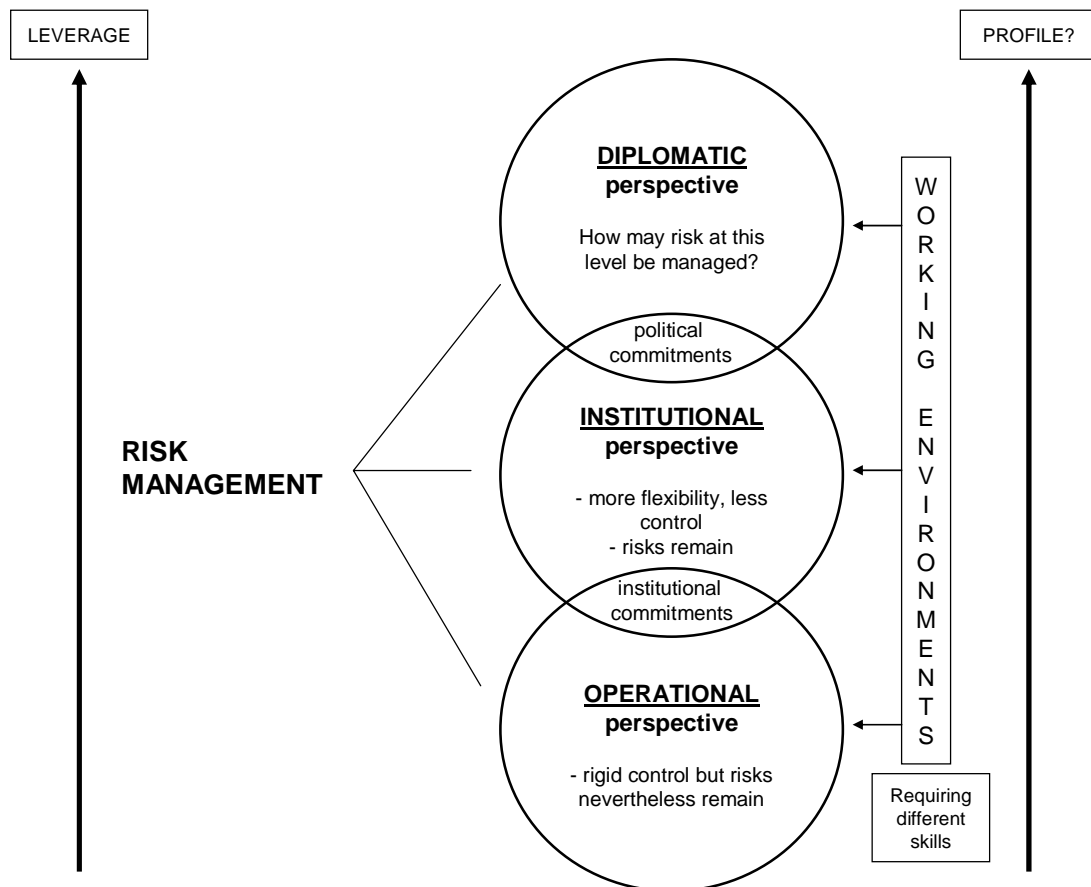
²⁶ Of the c.900 thousand million CoPs to be made available by public sources for the environment sector (green and brown combined) in the period 2006-2010, nearly 85% are resources raised by the CARs.

7. Development cooperation approaches and risk management

This section describes different perspectives of development cooperation and considers the nature of the SWAp partnership between donor and recipient country²⁷, as illustrated in this Colombian case, including how the risks of operating the SWAp differ from a conventional projects approach. It also reflects on wider implications of the Dutch policy shift to SWAps: in practice, what does it mean in diplomatic terms to apply the policy?

Figure 7 is a schematic portrayal of three perspectives of development cooperation: from bottom to top of the figure, ‘operational’, ‘institutional’ and ‘diplomatic’. These are shown as overlapping²⁸ circles in Figure 7, and the following commentary to Figure 7 views the three levels in terms of risk and risk management.

Figure 7. The Overlapping Perspectives of Development Cooperation - risk management



(i) Under the **operational** perspective, risks are managed, at least on paper, by strict procedural/contractual controls including typically lengthy contractual documentation setting out detailed conditions applying before/during the project. The relation of the donor to project implementer(s) is ‘client-contractor’, where the bargaining power reserved by donor is dominant and this is reflected in typically *one-sided* contract terms and conditions.

²⁷ The Paris Declaration refers throughout to donors and ‘partner’ countries.

²⁸ Reasons for the overlap are discussed below.

Emphasis is on compliance by the contractor, with, typically, sanctions attached to non-compliance, rather than incentives.

Past practice tells that the challenges ‘on the ground’ of implementing nature conservation and other environmental projects are substantial and major risks remain. So, as well as the undertakings of the project implementer, the donor will seek commitments from other environmental actors, e.g. a government agency, to provide support to the project and improve chances of success - ‘institutional commitments’ in Figure 7. This link between operational and institutional levels is represented in Figure 7 by the overlap of the two lower circles.

(ii) Moving up from the operational to the **institutional** level, as illustrated in Figure 7, typically accords to the sector activities supported by development cooperation, a higher profile, and - it is intended - greater leverage for influencing the environmental outcomes of the sector as a whole.

At this institutional level, the aim is to establish a relationship of confidence and trust between provider and recipient of funds, which will, typically, be of longer duration than a conventional project.

The insights provided by the Colombia experience illustrate how the design of SWAPs at this level obeys, in practice, dynamics of partnership-building.

