Funding Proposal

FP323: Building Water Resilience in Bogotá and the Region

Colombia | Conservation International Foundation (CI) | Decision B.46/04

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Note to Accredited Entities on the use of the funding proposal template

- Accredited Entities should provide summary information in the proposal with cross-reference to annexes such as feasibility studies, gender action plan, term sheet, etc.
- Accredited Entities should ensure that annexes provided are consistent with the details provided in the funding proposal. Updates to the funding proposal and/or annexes must be reflected in all relevant documents.
- The total number of pages for the funding proposal (excluding annexes) **should not exceed 60**. Proposals exceeding the prescribed length will not be assessed within the usual service standard time.
- The recommended font is Arial, size 11.
- Under the GCF Information Disclosure Policy, project and programme funding proposals will be disclosed on the GCF website, simultaneous with the submission to the Board, subject to the redaction of any information that may not be disclosed pursuant to the IDP. Accredited Entities are asked to fill out information on disclosure in section G.4.

Please submit the completed proposal to:

fundingproposal@gcfund.org

Please use the following name convention for the file name:

"FP-[Accredited Entity Short Name]-[Country/Region]-[YYYY/MM/DD]"

KEY ACRONYMS AND TERMS

AE	Accredited Entity
ANLA	National Environmental Licensing Authority
AMA	Accreditation Master Agreement
CAR	Regional Autonomous Corporation of Cundinamarca
CI	Conservation International
DANE	National administrative Department of Statistics
EAAB	Bogotá Water and Sewage Company (*Empresa de Acueducto y Alcantarillado de Bogotá*)
EbA	Ecosystem-based Adaptation
EE	Executing Entity
ENSO	El Niño Southern Oscillation
E2050	Colombia's Long-Term Climate Strategy 2050
FAA	Funded Activity Agreement
FS	Feasibility Study
GCF	Green Climate Fund
GDP	Gross Domestic Product
GSOC	Global Soil Organic Carbon
IAVH	Alexander von Humboldt Institute
IDEAM	Colombia's Institute of Hydrology, Meteorology and Environmental Studies
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
IUCN	International Union for Conservation of Nature
MEAL	Monitoring, Evaluation, Accountability and Learning
Minambiente	Ministry of Environment and Sustainable Development
NAP	National Adaptation Plan
NbS	Nature-based Solutions
NDC	Nationally Determined Contributions
NGO	Non-Governmental Organization
PES	Payments for Ecosystem Services
PMU	Project Management Unit
PNGIBSE	National Policy for Integrated Management of Biodiversity and Ecosystem Services
POT	Territorial/land-use plan (*Plan de Ordenamiento Territorial*)
PSC	Project Steering Committee
RAP-E	Administrative Planning Region (*Región Administrativa y de Planeación Especial*)
RLE	Red List of Ecosystems
SDA	Bogotá District Secretariat of Environment
SIAC	Environmental Information System of Colombia
SINAP	National System of Protected Areas
SNIF	National Forest Information System
ToC	Theory of Change
TNC	The Nature Conservancy
UNEP	United Nations Environment Programme
WOP	Water Operators Partnership
WRI	World Resources Institute

A. PROJECT/PROGRAMME SUMMARY

A.1. Project or programme	Project	**A.2. Public or private sector**	Public
A.3. Request for Proposals (RFP)	*If the funding proposal is being submitted in response to a specific GCF Request for Proposals, indicate which RFP it is targeted for. Please note that there is a separate template for the Simplified Approval Process and REDD+.* Not applicable		

A.4. Result area(s)

*Check the applicable GCF result area(s) that the overall proposed project/programme targets below. For each checked result area(s), indicate the estimated percentage of **GCF and Co-financers' contribution** devoted to it. The total of the percentages when summed should be 100% for GCF and Co-financers' contribution respectively.*

	GCF contribution	Co-financers' contribution[1]
Mitigation total	Enter number %	Enter number %
☐ Energy generation and access	Enter number %	Enter number %
☐ Low-emission transport	Enter number %	Enter number %
☐ Buildings, cities, industries and appliances	Enter number %	Enter number %
☐ Forestry and land use	Enter number %	Enter number %
Adaptation total	Enter number %	Enter number %
☒ Most vulnerable people and communities	34%	20%
☒ Health and well-being, and food and water security	46 %	20 %
☐ Infrastructure and built environment	Enter number %	Enter number %
☒ Ecosystems and ecosystem services	20 %	60%

A.5. Expected mitigation outcome *(Core indicator 1: GHG emissions reduced, avoided or removed / sequestered)*		**A.6. Expected adaptation outcome** *(Core indicator 2: direct and indirect beneficiaries reached)*	• *Indicate total number of direct and indirect beneficiaries*	
			Direct: 3,013,383 Women 51%	*Indirect:* 7,083,799 Women 51%
			29% of Bogotá-Region population 5% of the Colombia's population	71% of Bogotá-Region population, 14% of the Colombia's population
A.7. Total financing (GCF + co-finance[2])	76,738,917 USD	**A.9. Project size**	Medium (Upto USD 250 million)	
A.8. Total GCF funding requested	45,717,002 USD			

[1] Co-financer's contribution means the financial resources required, whether Public Finance or Private Finance, in addition to the GCF contribution (i.e. GCF financial resources requested by the Accredited Entity) to implement the project or programme described in the funding proposal.
[2] Refer to the Policy of Co-financing of the GCF.

