STAP Scientific and Technical screening of the Project Identification Form (PIF)

Date of screening: 09th February 2010

STAP Advisory Response (see table below for explanation)

I. PIF Information

GEFSEC PROJECT ID: 4135
COUNTRY(IES): COLOMBIA
PROJECT TITLE: MECHANISM FOR VOLUNTARY MITIGATION OF GREENHOUSE GAS EMISSIONS IN COLOMBIA
GEF AGENCY(IES): INTER-AMERICAN DEVELOPMENT BANK
OTHER EXECUTING PARTNERS: FUNDACION NATURA COLOMBIA
GEF FOCAL AREA(S): CLIMATE CHANGE
GEF-4 STRATEGIC PROGRAM(S): CC SP-2 AND SP-6
NAME OF PARENT PROGRAM/UMBRELLA PROJECT: N/A

II. STAP Advisory Response

1. Based on this PIF screening, STAP’s advisory response to the GEF Secretariat and GEF Agency(ies): Consent

III. Further guidance from STAP

1. The project aims to formulate and establish the technological and institutional arrangements for Verified Emission Reduction (VER) units market mechanism to promote voluntary mitigation of GHG emissions in Colombia. This is an innovative project. The institutional mechanisms and the capacity built have the potential to catalyze mitigation programs and activities in Colombia and also may assist Colombia in adopting to the existing mechanisms such as CDM and preparing for the emerging mechanisms such as REDD. The project has rightly identified the need for institutional mechanism and capacity building to promote VER markets. The following issues should be considered before the CEO endorsement.

2. Rationale for REDD: Why only REDD projects are considered for investment and implementation, why not industry or renewable energy? The justification could be the high uncertainty in the forestry carbon credits and also the emerging REDD mechanism. The project activities would lead to a strong institutional arrangement and enhanced capacity for monitoring, verification and reporting of GHG emission reductions. The project may also give credibility for the estimates of carbon emissions and reductions from mitigation projects. Implementation of this project may build capacity in Columbia to benefit from the potential REDD mechanism and STAP suggests capturing benefits in institutional capacity building for other than REDD sectors.

3. Linkage with other mechanisms and programs: It is suggested to link the project activities, particularly from the methodological perspective with the following:
   - IPCC inventory guidelines for land-use sectors (GPG 2003 and IPCC 2006)
   - CDM projects in afforestation, reforestation as well as other sectors
   - National Communications project for GHG inventory activities
   - UN-REDD program for methodologies

4. Risks of voluntary market: The project seems to largely cater to voluntary markets for carbon credits and revenue. The future of the voluntary market may be uncertain if there is a new agreement emerging for the post-Kyoto period. The price of carbon in the voluntary market is also very low and not very attractive for commercial transactions. These risks should be dealt with in the project.

5. Sustainability in the long-term: The institutions and capacity built as well as the credibility established during this project would be very valuable for the emerging mechanisms for post-Kyoto period: MRV
actions under the Bali Action Plan, REDD mechanism and enlarged CDM portfolio. A broader framework and longer-term vision should be integrated in the project design.

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<tr>
<th>STAP advisory response</th>
<th>Brief explanation of advisory response and action proposed</th>
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<tr>
<td>1. Consent</td>
<td>STAP acknowledges that on scientific/technical grounds the concept has merit. However, STAP may state its views on the concept emphasising any issues that could be improved and the proponent is invited to approach STAP for advice at any time during the development of the project brief prior to submission for CEO endorsement.</td>
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| 2. Minor revision required. | STAP has identified specific scientific/technical suggestions or opportunities that should be discussed with the proponent as early as possible during development of the project brief. One or more options that remain open to STAP include:  
(i) Opening a dialogue between STAP and the proponent to clarify issues  
(ii) Setting a review point during early stage project development and agreeing terms of reference for an independent expert to be appointed to conduct this review  
The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement. |
| 3. Major revision required | STAP proposes significant improvements or has concerns on the grounds of specified major scientific/technical omissions in the concept. If STAP provides this advisory response, a full explanation would also be provided. Normally, a STAP approved review will be mandatory prior to submission of the project brief for CEO endorsement.  
The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement. |