The same basic principles will apply to SWAP partnership-building as in other professional and business contexts. The strength of the relationship will be built on convergence of interests and mutual benefits.

For benefits to be mutual, there must be built in reciprocal commitments. The reciprocity means that the partnership becomes dependent on performance of obligations by both partners - *two*-sided compliance. That is deliberately made a feature of the partnership design, reflecting what the fifth principle of the Paris Declaration refers to as ‘mutual accountability’.

In practice, this means that, during the course of the discussions and negotiations preparatory to conclusion of the terms of the partnership, each party needs to assess what are the interests of entering into the partnership from its own perspective and from the perspective of the other prospective party/ies - to analyse the ‘pros’ and ‘cons’ in both directions (or, where there are more than two partners, in all directions). If there is (more or less) equal weight in the commitments on either side, in each direction - the relationship between the parties will be balanced. Reciprocity and balance are achieved by creating a ‘fit’ between incentives and the obligations, as described in **Box 7**.

Box 7. Matching Incentives and Obligations

An example of reciprocity is where fulfilment of the obligation of partner X owed to partner Y is the incentive which motivates partner Y to enter into the partnership and that motivation moves partner Y to push partner X, during implementation of the partnership (preferably throughout its intended duration), to deliver on those obligations – and *vice-versa*. Design of such matching incentives and obligations binds the partners together, making for mutually-reinforcing commitments²⁹ – and thereby contributes to the likelihood of the partnership’s success.

²⁹ The analogy which comes to mind is of civil engineering which designs bridges with steel which is in tension and runs in each direction. Although the steel is concealed by the outer concrete body, it is the key to the structure holding together.

In this Colombian case, a good example of such mutually-reinforcing commitments is the undertaking of the MHDA to maintain the national budget contribution to the environment sector without substitution (discussed above, in chapter 6.1). For Dutch cooperation, this is an important condition of the SWAp, and the RNE will no doubt be monitoring its compliance. Since the GoC will wish to see full payment by Dutch cooperation of the yearly instalments under the SWAp, in compliance with the terms of the MOU, the MHDA (and MAVDT/VMA) will have an interest in complying with the commitment to non-substitution.

The more partners feel committed to the partnership as they have established it, the more reluctant they will be to end it. A point of comparison between partnerships and conventional client-contractor relationships relates to how contractual powers of *termination* are typically invoked and applied - see **Box 8**.

Box 8. How powers of termination are exercised

Under partnerships based on confidence and trust, a key feature will, typically, be forbearance in exercise of powers of termination. That means that, when one partner is being slow or deficient in performance of its commitments, the other partner (or partners) does not rush to invoke its rights to terminate the relationship - not before (substantial) time has been allowed for the non-performing partner to remedy the fault. That contrasts with the more 'cut-and-thrust' approach of the client-contractor relationship where less effort is typically invested in remedying fault and recovering the relationship so that termination powers are exercised more rapidly. That is a natural consequence of the shift from conventional project contracts to an institutional partnership. The latter involves a concentration of efforts and funding and the consequence is that the donor and recipient have a heightened interest in supporting the relationship.

So, in the case of this Colombian SWAp, while the Dutch cooperation minister has, under Clause 10 of the MOU, a right to terminate (noted in chapter 4.1) which could (on its terms) be applied rapidly, in practice one would expect the minister will choose to exercise that power with circumspection (except in the unforeseen event of a major problem/dispute): i.e. that the partnership with the GoC would not be terminated until after the RNE had discussed and negotiated with the GoC as to how the SWAp may be made to work.

Despite the typically longer duration of institutional partnerships as compared with conventional projects, the documentation for legally formalising the former is typically shorter. As described in Chapter 4.1, the mode of formalisation of this Colombian SWAp is striking: the MOU occupies only 4/5 pages and is very light on contractual machinery.

This means that the risks which remain at this institutional level (highlighted in section 6.2 above) need to be managed, in addition to recourse to the few contractual provisions in the MOU, by solid partnership design. As discussed above, it is convergence of interests which will determine the strength of the relationship between the VMA and the RNE: they have a common interest in the overcoming by the VMA of its current weaknesses. For both parties, there is an incentive to work towards the success of the VMA's role.

As discussed in Section 4.2, the performance of the VMA and other SINA actors is measured by the PAFs. The difference from the conventional project approach is that the selected indicators of measurement are largely determined by the recipient of funds, rather than by their provider - in the spirit of VMA leadership, the RNE donor imposes fewer controls.

Alongside the (few) legal formalities of the MOU and (selective) monitoring controls of the PAFs, the institutional relationship includes (as noted in chapter 4.2) informal processes of policy dialogue and knowledge sharing. **Compared with the conventional client-contractor relationship, the institutional partnership of the SWAp is framed in more flexible, less specific, terms.**

As part of managing the risks of the SWAp at the institutional level in Figure 7, the donor will seek, as well as the undertakings of the institutional partner (the Vice Ministry), commitments from higher levels of government (e.g. the Ministry) - the 'political commitments' in Figure 7 - to provide support to the SWAp and improve chances of success. An analogy is of a banker providing a corporate loan and seeking a higher level 'guarantee' from a parent company. In Figure 7, these political commitments are placed in the overlap between the circles representing the institutional and diplomatic levels.

(iii) A key feature of SWAPs is that they take the practice of day-by-day development cooperation one step closer to the **diplomatic** level, the uppermost of the three levels in Figure 7: that is a natural consequence of moving up to the institutional level which 'ups' the political profile.