A.10. Financial instrument(s) requested for the GCF funding	*Mark all that apply and provide total amounts. The sum of all total amounts should be consistent with A.8.* ☒ Grant 45,717,002 USD ☐ Loan Enter number ☐ Guarantee Enter number ☐ Equity Enter number ☐ Results-based payment Enter number		
A.11. Implementation period	2027-2032 (5 years)	**A.12. Total lifespan**	20 years
A.13. Expected date of AE internal approval	Click or tap to enter a date.	**A.14. ESS category**	B
A.15. Has this FP been submitted as a CN before?	Yes ☒ No ☐	**A.16. Has Readiness or PPF support been used to prepare this FP?**	Yes ☒ No ☐
A.17. Is this FP included in the entity work programme?	Yes ☒ No ☐	**A.18. Is this FP included in the country programme?**	Yes ☒ No ☐
A.19. Complementarity and coherence	*Does the project/programme complement other climate finance funding (e.g. GEF, AF, CIF, etc.)? If yes, please elaborate in section B.1.* Yes ☒ No ☐		
A.20. Executing Entity information	There are two Executing Entities: • Conservation International Colombia (CI-Col) • Fondo para la Acción Ambiental y la Niñez (Fondo Acción)		

A.21. Executive summary (max. 750 words, approximately 1.5 pages)

1. Ten million people who live in Bogotá, Colombia and surrounding municipalities are increasingly water-insecure due to change in the amount and intensity of rainfall, heat extremes, prolonged dry periods and compound climate variability that is driven by climate change. At the same time, degradation of native High Andean ecosystems in the region's upstream catchments has reduced the landscape's capacity to capture, regulate, and store water. Although ecosystem restoration and improved land-use practices are known to reverse these trends, their implementation has remained limited in scale and proven impact.
2. The project will address four priority adaptation gaps: insufficient long-term financing for watershed resilience; weak integration of climate risk into land-use, watershed and water-security planning; limited local implementation capacity; and the absence of an operational monitoring, reporting, and verification system that links interventions to measurable hydrological outcomes for climate resilience.
3. To address these gaps, the project proposes a Watershed Transformation Model (Component 1) that combines ecosystem conservation and restoration, climate-resilient productive systems, strengthened community and municipal water management, and the development of a long-term financing and monitoring architecture. The objective is to improve water resilience at scale, with hydrological outcomes measured through Volumetric

Water Benefits (VWBs) Accounting, and to establish a credible basis for sustained public and private investment.

4. To this end, the project is structured around two mutually reinforcing components. Component 1 will conserve and restore strategic high-Andean ecosystems, including *páramos*, forests, and riparian corridors, to improve infiltration, reduce erosion, and stabilize baseflows. On agricultural lands, it will apply practices that improve infiltration while promoting climate-resilient production through silvopastoral systems, agroecological practices, diversified agrifood systems, and more efficient water use. To sustain changes in agricultural practices and ecosystem conservation, these actions will be complemented by interventions that target people's livelihoods, by commercialization and access to market of rural products that support water resilience and improvements to community-run water supply systems.

5. Component 2's objective is to generate the financial flows needed to maintain and scale up the interventions in Component 1. The project will unlock a sustainable financing mechanism from Bogotá's water utility by operationalizing an existing regulation that allows utilities to recover the costs of eligible environmental investments through the water tariff. Component 2 will also operationalize a financial mechanism designed to to attract additional resources for the continued implementation, maintenance and expansion of watershed resilience activities, which will ensure long-term sustainability of the Watershed Transformation Model in Bogotá and the Region.

6. The project prioritizes four intervention landscapes (Guandoque, Villapinzón, Tominé and Tunjuelo) that were selected based on climate risk, hydrological relevance, ecosystem condition, water-regulation potential, socioeconomic diversity, stakeholder readiness, and institutional feasibility. Within each of these landscapes, further prioritization has identified watersheds and parcels suitable for conservation, restoration, or sustainable productive transformation.

7. The project will directly benefit over 3 million people, including farmers, landowners, producer associations and community water organizations in prioritized watersheds, through restored and conserved ecosystems, climate resilient productive practices, improved water services and better access to markets that value water- friendly products. Rural women and vulnerable groups are specifically targeted for tailored support. A further 7 million indirect beneficiaries, including the urban and peri-urban population supplied by the Bogotá Water Utility and other users of the Bogotá-Region's water resources, are expected to benefit from a more reliable, cleaner water supply and lower treatment costs. Institutional beneficiaries include the Utility, municipal and regional authorities, environmental regulators and private companies, who gain tested methodologies, decision support tools and investment frameworks that use VWWs to quantify and verify hydrological outcomes for planning, reporting and investment decision-making.

8. GCF financing is justified because it enables a transition that would otherwise be significantly slower or nonexistent, more fragmented, and less climate effective. In the absence of GCF support, investments would likely remain limited to small-scale, fragmented conservation and restoration efforts with communities' depending on unsustainable productive practices, and no mechanism to systematically quantify and verify the hydrological outcomes of upstream interventions in a manner capable of attracting sustained investment.

9. The project delivers a paradigm shift by moving from isolated and small-scale approaches to a coordinated, watershed-scale, where sustainable, climate-resilient livelihoods are anchored in watershed resilience and in a conservation-production model backed by sustainable financing mechanisms that use quantified and verified hydrological outcomes, through VWBs, to unlock long-term public and private resources in water resilience.

B. PROJECT/PROGRAMME INFORMATION

B.1. Climate context (max. 1000 words, approximately 2 pages)

10. The project addresses a complex and intensifying climate change problem that is already affecting water security, ecosystems, livelihoods and economic stability in the Bogotá Region and is expected to intensify over the coming decades. This section is structured to explain the climate context and the climate vulnerability analysis and to show how these link to the project responses in terms of site selection and interventions. Supporting background information, analysis and key references are provided in the Feasibility Study, Annex 2. This section starts by explaining **climate-related features** that are critical to understanding the project rationale. Then, the **climate vulnerability analysis** and its implications are described. The third section describes how the climate risks combined with non-climate risks lead to the **selection of the intervention landscapes**. The fourth step is an explanation of how the identified **climate risks impact project design**.

