IFAD
Investing in rural people

Executive Board

Republic of Colombia

Rurality for Life Project

Addendum

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Addendum

The Executive Board is hereby invited to consider the amendments to document EB 2024/LOT/R.30. The changes to the document are reflected as follows: deleted text with strikethrough, added text underlined.

Page 2, paragraph 13:

"~~**Geographical targeting.** The project's intervention area was identified by starting with a Government-prioritized list of 577 municipalities, then applying additional social, climatic and socio-environmental criteria. This process narrowed it down to 214 municipalities across 12 departments, concentrated in three major areas (see map).~~

Geographical targeting. The project's prioritization methodology is based on territorial targeting criteria, based on a list of marginalized municipalities prepared by the Ministry of Agriculture and Rural Development, which considers coca-growing municipalities, Agency of Rural Development call zones in 2023 (women, youth, victims), ethnic territories, development programmes with territorial focus (PDET) zones and areas affected by food insecurity and land restitution, among others.

In addition, a multivariate spatial analysis was conducted considering social, climatic and territorial criteria.

Page 2, paragraph 14:

~~Social targeting. The project's target groups are impoverished families with productive potential, including small-scale producers, Indigenous communities, Black, Afro-Colombian, Raizal and Palenquero (NARP) communities, female-headed households, rural women, youth, people with disabilities, older adults and victims of the armed conflict residing in prioritized municipalities.~~

Social targeting. The groups targeted by the project are located in territories that are highly affected by climate change and the armed conflict, and are part of Peasant, Ethnic, Family and Community Agriculture (ACEFC). They are families/households living in conditions of poverty and extreme poverty with productive potential, who may be: small producers (peasants and small farmers) according to the definition contained in Resolution 06 of 2021 that regulates in its third article, article 6 of Law 2071 of 2020; Indigenous Communities; Black, Afro-Colombian, *Raizal* and *Palenquero* communities (NARP); families headed by women; rural women; rural youth; persons with disabilities; and older adults who reside permanently in any of the prioritized municipalities. These specific population groups, for which minimum quotas are established, may include both victims of the armed conflict and people in the process of reincorporation (demobilized former combatants). Under the principle of non-exclusion, these people will be able to participate in the project as long as they meet the social targeting criteria. Also included are the ethnic and peasant groups that are affected by Judgments T-622 of 2016 and T-302 of 2017, whose main productive activity is located in any link of the agricultural and non-agricultural value chains (National Planning Department [DNP], Investment Sheet 2023 - N. EJ-AJ-170101-0031).

Page 2, paragraph 15:

Scope. The project will directly benefit 60,000 beneficiaries ~~households~~. ~~Calculating an average number of persons per household, this corresponds to a total of 184,800 persons.~~ The total number of beneficiaries will be as follows: at least 45 per cent women, at least 30 per cent youth, at least 15 per cent Indigenous Peoples, at least 20 per cent NARP populations, at least 1 per cent people with disabilities and at least 10 per cent older adults (54 years for women and 59 for men). As a cross-cutting category, at least

25 per cent of the beneficiaries will be victims of the armed conflict, in accordance with the commitments of the Peace Agreement.

Page 3, paragraph 20:

Component 2: Transition to sustainable ~~and innovative~~ financial and non-financial services, improvement of ~~existing~~ productive infrastructure (for transformation and commercialization) and access to markets. The objective is to expand the local and regional supply of sustainable, differentiated, innovative and digital financial and non-financial services that support productive, financial and commercial transformation and improve the infrastructure to facilitate marketing and processing of products.

Page 4, paragraph 27:

The project costs amount to a total of US$126.34 million (including the beneficiaries' contribution): 64.9 per cent is allocated to component 1, 23.7 per cent to component 2 and 11.4 per cent to component 3. The IFAD financing represents 39.6 per cent of the total value of the project, in the form of a loan for an amount of US$50 million. AECID is expected to provide US$35 million as a loan and US$2.2 million ~~(EUR 2 million)~~ as a grant. The Government will cofinance the project with a total amount of US$30 million, and the beneficiaries will contribute US$9.14 million (7.2 per cent of the total amount of the project). Recurrent costs stand at 9 per cent of total project costs and are allocated proportionally to each financier – 58 per cent to IFAD and 42 per cent to AECID. IFAD climate finance amounts to an estimated US$22.97~~1~~ million.

Page 6, paragraph 30:

The borrower, through the Ministry of Finance and Public Credit (MHCP), will maintain three United States dollar accounts in the single treasury account for receiving funds from IFAD, AECID and the AECID grant, respectively, until project closure. Disbursements will adhere to IFAD's Financial Management and Financial Control Arrangements Letter (FMFCL), with adjustments for AECID's legal requirements. MADR, via the project management unit (PMU) ~~national coordination unit (NCU)~~, will schedule quarterly disbursements based on the approved annual operating plan for the next two quarters.

Note: national coordination unit (NCU) shall be replaced with PMU throughout the document.

Page 8, paragraph 39:

MHCP is the ~~lead project agency~~ representative of the borrower with MADR acting as ~~the project party~~ the agency responsible for project execution through the Vice-Ministry of Rural Development and the Directorate of Productive Capacities and Income Generation. MADR will establish a unit for executing programmes financed by international organizations, including the NCU for the Rurality for Life Project.

Page 8, paragraph 40 will be deleted and subsequent paragraphs, including paragraph on cover page, will be updated accordingly:

~~The NCU will include a project manager for technical, administrative and financial coordination, along with specialists in business services, training, financial services, knowledge management and monitoring. The financial team will have a financial coordinator, accountant, procurement specialist and legal advisor (if needed) plus support for gender, social inclusion and environmental management. Territorial units in~~

~~intervention municipalities will be led by a territorial coordinator and two promoters, connecting the central office with local areas.~~

Page 9, paragraph 41:

~~A project steering committee will oversee the project, approving the annual workplan and budget (AWPB), and monitoring performance. It will include representatives from MADR, MHCP, the National Planning Department, family farming communities, youth and rural women's organizations, Indigenous Peoples' organizations and NARP community organizations. A technical advisory committee will provide technical support and improve strategy, while a centre for learning and evaluation on results will evaluate and approve financing proposals in the territories.~~

Project Steering Committee. The MADR will establish a project steering committee (PSC) to guide its implementation, composed of representatives of the institutions directly linked to the project, as well as leading representatives of civil society and belonging to the target group. The composition and functions of the PSC will be detailed in the project implementation manual (PIM).

Page 9, paragraph 43:

Budget. All financing will be included in government budgets at the central level. The government accounting and payment system (Integrated Financial Information System [SIIF]) will be used. In addition, multi-year budgets will be prepared (~~i.e~~ *vigencias* ~~futuras~~).

Page 9, paragraph 45:

Accounting system. National accounting standards are partially aligned with international standards; therefore, the project was required to use the cash basis International Public Sector Accounting Standards. The SIIF is secure and reliable, and the local authorities have confirmed that it meets IFAD requirements. Furthermore, the project is not allowed to use external financial software. ~~but does not meet IFAD requirements regarding recording and control by component, subcomponent, expenditure category and source of financing, and recording beneficiary contributions, so a complementary system is needed (the terms of reference for this system are attached to the Operation and Procedures Manual).~~