At this diplomatic level, a convergence of interests and mutual benefits underlies the dynamic of collaboration, although the perspective is of a higher, political level.

Risks at this level may be managed - as much as is possible in the world of national politics and international diplomacy - by attention to the design of the SWAp:-

- which institutions are to join as partners, representing which political interests and constituencies?
- which other institutions will provide support as political allies?
- which areas of the environmental agenda will be tackled? e.g. green, or green and brown, issues?
- which higher institutions will provide support as political, or financial, 'guarantors'?

For those questions to be answered, there is need for pro-active assessment of political opportunities (and barriers) operating in the sector, including those affecting the chosen trajectory of the SWAP³⁰ (see the reference to such political analysis in section 8.2).

The Sector Track Record User Guide (Dutch Ministry of Foreign Affairs, 2007) acknowledges this, noting that: "The move from project support towards sector wide approaches requires that all stakeholders - including donors, as 'investors' in the sector - develop a *comprehensive* understanding of sector policies, institutions and dynamics" (page 4, emphasis added).

It has been seen above why the three development cooperation perspectives are shown in Figure 7 as overlapping circles - to reflect how risks may be reduced through higher level support, 'guarantees'. The overlapping of the three 'worlds' in Figure 7, however, goes further. Working at one level does not exclude working at another level or levels - in other words, use of mixed modalities. That is illustrated by the World Bank who are combining, in Colombia, sector budget support with conventional project instruments.

In relation to risk management associated with the SWAp in Colombia, further observations are made under the recommendations in Chapter 8.2.

³⁰ Re: trajectories, see further below in Chapter 8.1.

8. Conclusions, recommendations and issues for further analysis

8.1. Conclusions

The *Enfoque Sectorial* is an innovative experience in Colombia which has attracted considerable attention. At the time of this study's visit to Colombia - only weeks after the signing of the financing agreement - none of those participating or observing could say if it was a success, and indeed, at the time of writing this report, it is still too early to know whether it will be a success in future, in terms of results and outreach (as per Figure 1.).

The opportunities for making a given SWAp successful will depend, first, on the conditions of the relevant sector in a particular country at a particular time; secondly, on the manner in which the SWAp has been conceived and framed by the parties, the 'design' of the SWAp; thirdly, on the efforts invested by the parties to the SWAp in its implementation, and their commitment to its realisation over its duration.

In the Colombia case, the RNE, with the support of various DGIS and consultancy missions, assessed the governance **context** as broadly favourable for a SWAp, according to key criteria (as described in section 4.1). While this study has noted that the key driver to creation of the *Enfoque Sectorial* in Colombia was DGIS policy favouring SWAps and the implementation of the Paris principles on aid effectiveness, it has not found reasons to regard the environment in Colombia as a sector which has, inherently, characteristics rendering a SWAp impossible - i.e. to use the term referred to in section 2.5, it is not 'un-SWApable'.

This project has studied the **design** of the Colombian SWAp. The *Enfoque Sectorial*, as a SWAp, has some distinctive features, such as the sub-sectoral focus (mainly on the 'green' agenda and with the aim of integrating it with the 'brown' agenda - although this study has expressed doubts about how convincingly this aim is being pursued), the mixed funding modality combining budget support with conventional projects, and the use of performance assessment frameworks-PAFs to monitor progress towards programme objectives.

Assessed, at this stage, in terms of 'breadth' and 'depth' (the means described in section 4.2 to view the features of the SWAp approach), this SWAp is seen to put particular emphasis on government 'leadership' vis-à-vis Dutch cooperation, and on 'alignment' - of both policy and financial management.

Budget support is a prominent element of alignment. It is a relatively new aid modality in Colombia - apart from the Dutch, only the World Bank has been using this funding instrument through its Development Policy Loans. Where the necessary conditions are met (such as low fiduciary risk and sound governance institutions), as concluded by the PFM missions commissioned by the RNE, budget support is an adequate funding instrument to improve predictability of external funding, increase discretionary funds available to government (in this case the expectation is that funding to the environment sector, and VMA in particular, will also increase) and contribute to strengthening domestic planning and financial management systems. The question which remains, however, is whether budget support will be effective in addressing the leadership and coordination challenges of the VMA - or, to put it differently, whether strengthening VMA financially through this funding mechanism is sufficient to strengthen SINA. This study suggests that increasing VMA's *financial* capacity is only *one* of the necessary conditions for improving leadership and coordination of SINA and that, with the present institutional framework, VMA's room

for manoeuvre is likely to remain limited without enhanced *political* backing from the centre (other parts of MAVDT and GoC) and from the regions (CARs).

Donor ‘harmonisation’ is an objective of the Colombian SWAp, but seems unlikely to happen in the near future. Despite some dialogue between the RNE and other donors, the latter may be content to watch from the side-lines, at least at present, whilst it is the RNE which does the venturing into new ground. In any case, there are doubts as to whether it is worth putting a lot of effort into donor harmonisation in a country where aid represents a small proportion of available resources and in a sector where donor agencies are relatively few.

As regards risks associated with SWAps, moving from a projects approach to a SWAp does not eliminate the challenges of achieving sustainable environmental management in the Colombian context, i.e. it does not reduce the risks, but instead alters their nature.

In Chapter 6.1., it was noted that the SWAp runs the risk of concentrating decision-making at the centre, because of its focus on the VMA and other SINA actors at national level. There is a doubt as to how the VMA may exercise influence over investment by the CARs (whose role in the SINA is key) - at least over resource-rich CARs (it is not clear how the SWAp will address variations in financial capacity between CARs). The ‘macro-meso-micro’ links are largely to be constructed and the interim PAF (relating to the initial phase of implementation currently reflects that weakness, as does, to a lesser extent, the definitive PAF (version of May 2007).