Climate change context in the Bogota Region

11. The region's water system depends on high-mountain ecosystems (*páramos*, high-Andean forests, wetlands and agricultural areas in the upper watersheds) that regulate runoff, sustain dry-season baseflows, retain sediments and protect water quality. Climate change is altering the hydrological behavior of these landscapes through sustained warming, greater precipitation variability, more intense rainfall events, longer dry periods and El Niño Southern Oscillation (ENSO)-related extremes. These hazards interact with existing structural water stress, ecosystem degradation, land-use pressure and uneven institutional capacity, creating a systemic adaptation need rather than a conventional infrastructure challenge.

12. The Bogotá-Region is characterized by high exposure of its population and infrastructure to climate driven water supply changes. The region encompasses Bogotá city and 33 surrounding municipalities covering approximately 829,212 hectares. It is home to over 10 million inhabitants[3,4] and contributes 26.9% to national GDP, making it a critical area for ensuring climate adaptation and water security. Municipal water supply systems and community-managed aqueducts are highly dependent on local hydrological conditions. The socio-economic context is markedly different across the landscape. Although Bogotá accounts for almost a third of the national GDP, more than 50% of the municipalities in its area of influence have fewer than 20,000 inhabitants, depend largely on subsistence agriculture and monoculture, and rural poverty is widespread.

13. The Bogotá-Region presents a complex mosaic of land cover types that reflect centuries of human intervention superimposed on diverse natural ecosystems. The region's land cover patterns demonstrate the tension between rapid urban expansion and the preservation of critical environmental services, particularly in the context of the Sabana de Bogotá ecosystem (see Annex 2; Chapter 1). Land change analysis reveals a 50% loss of high Andean forests between the 1940s and 1950s, and 45% loss of *páramos* in the 1960s and 1970s due to potato cultivation. The *páramos* continues to face substantial pressures, such as coal mining, quarrying, establishment of livestock pastures, expansion of potato crops (often on leased land) and rural housing development. These activities contribute to soil degradation, stream sedimentation and water pollution.

14. The Bogotá River basin already exhibits high water stress due to imbalance between supply and demand, compounded by seasonal variability and urban growth. The Bogotá-Region is one of Colombia's most water-stressed metropolitan areas, where rapid urbanization, intensive agriculture, and industrial development converge to create complex water management challenges. The Bogotá Aqueduct and Sewerage Company (EAAB) serves as the primary water utility, providing service to 95.9% of the population across Bogotá and four surrounding municipalities, while 18 other municipalities depend on local water sources with varying degrees of reliability and quality.[5] The water infrastructure of the Bogotá-Region is under significant stress from recurring droughts, rapid urban growth, aging systems, and climate variability. For example, in 2024–2025, the city confronted its most severe drought in over four decades, which led to record-low reservoir levels—at one

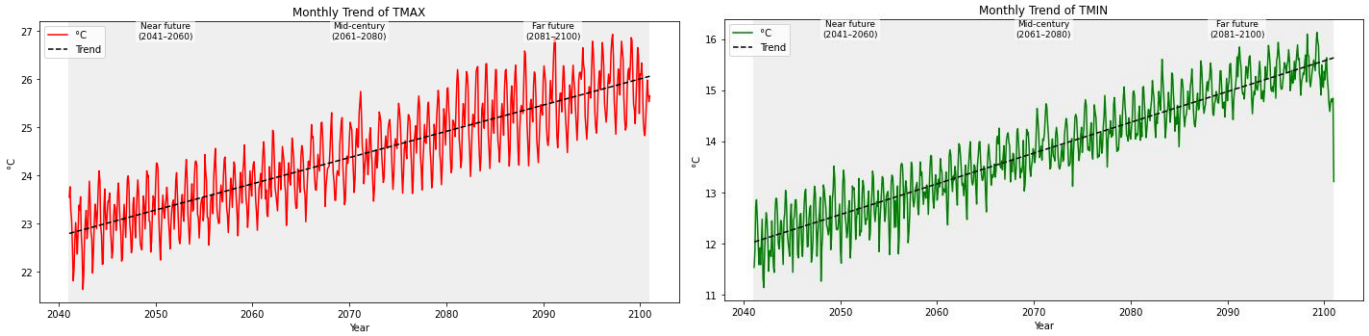
[3] See Annex 2 for full references for section B.1.
[4] 10,097,172 according to DANE, 2025. Población total. https://www.dane.gov.co/index.php/estadisticas-por-tema/demografia-y-poblacion
[5] IDOM, Gobernación de Cundinamarca, Findeter y Alcaldía de Bogotá, 2022)

point, the Chingaza system dropped to just 10.5–16% of capacity—forcing authorities to implement water rationing for the first time since the 1980s.[6]

15. The region is experiencing increasing climate variability and extremes that affect water regulation, ecosystem integrity, and the resilience of rural and peri-urban communities. Baseline climate analysis for 1991–2020 (Annex 2; Section 2.2) shows a warming trend (~0.2°C per decade) and strong precipitation variability (750–1450 mm/year range) indicating that the region already operates under significant hydro-climatic variability, which is amplified by ENSO.[7]

16. Future climate projections confirm that these pressures are expected to intensify. Using downscaled CMIP6 projections, the Feasibility Study (Annex 2; Section 2.3) assesses both SSP2-4.5 and SSP5-8.5 for the Bogotá Region.[8] Under both scenarios, maximum and minimum temperatures follow a sustained warming trajectory through the second half of the century. Under SSP2-4.5, maximum temperature increases by about 1.5–2.0 °C and minimum temperature by around 2.0 °C by 2100. Under SSP5-8.5, projected warming is substantially stronger, with maximum temperature increasing by about 3.0–3.5 °C and minimum temperature by about 3.5–4.0 °C.