Furthermore, much emphasis is being placed by the VMA on environmental monitoring and evaluation, but there is a risk that those M&E systems, operated by different institutions, will operate in a disarticulated manner.

The preoccupation with planning systems, meanwhile, diverts attention from other (arguably more effective) means of linking institutions - e.g. assumption by the VMA of a role as convener of the institutions of the SINA.

There is a danger, in short, that the SWAp becomes all about systems and structures - and little, for example, about policy content. Judging from the PAFs (May 2007 versions), the policy focus of the SWAp is currently weak on *social* aspects. Despite references in PAF indicators to sustainable development, it is not articulated how actions to support such *desarrollo sostenible* will contribute to poverty reduction - despite that being a goal of Dutch cooperation.

A positive feature of the arrangement is the inclusion of the MHDA and the DNP as parties to the SWAp which offers (in principle) security of funding from the national budget and strengthening of budget processes and financial management - an opportunity to establish a solid financial foundation for the SWAp. That combines with the MTEF (recently established by the GoC and evolving) as a tool for strengthening sector planning, including alignment of investments to sector priorities.

Alongside funds committed to the SWAp from the national budget, there exists also the possibility that other donors could commit funds to the sector under the SWAp (although this does not appear likely to happen in the near future).

As to expectations generated by the SWAp, different SINA stakeholders have different perceptions. Those who have been closely involved in its development openly declare their support for the initiative and emphasise the advantages of this new approach - amongst these are the VMA, DNP, MHDA and UAESPNN. But they represent only a segment of the SINA and major environmental players have largely been left out of the SWAp process so

far, particularly the ‘institutes’, the CARs, other relevant ministries (such as the MARD and the MME) and NGOs.

So what is the foreseeable trajectory for the Colombian SWAp?

Since the 1990s, experiences internationally of implementing SWAps - including those of the Dutch cooperation - has shown that the SWAp concept is not a blueprint: the practice of SWAps is less of a science, and more of an art. The trajectory of each SWAp may be designed according to different levels of ambition. As illustrated in Figure 7, the greater the ambition, in terms of profile and potential leverage, typically the higher the risk. The trajectory may be defined according to a staged calendar, setting out results are expected at each stage. The interim PAF in this Colombian case suggests that a cautious and prudent initial trajectory has been chosen.

As discussed in Chapter 7., a key aspect of the art of SWAps is partnership-building. Much of a SWAp’s success will depend on the strength of the partnership design (the financing agreement/MOU for this Colombian SWAp includes partnership design features, e.g. matching financial undertakings of the GoC and Dutch cooperation) and the degree of **commitment** of the SWAp partners to its objectives over the duration of the SWAp - in this case until December 2012. Dutch cooperation is recognised and respected as having been a long-standing supporter of the environmental sector in Colombia and the RNE is uniquely well placed amongst donors present in Colombia to lead this experiment.

SWAp partnerships should be ‘sector-wide’ (or SINA-wide, in the Colombian case) and extend beyond the current four immediate parties to the financing agreement/MOU – MAVDT, MHDA, DNP and the RNE. Indeed, the overarching aim of strengthening SINA calls for partnerships also between central government and other SINA actors, at different levels. Care and attention has to date been directed to the relationship between RNE and central government agencies; the RNE and VMA have been developing a close working relationship, based on mutual trust; and so have MAVDT, MHDA and DNP. The challenge in coming months will be for the VMA to increase the level of participation by SINA actors, for the purposes of building a sector-wide partnership.

In Colombia, disappointment with previous efforts of Dutch cooperation to support success at operational level, through regional projects/programmes, encouraged the RNE to pilot the SWAp approach. According to general SWAp principles, the logic of the shift is that it is no longer acceptable for development cooperation to support projects/programmes without also supporting institutions, including those of government. But, just as it is not considered viable to ‘by-pass’ government structures and systems by funding non-governmental organisations alone, the opposite is true: that it is inappropriate to channel *all* funds through government, by-passing other sectoral actors. Dutch cooperation in Colombia intends to continue to support some environmental projects, funding ‘complementary’ projects.

To conclude, it is worth emphasising that this Colombian experience represents a new way of doing development cooperation in middle income countries-MICs. This new way conforms to the international consensus on aid effectiveness (which the Paris Declaration epitomises) and recognises that MICs offer opportunities which make aid effectiveness objectives more attainable: stronger public sector institutions and management capacity; more balanced aid relationship, given the lesser aid dependence; and stronger counterbalance to central government provided by local government and non-governmental organisations. The particular conditions found in MICs suggest a nuanced approach to the Paris agenda which puts less emphasis on donor harmonisation objectives and more emphasis on the need for building partnerships between domestic partners. The next high-level forum on aid

effectiveness, taking place in September 2008 in Accra-Ghana, is an opportunity for taking such nuances on board and moving development cooperation principles one step forward.

8.2. Recommendations

Risks associated with the SWAp in Colombia have been highlighted in Chapters 6 and 7. The following steps may be taken by way of risk management:-

- develop partnerships with different levels of SINA: ie. different parts of government at regional and ‘territorial’ levels, as well as centrally;
- explore complementarities of different interventions: the analysis above (the overlaps between the three perspectives/levels in Figure 7) points to complementarity as a form of mixed modality. Once a SWAp is established in a given sector, the existence of the SWAp affects the way projects are selected for funding. The portfolio of projects can no longer be selected according to operational level criteria alone;
- bring into the SWAp process other sectors of relevance to the environmental policy domain - e.g. water supply, agriculture and infrastructure - in order to build a more inclusive framework for effective policy dialogue;
- adjust RNE staff numbers and profiles to the new challenges of working at the institutional and diplomatic levels: the difference between working environments at the three levels in Figure 7 has profound implications for human resources in embassies which need to mobilise different skills to manage the SWAp approach. To provide for mixed modalities, a combination of skills sets will be required;
- those skills should include communications and public relations skills: the SWAp approach will naturally involve a perception that the donor is supporting the actions of government, through its support to the ministry or other governmental agency which is party to the SWAp (at the institutional level in Figure 7). This has implications in terms of public image. Rival politicians and the media will fix on government actions which are controversial. One of the persons consulted by the research team in this Colombia case cited the example of the anti-drug policy supported by the MAVDT and the VMA which involved manual removal of crops. That policy, this person reported, had, in the past, met with local popular resistance, during which a number of people in one location were killed. Moving up from projects to sector support typically raises the risk of attracting such intense (negative) media scrutiny.

Further, based on the findings from this study, the following additional actions are recommended to the RNE:-

- to sustain dialogue with aid agencies working with alternative aid delivery strategies, so as to understand and better explore complementarities (e.g. GTZ);
- to address the current gap in terms of political-economy: i.e. to explore methodologies for carrying out political analysis of the environment sector, comparing the approaches piloted/tested in other sectors: use such approaches to assess, actively, political opportunities (and barriers) operating in the sector, including those affecting the chosen trajectory of the SWAp;
- to explore possible opportunities to align funds from different sources, at different levels, to common objectives identified under the SWAp, including, for example, funds of the CARs at regional level, and potentially funds from private sources;

- to consider how to further develop the niche in which the Dutch cooperation operates in Colombia - its status in the environmental sector of strategic partner - in its interaction with other donor agencies.

8.3. Further investigation

This report concludes with a suggested issue for further reflection and investigation.

How could conventional projects be used to pilot forms of dialogue and collaboration across SINA? On its own, increasing discretionary resources to VMA and other SINA actors at the centre (including UAESPNN and DNP) is unlikely to be sufficient to address the leadership challenges and the asymmetries and contradictions in SINA's institutional structure. As the World Bank experience with mixed modalities suggests, conventional projects can, however, be an important complement to budgetary support. For example, technical assistance to improve the quality of GoC's environmental monitoring systems can be instrumental to a better distribution of additional discretionary resources by VMA. **It is suggested that subsequent studies take on the issue of complementarity between aid instruments and explore what specific interventions can best complement budget support to VMA.** The question to bear in mind, however, is to what extent a mixed modality approach could potentially dilute the principles of ownership and alignment that budget support is trying to promote?

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Annexes

Annex 1. Terms of Reference

Research Questions for Colombia country study

(i) Presence and Operation of the SWAP; its characteristics

What environmental 'themes' are incorporated in the sector policy/strategy?

To what extent are the main characteristics of a SWAP (based on the Paris Declaration) in the environmental sector in place in the selected countries, namely:-

- a sector policy and strategy, which is comprehensive and coherent, led by government;
- with a unified expenditure framework for national public resources and external aid; and
- a common management, planning and reporting framework, aligned with national systems?

What other characteristics, if any, have been included in/associated with the environmental SWAP in the selected countries?

What is the status of operationalisation of the above sector policy/strategy and common framework?

(ii) Sector-wide Engagement

To what extent have different parts of government been involved in the process of creation and operation of the environmental SWAp, with coordination between government agencies and between national and sub-national levels of government?

To what extent have civil society organisations/groups been involved in the process of creation and operation of the environmental SWAP? To what extent have links been made between the environment sector policy/strategy and the private sector, including particularly by promotion of Public-Private Partnerships?

(iii) Achievements and Constraints of SWAP

What have been the achievements of the SWAP in the country in question (with particular reference to the Dutch contribution)?

What obstacles/difficulties have been encountered in creation and operation of the environmental SWAp?

To what extent has the SWAp (with particular reference to the Dutch contribution) contributed to improved policy coherence and coordination between environmental protection and poverty reduction?

(iv) Implications for Policy and Practice

From the country experience so far, what implications can be drawn for policy/practice?

To what extent do key actors in the environment 'sector', including donors and international agencies supporting the sector, consider that the SWAP has been a useful approach for strengthening environmental policies and programmes? How do SWAPs compare with other approaches, especially project-based approaches?

What actions/improvements are required to improve the implementation of the SWAP in the environment sector, so as to contribute to maximizing the impact on environmental policies and programmes.