Figures 1 and 2. Projected monthly trend in maximum (left) and minimum temperature (right) under SSP5-8.5 in the Bogotá Region, 2041–2100. Source: IDEAM (2025); compiled by IDOM.



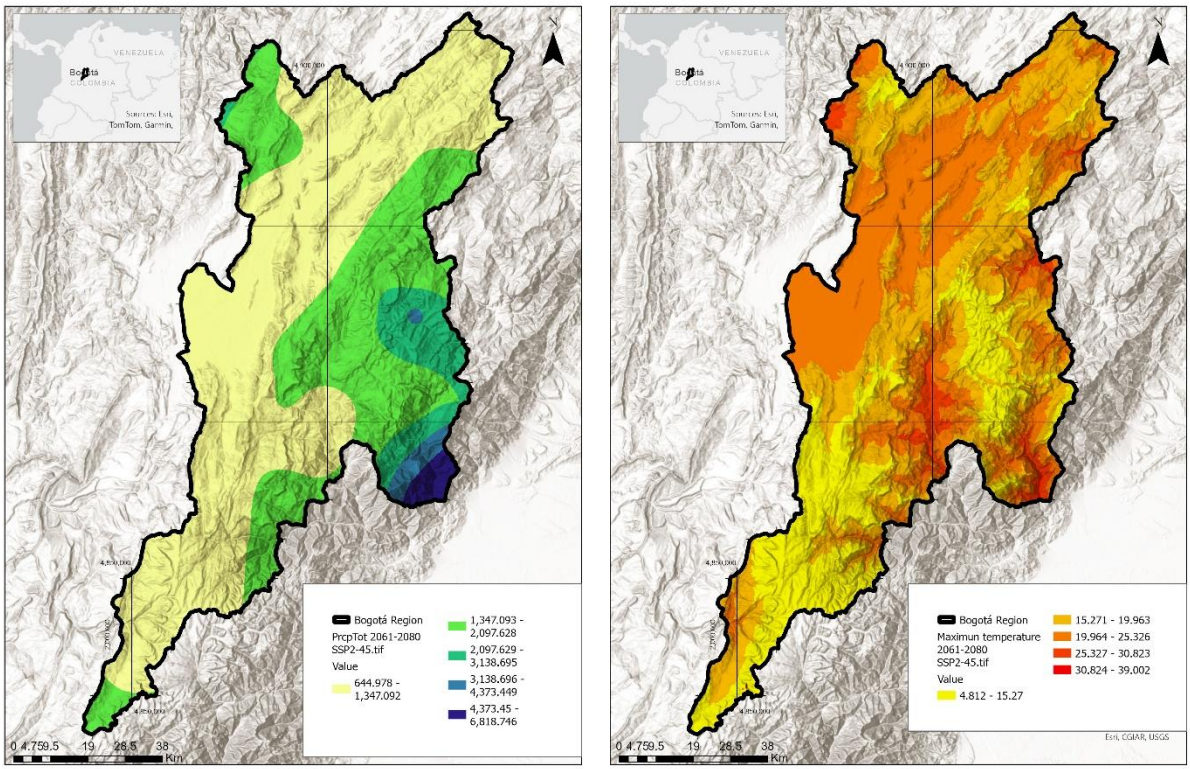
17. Both the SSP2-4.5 and SSP5-8.5 scenarios imply reduced nocturnal cooling and increasing heat stress across both highland and lowland areas. Rainfall changes are equally significant. Under both scenarios, the region broadly maintains its current bimodal precipitation pattern, but rainy seasons become more intense, annual variability increases, and the contrast between wet and dry periods becomes sharper. These changes will raise the likelihood of both flash-flood conditions and dry-season water stress. Projected climate change varies across the Region's complex landscape, principally due to differences in elevation and topography, with higher precipitation expected in the eastern lowlands and warming across the region, including the traditionally cooler high-altitude areas.

[6] World Bank, 2025. Lessons from Bogotá's drought management. Obtenido de https://blogs.worldbank.org/en/latinamerica/mantenerse-unidos-tiempos-crisis-lecciones-gestion-sequias-bogota

[7] IDEAM, 2025; IDOM, 2025 – See Annex 2

[8] IDEAM, 2024; IDEAM, 2025; IDOM, 2025 – See Annex 2

Figures 3 and 4. Spatial distribution of projected average precipitation (left image) and average maximum temperature (right image) under SSP2-4.5 in the Bogotá Region, 2061–2080. *Source: IDEAM (2025; compiled by IDOM.*



Climate Vulnerability Analysis: methodology and implications

18. A Climate Vulnerability Analysis was conducted to help identify priority intervention landscapes for the project (see Annex 2; Chapter 4). The risk assessment follows the IPCC Sixth Assessment Report framework, which recognizes that **Risk is a function of climate Hazards, Vulnerability and Exposure**. The climate hazards described previously interact with existing socio-institutional vulnerability. Vulnerability was measured using a composite index comprised of 26 indicators that evaluate adaptive capacity, sensitivity, public management, social conditions, infrastructure, security, emergency response, and demographic pressure. These indicators do not measure climate directly; rather, they capture the capacity of municipalities and communities to anticipate, absorb, and respond to climate impacts through financing, planning, land-use control, service provision, and emergency management.