Annex 2. List of persons consulted

(A) Bogotá	
(i) Government	
- Vice-Ministry of Environment (<i>Vice-Ministerio de Ambiente - VMA</i>)	Claudia Mora, Vice-ministra
	María Teresa Yepes, Asesora
- Planning Directorate-MAVDT/VMA (<i>Dirección de Planeación</i>)	Octavio Villamarín, Director
	Rosalba Ordóñez
- Nacional Planning Department (<i>Departamento Nacional de Planeación - DNP</i>)	Carolina Rentarías, Directora General
	Giampiero Renzoni, Coordinador Grupo Política Ambiental
- Ministry of Finance (<i>Ministerio de Hacienda</i>)	Marby Barracán
- Nacional Audit Office (<i>Contraloría General de la República - CGR</i>)	José Manga Certain, Contralor Delegado para el Medio Ambiente
- Special Administrative Unit for the Nacional Natural Parks System (<i>Unidad Administrativa Especial del Sistema de Parques Nacionales Naturales - UAESPNN</i>)	Julia Miranda, Directora General
	Emílio...
	Carolina Villafaña García, Asesora Dirección General
	...
(ii) Institutes	
- Institute of Hydrology, Meteorology, and Environmental Studies (<i>Instituto de Hidrología, Meteorología y Estudios Ambientales – IDEAM</i>)	Carlos Costa, Director
- Biological Resources Research Institute (<i>Instituto de Investigación de Recursos Biológicos Alexander von Humboldt</i>)	Fernando Gast H., Director General
(iii) NGOs	
- Fondo Patrimonial Natural	Francisco Alberto Galán Sarmiento, Executive Director
	Guillermo Rudas, Technical Sub-Director
- Conservación Internacional	Fabio Arjona Hincapié, Executive Director
- Association of Regional and Sustainable Development Autonomous Corporations (<i>Asociación de Corporaciones Autónomas Regionales y de Desarrollo Sostenible - ASOCARS</i>)	Fernando Arévalo Carrascal, Executive Director
(iv) Multilateral & bilateral cooperation agencies	
- Royal Netherlands Embassy	Bas M. van Noordenne, Head of Cooperation
	Maurice van Beers, Development Cooperation

	Officed
	Jan Plantinga, Cooperation Adviser
	Martha Arevalo
- World Bank	Juan Pablo Ruiz, Specialist in Natural Resource Management (GEF)
	Juan Carlos Belausteguigoitia, Lead Environmental Economist, LCSES
	Angela G. Armstrong, Operations Officer, Environmentally and Socially Sustainable Development, Latin America and the Caribbean Region
- Delegation of the European Union	Ignacio Burrull, First Secretary
	David Sanmiguel Esteban, Agregado, Sección de Cooperación
- Deutsche Gesellschaft für Technische Zusammenarbeit - GTZ (German Agency for Technical Cooperation)	Peter Hauschnik, Programme Coordinator (Cercapaz)
(v) Other environmental specialists	
- Presidente del Foro Nacional Ambiental	Manuel Rodríguez

(B) Departments/Municipalities	
(i) Amazon South	
- Corpoamazonia	Luis Ignacio Muñoz, Director Eliécer Torres, Subdirector de Planificación Helbert Huertia, Director Territorial Alejandra Galindo, Mercados Verdes Artemio Cano, Antropólogo Luz Marina Cuevas, Ingeniera
- Municipality of Leticia	Iván Porras , Mayor ('alcalde')
- UAESPNN	Constanza Ramírez, Asesora Dirección Territorial Diego Muñoz, Jefe de Parque Cahuinari Jaime Celis, Jefe de Parque Amacayacu
- ACITAM-Asociación de Cabildos Indígenas del Trapecio Amazónico	Esperanza Macedo, miembro representante de Puerto Nariño Clara Inés Silva, miembro representante de San Francisco
- CODEBA-Corporación para la Defensa de la Biodiversidad Amazónica	Emperatriz Cahuache, Directora
- Resguardo Indígena km 6 y 11	Representantes de la Asociación de Artesanos Chunaki Baru - Comunidad San José
- Instituto Sinchi	Luz Marina Arévalo, Directora

- Universidad Nacional	Carlos Zárate, Director Regional German Palacio, Director Proyecto Saber y Gestión Ambiental
(ii) Nariño	
- Corponariño	Mauricio Ramos, Director Yolanda Benavides Gloria Amparo García Alda Mercedes Delgado Ruth Stella Ramos
- UAESPNN	Mauricio Ramos Nancy de Viles
- Proyecto de conservación, Pasto	Germán Hidalgo
- Asociación de Desarrollo Campesino	Martha Ortega Claudia Armero
- Minga Asociativa de la Laguna La Cocha	Patricia Jojoa y otros miembros
- Comunidad de la Laguna La Cocha	Roberto Jojoa, Esperanza Salazar y otros miembros de la comunidad Herederos del Planeta – grupo infantil y juvenil
- Proyecto de conservación de orquídeas y bromelias	Doña Conchita
- Comunidad de la Vereda Guaicés, municipio de Mallama	Alcalde de Mallama, representante de grupo de indígenas del Volcán Azufral y miembros de la comunidad de la Vereda Guaicés
- Otros grupos locales	

NB: In the time available to the research team, it was not possible to include interviews with representatives of the private sector.

Annex 3. History of Dutch Cooperation relating to the environment in Colombia³¹

Current Dutch development cooperation for Colombia is concentrated on three areas: 1) human rights, good governance and peace building, 2) environment, and 3) private sector.

The Dutch bilateral development cooperation programme with Colombia started in the 1960s. In its first two decades a large range of activities was developed in Colombia, especially in infrastructure, natural resource conservation, health and higher education. In the 1970s and 1980s most of the bilateral cooperation was directed at large programmes of integrated rural development, particularly in the Departments of *Chocó*, *Urabá* and the *Amazonas*. The environment has always been an important element in these programmes. In the 1990s, support for the environment was reduced to a limited number of projects, such as the community forestry projects in the Andes region, implemented by the FAO.

In 1999, the Netherlands reviewed its partnership countries: 22 partner countries were selected and a list was drawn up of 26 additional ‘thematic countries’ that would only be considered for support in respect of specific themes, namely the environment, good governance, human rights and peace building. Colombia was included in this list for support for the environment sector as well as for good governance (human rights). In 2003, the distinction between the 22 priority countries and the thematic countries was removed and a single list was drawn up of 36 bilateral partners which qualify for a structural, bilateral development relationship. This list included Colombia.

Meanwhile, Dutch ODA disbursements in Colombia have grown steadily over time. In the period 1999-2003, they amounted to a yearly average of USD 8.3 million, but in 2004 aid was more than doubled and in 2006 it was further increased to USD 27.2 million. Between 1999 and 2005, the Netherlands contribution accounted for 5% of the total ODA disbursements.

A consequence of Colombia being selected as a country which qualified for thematic environment support was that, since 2000, a new environmental support programme has been developed and funding has gradually increased. Two basic assumptions underlie the development of this program: (i) support for environment should be linked to the objectives of poverty reduction and conflict management, and (ii) this can best be done by providing support at the local (grassroot) level (bottom-up approach).

Crucial to (ii) is the necessity to increase the capacity of local communities to manage their natural resources and to improve the economic opportunities of the population. An important expected effect of this approach was that local ethnic cultures would be revitalised and achieve a certain level of cultural and territorial autonomy. In its annual planning report for 2001, the Netherlands Embassy in Colombia announced a shift from an exclusively “green” approach with a strong emphasis on forests and biodiversity, towards an approach aiming at linking environment to the political and socio-economic context. The latter approach would give more priority to programmes supporting sustainable production systems, especially among the rural population in the regions suffering most from internal conflicts.

It, therefore, became important to identify the stakeholders active in green markets, bio-trade and environmental services.

³¹ Nico van Niekerk of the DGIS Policy Evaluation Department provided the text for this Annex.

In addition to the emphasis on development from the bottom up, the embassy considered it important to support strategic national institutions. In this sense, policy development followed a multi-actor strategy: it was thought important to provide support to different players and actors at different levels, in order to gain maximum benefit from the specific contribution each actor could make to the final objective of strengthening the entire Colombian National Environmental System (known by its Spanish acronym 'SINA').

To put these new policy orientations into practice, from 2001 onwards the embassy identified a number of new projects and programmes reflecting these priorities. Between 2001 and 2005 the embassy's environment programme evolved into a comprehensive sector programme. In 2004, disbursements amounted to EUR 9.5 million, in 2005 to EUR 7.4 million and in 2006 to EUR 12.1 millions. The main activities in this period can be summarised as follows:

a) At the central level, support was provided for SINA through the Ministry of Environment (MAVDT) and the Special Administrative Unit for the System of National Natural Parks, or UAESPNN. The policy objective was the institutional strengthening of SINA.

b) At the regional level, the environmental cooperation focussed on the two regions in which Dutch integrated rural development programmes had been implemented during the 1970s and 1980s: the Pacific and the Amazon. The decision to work in both regions was motivated by their main characteristics: the existence of extensive rainforests and rich biodiversity, and the socio-economic marginalisation of their populations (in particular of the indigenous people and Afro-Colombian communities).

c) Local organisations and NGO programmes in the field were supported through ECOFONDO. ECOFONDO, a national platform of more than 130 environmental NGOs and grassroots organisations, was considered an important actor for attaining Dutch policy priorities. The ECOFONDO NGOs assist the community-based sector to improve the management and sustainable use of the natural resources under their authority. According to the Embassy, the opportunity at hand here is the fact that half (35 million ha out of a total of 60 million ha) of the mega biodiversity areas (humid tropical forests) are constitutionally in the hands of community grassroots organisations, most of which are Afro-Colombian and indigenous communities.

Table 6 presents an overview of the main trends in the expenditure of Dutch aid to the environment in Colombia in the last two years.

Approximately 50% of Dutch support is channelled through the central level, while the other half is channelled through regional programmes. In 2004–2005 there were 28 activities in total that received Dutch funding. At the end of 2006 this number was reduced to 14 (plus three projects with a very small balance i.e. less than EUR 100,000).

Several Embassy annual plans declare that attempts will be made to coordinate the different activities of the environmental programme through a proper mix of complementary activities at different levels. The importance of supporting the national institutions is recognised, but always accompanied by a strong commitment to the regional programmes as well as direct support to NGOs and indigenous communities. A clear example of this can be found in embassy's 2002 annual report, in which it is observed that the composition of the Dutch programme is too focussed on the central level and consequently it is necessary to give more priority to the funding of NGOs. Frequent references are made to the necessity of supporting decentralisation and of giving higher priority to the institutional strengthening of decentralised institutions (see for example the annual plan for 2004, page 7). It is also

mentioned that the practical possibilities of working directly with the Autonomous Regional Corporations (CARs) will be explored. (Multi-Annual Strategy Plan (MYSP) 2005-2008).