19. The climate vulnerability analysis identifies heterogeneous but significant weaknesses across the intervention landscapes (Guandoque, Villapinzón, Tominé and Tunjuelo). In Guandoque, vulnerability is shaped by low investment capacity, weak digital connectivity, and uneven project management performance, with Tausa and Zipaquirá showing particularly significant constraints and demographic pressure. In Villapinzón, structural vulnerability is associated with low self-financing capacity, limited connectivity, and gaps in sanitation and land-use planning, which constrain the long-term sustainability of *páramo* interventions. In Tunjuelo, as a peri urban and rural zone within the Bogotá District, vulnerability is driven by pressure on land use, poverty and socioeconomic challenges which increases water demand and reduces the watershed's capacity to hydrological regulation. In Tominé, municipalities such as Guasca, Guatavita, Chocontá, and Sesquilé combine relatively stronger governance conditions with persistent pressures related to water demand, limited environmental investment, connectivity gaps, and recurrent climate-related emergencies.[9]

[9] DANE, 2025; IDOM, 2025 – See Annex 2

Figure 5. Climate risk to high Andean forest and páramo systems associated with decreased precipitation under SSP5-8.5. Source: IDEAM (2025), compiled by IDOM

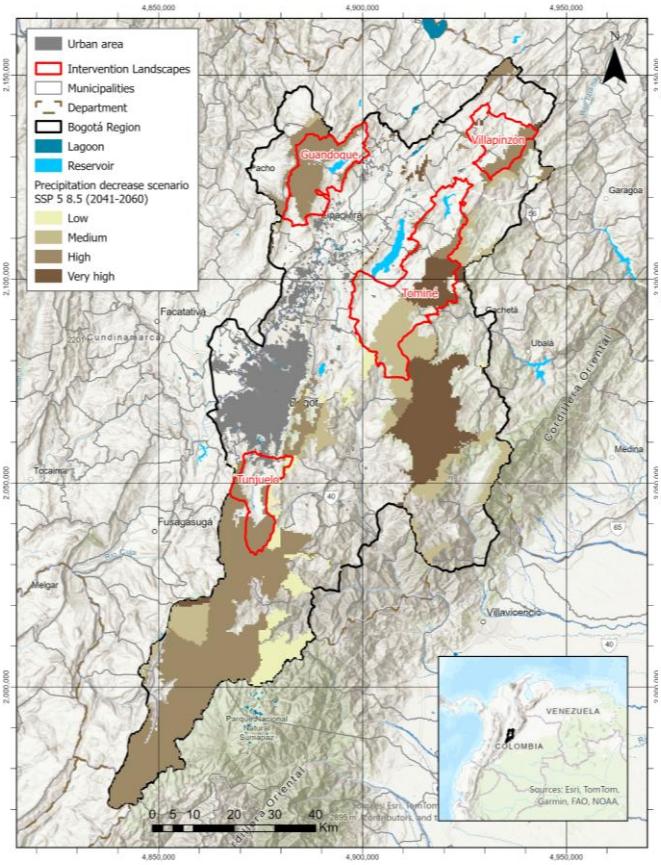
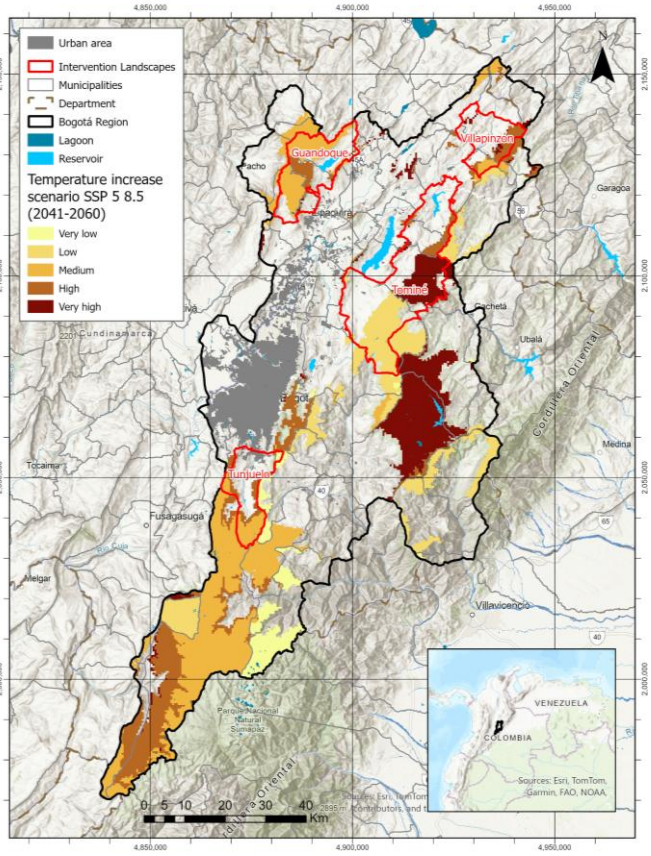


Figure 6. Climate risk to high Andean forest and páramo systems associated with increased temperature under SSP5-8.5. Source: IDEAM (2025), compiled by IDOM.