Table 6. Dutch-funded programmes and projects and expenditure, 2004-2006

	<i>Planned timeframe (years)</i>	<i>Total committed (EUR'000)</i>	<i>Expenditure (EUR '000) in years 2004, 2005 and 2006</i>
<i>Regional/local programmes</i>			
Autonomia Comun Choco	2002-06	1.661	1.032
Programa Amazonico	2004-08	5.403	2.045
Fondo Hol-ECOFONDO	2000-06	3.035	285
NuevoFondoHolIECOFONDO	2004-07	2.896	3.740
ECOFONDO Amazonia	2006-09	1.899	308
Proyecto Pro Amazonia	2001-05	1.451	0
MACOFOR FAO	2002-06	3.662	0
Maacizo FAO	2001-06	1.553	292
Daupara	2006-07	500	450
Macarena	2006-06	1.582	1.265
Manual eradication of coca (parques)	2005-06	300	304
<i>Total regional/local programmes</i>		23.942	9.271
<i>National Programmes</i>			
<i>Parks</i>			
Parques Institucional	2001-05	7.014	2.701
Parques Pacifico II	2001-05	1.976	936
Infraestructura Parques	2004-06	1.198	178
Eradicacion manual parques	2004-06	552	552
Fase Transitoria Parques	2005-07	1.585	1.645
FUNBAP (parquen?)	2006-07	1.008	504
<i>Total Parks</i>		13.333	3.815
<i>Support SIA/Ministry</i>			
Apoyo Sectorial MMA	2001-05	2.862	595
Apoyo MA	2001-06	100	86
Apoyo Gestion Ambiental MMA	2005-07	1.840	1.366
<i>Total Ministry</i>		4.802	2.047
<i>Research Centres</i>			
Humboldt/Recursos geneticos	2001-04	781	51
Humboldt Herramientos	2005-07	1.500	750
Humboldt Biodiversidad Andes	2001-05	4.232	2.033
<i>Total Research institutes</i>		6.513	2.834
<i>Other national Programmes</i>			
Red Comercio Comunitario	2005-09	1.869	538
<i>Total National programmes</i>		26.517	9.234
<i>Energy</i>			
4 projects on Climate, energy and environmental energy		3.551	1.771
Total		54.010	20.726

Source: DGIS - Pyramide on 31/08/2007.

In the Embassy's same Multi-Annual Strategy Plan (MYSP) 2005-2008 two strategic goals related to environment are formulated:

- 1) To contribute to the protection and sustainable use of the environment and water in Colombia, with particular attention for the Pacific and Amazon regions.
- 2) To contribute to the integrated management of the river basins and the improvement of the access to safe drinking water and sanitation.

The MYSP states that the central objective for the Netherlands "Environment and Poverty" Programme in Colombia has been and will remain *"to contribute to the conservation and sustainable use of bio-diversity"*. This will be achieved within a "sectoral" approach, i.e. with institutional strengthening of the SINA. The intervention strategy is defined as follows:

a) A better functioning sector approach will be put in place for the institutional strengthening of SINA. Colombian institutions with which the embassy has had direct bilateral contracts will be incorporated within this approach: for instance, the Alexander von Humboldt Institute and the Second Phase of the Pro-Andes Project. New projects will be financed by the National Park System.

b) The programmatic approach chosen in order to give support to the community-based sector is intended to alleviate the Embassy's management role while simultaneously increasing the effectiveness of the programmes. Clear examples of this strategy are the Second Phase of ECOFONDO and the new Amazon Programme. The new NUFFIC-NPT programme for capacity building is intended to complement the Embassy programmes. Much emphasis is placed on the importance of supporting decentralisation policies in the regional focus areas of the Pacific Coast and the Amazon. In these regions, the implementing agencies are the CARs and the environmental research institutes, IIAP and SINCHI. In the coming years the practicality of working directly with the CARs in order to improve their efficiency and effectiveness – for instance in combating rampant corruption and lack of transparency – will be explored. The Procuraduría and also the Contraloría could be important partners.

The MYSP states that in the coming years disbursements will increase gradually, from EUR 6,605,200 in 2005 to EUR 9,500,000 in 2008. The budget for the sectoral approach to the SINA system will also gradually increase – to 60 % of the environment budget available to Colombia.

Though the MYSP largely reaffirms the existing approach, the Embassy sees the MYSP adoption as marking the start of a clear transition process towards SWAP. As regards the first component (institutional strengthening of SINA), support to the Ministry of Environment continues, but since it takes time to prepare the envisaged sector budget support, the direct funding of the Ministry in the first years of the MYSP's implementation has remained limited. The strategy's second component – support to the community-based sector – is also a reaffirmation of the existing priority to work directly with local organisations and to apply the principle of working from the bottom up. However, since many of the local organisations lack the administrative and implementation capacity of externally funded projects, it has become difficult to monitor the programme, so emergency interventions by the Embassy have frequently been necessary. The management of the environment programme has placed an extra burden on the already stretched embassy staff.

Mid-term evaluations of the three main programmes (ECOFONDO, Programa Amazonico and Chocó) were carried out in 2006.³² All three evaluations are explicitly positive on the importance and relevance of the programmes' efforts to increase the governance and management capacity of local communities and organisations. The evaluations fully endorse both the programme's basic assumptions that the environmental problem is primarily political and socio-economic and the programme's priority to support indigenous and Afro communities in achieving control over their production systems, environment and territories. All three evaluations recommend continuing the Embassy funding. However, the evaluations of the two regional programmes in particular give extensive accounts of the many organisational, managerial and administrative problems and strongly criticise the programmes for being so isolated from regional and national environmental policy. In relation to the Amazon programme it is observed that it has hindered rather than facilitated the cooperation between different actors and has not contributed to a more integrated approach to environmental problems. Both evaluations give a number of concrete recommendations on how in the future these programmes should improve the linkage with local, regional and national environmental policies.

³² Programa Amazonico, Informe final de la Mision Tecnica de Monitoreo Externo de Medio Termino (september 2006). Informe Final de la Mision de evaluacion y seguimiento de Medio Termino del Nuevo Fondo- ECOFONDO para la sostenibilidad ecologica y economica del sector comunitario de Colombia. Abril-mayo de 2006. Mision de Evaluacion Proyecto de Fortalecimiento de la autonomia comunitaria en el manejo sostenible de recursos naturales del chocó, enero de 2006.