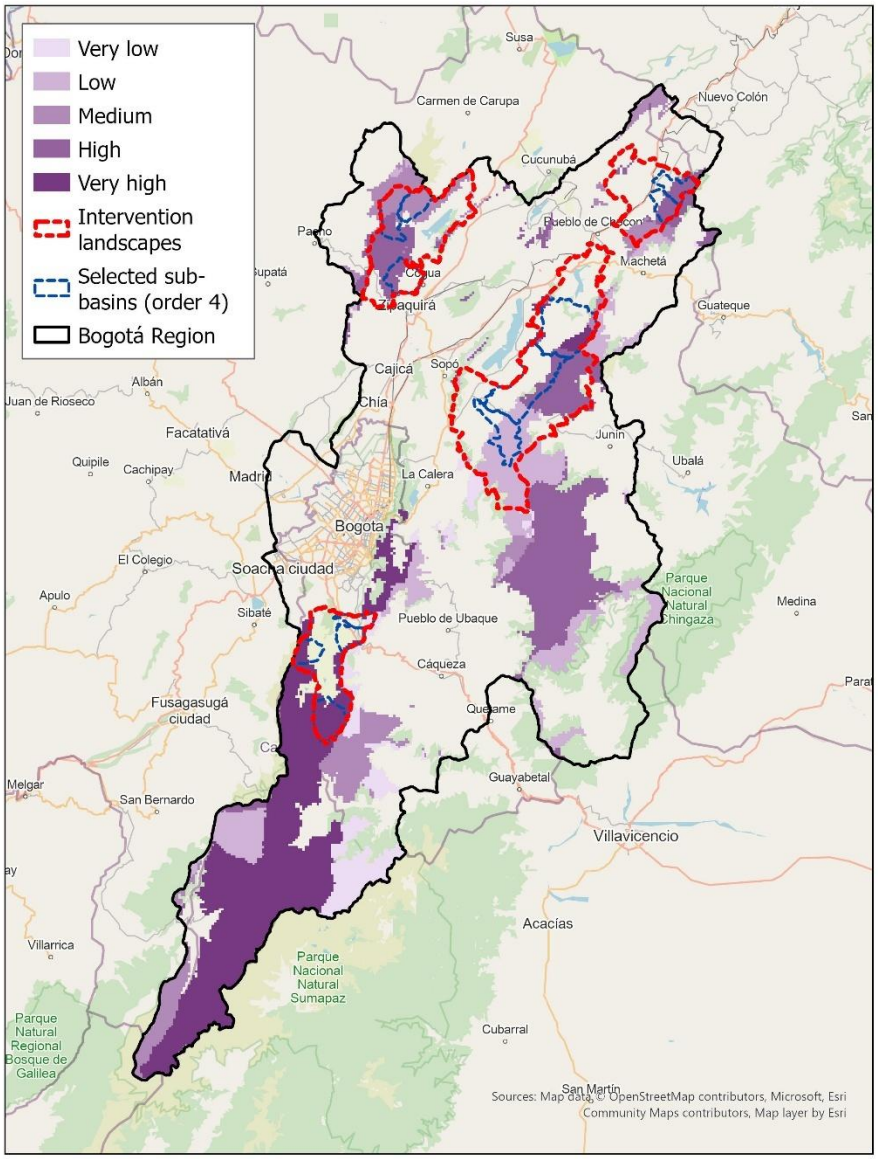
20. The climate vulnerability analysis shows that the highest-risk areas are those where climate hazard, ecosystem exposure, and socio-institutional vulnerability overlap. Using an impact-chain and risk-component approach, the analysis identifies high and very high risk for high Andean Forest and *páramo* systems in areas exposed to reduced precipitation and increased temperature under SSP5-8.5 for 2041–2060.[10] The maps highlight concentrations of elevated climate risk in parts of Guasca, Guatavita, Villapinzón, the southeastern sector of the Guandoque–Tominé corridor, and the south of Bogotá in the Curubital watershed, where future climate pressure converges with structural vulnerability and the strategic role of water-regulating ecosystems.[11]

Rationale for intervention landscapes

21. Intervention landscapes for the project have been chosen based not only on climate risk and vulnerability, but also on non-climate drivers, including land-use dynamics, ecosystem degradation, socioeconomic pressures, and institutional conditions that influence water security outcomes. The approach for site selection at the intervention landscape scale and at a finer scale within each landscape is described in Chapter 4 of Annex 2. Ultimately, intervention landscapes have been chosen based on their role in supporting reservoirs and local urban water supplies through a robust strategic approach based on the following factors: climate risk, water regulation impact, environmental and ecological criteria, socioeconomic diversity, stakeholder engagement and institutional capacity and governance considerations. Further, the four intervention landscapes are intended as demonstrations of proof of concept and are not therefore the only landscapes where ecosystem protection/restoration and transformation of agricultural practices is needed.

[10] GIZ, 2019; IDEAM, 2025; IDOM, 2025 – See Annex 2
[11] IDEAM, 2025; DANE & DNP, 2025; IDOM, 2025 – See Annex 2

Figure 7. Integrated climate risk map for the Bogotá-Region, showing how intervention landscapes and selected sub-basins focus on areas of very high, high and medium risk. Source: see Annex 2 (Chapters 3 and 4), compiled by IDOM.



22. The Bogotá-Region is already experiencing warming and marked hydroclimatic variability. Future scenarios point to higher temperatures, more intense rainfall peaks, continued drought risk, and stronger climate extremes. The territories that host strategic water-regulating ecosystems also display uneven but significant adaptive-capacity constraints. This combination of increasing hazard, high ecosystem exposure, and structural vulnerability justifies targeted ecosystem-based adaptation investments to strengthen water regulation, reduce landscape degradation, improve local adaptive capacity, and protect the hydrological functions on which Bogotá and surrounding municipalities depend.[12]

From climate risk to project design: the impact chain

23. To inform project design, the climate problem is expressed through an explicit impact chain linking climate drivers to project solutions (see Annex 2; Section 2.8). The climate problem in the Bogotá Region can be summarized as follows: sustained warming, more irregular precipitation, stronger extreme rainfall, prolonged drought, wildfire, and structural water stress are reducing the capacity of high-Andean ecosystems and

[12] (GIZ, 2019; IPCC, 2022; IDEAM, 2025; DANE & DNP, 2025; IDOM, 2025 – See Annex 2

productive landscapes to regulate water. This alters runoff patterns, increases erosion and sediment transport, reduces baseflows, weakens water quality and undermines infrastructure reliability. The consequences are felt both in upstream municipalities and in the metropolitan population that depend on these landscapes for water supply.

24. The project design is underpinned by the following impact chain: climate hazards affect high-Andean ecosystems and water-regulating landscapes; these impacts reduce hydrological regulation, increased runoff variability, sedimentation, drought stress and water supply reliability risks; and the proposed solutions, ecosystem conservation and restoration, climate-resilient productive practices, improved community water systems and long-term watershed financing, are designed to address the underlying drivers of risk rather than only their symptoms. To clarify how the results of the climate risk assessment translate into project design, impact chains were identified that explicitly link climate hazards, biophysical and socioeconomic impacts to the proposed adaptation solutions. This approach allows the assessment to move from a descriptive analysis of climate trends to a causal understanding of how risks materialize and why targeted interventions are required. The table below summarizes the key impact pathways identified for the project.

Table 1. The Project Impact Chain

Climate hazard	Impact pathway	Exposed/vulnerable system	Why risk increases	Solutions
Increased temperature and heat extremes	Higher evapotranspiration, soil moisture loss, ecosystem stress and reduced water-regulation capacity	Páramos, High Andean forests, wetlands and upper-basin soils	Strategic ecosystems become less able to regulate runoff and sustain baseflows, affecting downstream water security	Conservation and restoration of high-Andean ecosystems, including active and passive restoration, soil recovery and ecological connectivity
More irregular precipitation and shorter wet periods	Reduced sustained rainfall, lower infiltration, greater seasonal water variability and increased dry-period stress	Water supply watersheds, rural communities, productive systems and urban water users	Water availability becomes less reliable, especially where demand is high and regulation capacity is degraded	Nature-based solutions to increase infiltration, soil-water retention and hydrological regulation at plot, landscape and watershed scale
Extreme rainfall events	Increased surface runoff, erosion, sediment transport, flooding and water-quality deterioration	Upper watersheds, community water systems, reservoirs and downstream users	Degraded landscapes generate higher runoff peaks and sediment loads, increasing treatment needs and infrastructure stress	Restoration, revegetation, sustainable productive systems and on-farm water management to reduce runoff and erosion
Drought and prolonged dry periods	Reduced baseflows, water scarcity, pressure on reservoirs and higher competition for water	Bogotá's water supply system, rural aqueducts, smallholder producers and ecosystems	Existing water systems and rural municipalities have limited technical, financial and institutional capacity to buffer prolonged deficits	Climate-resilient productive practices, water-use efficiency in community-run water systems and improved watershed management
Increased wildfire conditions	Loss of vegetation cover, soil degradation, biodiversity loss and reduced hydrological regulation	Páramos, High Andean forests and productive landscapes	Fire-prone and degraded areas lose ecological functionality, increasing downstream hydrological risk	Ecosystem protection, restoration, sustainable land management and community-based prevention measures
Compound climate variability, including ENSO-related extremes	Alternating drought, intense rainfall, landslides and hydrological instability	Regional water supply systems and intervention landscapes	Climate variability interacts with ecosystem degradation, urban demand and institutional constraints, producing systemic water-security risk	Integrated watershed resilience model combining NbS, livelihoods, governance and sustainable financing

Conclusion

25. The Bogotá Region faces compounded climate risks to water security driven by rising temperatures, increasingly variable and intense rainfall, and the ongoing degradation of high Andean and *páramo* ecosystems that naturally capture, regulate, and purify water. These hazards result in reduced dry-season baseflows, more frequent disruptions to water supply, increased sediment and nutrient loads, and higher urban flood peaks. Together, these impacts raise operating costs for water utilities and disproportionately affect vulnerable communities. Climate change is intensifying hydrological variability, while ecosystem degradation is weakening the region's natural buffering capacity, directly threatening potable water supply, flood protection, and public health.

26. The analyses presented in Annex 2 and summarized in this section demonstrate that climate change is intensifying an already vulnerable water supply system. The water supply risk is determined by a complex interaction of climate hazards, exposure and vulnerability combined with patterns of ecosystem degradation and institutional capacity. The four selected landscapes represent hydrologically strategic areas based on both climate risk and non-climate factors. The climate hazards identified as part of the Climate Vulnerability Analysis have also been used in an explicit impact chain that links climate drivers with the proposed project response. This structured approach strengthens the scientific and strategic basis for the project and aligns the climate context clearly with the proposed interventions.

B.2 (a). Theory of change narrative and diagram (max. 1500 words, approximately 3 pages plus diagram)

27. The Theory of Change diagram (Figure 8) summarizes the project's causal logic. As presented in Annex 2, Section 6.1, the project is designed as a watershed transformation model in which ecosystem-based adaptation and productive transformation generate verifiable hydrological results and these results are then used to mobilize sustained public and private finance for water resilience.

Project logic

28. The theory of change is grounded in the analytical sequence developed in Annex 2. It defines the climate problem and shows that sustained warming, more irregular and extreme precipitation, prolonged drought, and increased wildfire and frost risks are reducing the capacity of high-Andean ecosystems and productive landscapes to regulate water, with consequences for runoff variability, erosion, sediment transport, water quality, and supply reliability. Chapter 1 shows that this climate problem affects a regional water system that is operationally dependent on high-mountain ecosystems, while Chapter 4 demonstrates that intervention landscapes and watersheds were prioritized based on climate risk, vulnerability, and hydrological relevance for Bogotá's water supply system and the Region. The project responds to this problem through a single investment logic:

GOAL STATEMENT

IF watershed interventions are designed and implemented to generate verifiable hydrological results, together with improved rural livelihoods, **THEN** public and private financing solutions for water resilience in Bogotá and the Region will be unlocked and scaled, **BECAUSE** water utilities, municipalities and private companies will have a tested proof of concept with verifiable hydrological benefits in ecosystem-based adaptation and productive transformation, leading to sustained hydrological improvements in the supplying watersheds.

29. This logic is set out in Annex 2, Section 6.1 and is supported by the VWB-based methodological framework, which links project activities to measurable changes in modifiable inputs such as land management, water management, technical capacity, and access to productive assets or finance. A core set of indicators is anchored in the Volumetric Water Benefits (VWB) framework, which serves as the primary measure of direct hydrological outcomes. It is linked with complementary indicators on ecosystem condition (restoration), climate resilient agricultural production systems, water governance and innovative finance mechanisms for water security, as well as livelihood improvements across target watersheds. All of those are used to explain and track the contribution of individual activities to these hydrological results.

30. The VWB framework applied in the project is aligned with internationally recognized Volumetric Water Benefit Accounting (VWBA) approaches, which define volumetric water benefits as the volume of water resulting from water stewardship activities that positively modify hydrological conditions and contribute to reducing shared water challenges. This approach provides a standardized methodology to quantify and communicate hydrological outcomes, while also incorporating complementary indicators to capture non-volumetric outputs and broader water stewardship effects.

Component structure

31. Annex 2, Chapter 5 concludes that the most effective response is an integrated package of nature-based and productive measures acting on the hydrological functions of the supplying watersheds, and that such measures must be paired with a financing strategy capable of continuing after the grant period. On that basis, Annex 2, Chapter 6 organizes the project into two complementary components. Component 1 proves the watershed intervention model by generating the highest hydrological benefit in priority intervention landscapes. Component 2 establishes the financing architecture required to replicate and scale that model.

32. Component 1 groups the activities that directly modify the ecological and productive drivers of hydrological performance. As described in Annex 2, Chapter 6 and detailed in Chapter 8, these activities are conservation of high-Andean ecosystems, restoration of degraded ecosystems, climate-resilient production systems at farm level, commercialization and market access for water-regulating rural products, and improved efficiency and water-loss control in community-run water systems. These activities are grouped together because they act on different but connected causes of declining water regulation. Conservation prevents further loss of regulating ecosystems. Restoration recovers hydrological functions in areas where those functions have already been impaired. Productive reconversion changes land-use practices that intensify erosion, runoff, and pressure on strategic ecosystems. Commercialization links that transition to viable income streams. Water-system efficiency reduces losses and local exposure to drought and flow variability.

33. Each activity under Component 1 is linked to a defined set of indicators that capture both its direct contribution to hydrological performance and its enabling effects. Conservation, restoration, and productive reconversion are directly associated with changes in runoff, infiltration, and water retention, as reflected in VWB metrics. Complementary indicators, such as hectares under sustainable management, improved production systems, and reduced system losses, serve to explain how these activities generate measurable hydrological benefits.

34. Component 2 groups the activities that address the structural financing and evidence gap identified in Annex 2, Chapter 3. These are the incorporation of an environmental investment component into the EAAB tariff and the operationalization of a long-term private financing mechanism. They are grouped together because both rely on the same enabling condition: hydrological outcomes must become measurable, traceable, and relevant to investment decisions. Without that translation, public and private financing flows remain fragmented, short-term, and weakly connected to watershed performance.

Interlinkages between components

35. The activities in Component 1 are designed to function as a connected territorial package rather than as standalone interventions. Conservation and restoration improve infiltration, soil-water retention, vegetation cover, erosion control, and baseflow regulation in the strategic headwaters and upper basins identified through the prioritization process in Annex 2, Chapter 4. Productive reconversion addresses the same hydrological problem from the farmed landscape by replacing land uses that degrade watershed function with systems that are more compatible with soil protection, reduced runoff, and climate resilience. Commercialization and market access ensure that the transition does not depend only on technical advice or short-term incentives but is linked to economic conditions that allow producers to maintain resilient practices. Improvements in community-run water systems reduce non-revenue losses, improve local water-use efficiency, and lower exposure to prolonged dry periods in upstream municipalities.

36. Component 2 enables the results of this territorial package to be scaled. The tariff-based mechanism uses measured hydrological outcomes to justify environmental investment within the regulatory framework applicable to the water utility. The private financing mechanism uses the same evidence base to channel private capital into prioritized watershed interventions. As explained in Annex 2, Chapter 6, the two components are therefore connected through verifiable hydrological performance. Component 1 generates it, while Component 2 uses that evidence to inform and mobilize long-term public and private investment in watershed interventions.

Barriers, gaps and project response

37. Annex 2, Chapter 3 identifies four priority adaptation gaps: insufficient long-term financing for watershed resilience; inadequate integration of climate risk into land-use, watershed, and water-security planning; weak local implementation capacity in upstream municipalities and community-run water systems; and the absence of an operational MRV architecture capable of translating hydrological outcomes into decision-making and investment. These gaps persist because of four structural barriers: financial, regulatory and planning, institutional, and technical.

38. The financial barrier is the absence of a structured and scalable financing architecture for watershed resilience. Public, tariff-based, and private flows exist, but they are not aggregated around a common hydrological performance framework. The project addresses this barrier through Component 2 by establishing tariff-based environmental investment and a long-term private financing mechanism capable of directing recurrent funding to watershed interventions linked to measurable outcomes.

39. The regulatory and planning barrier is that regulatory and planning instruments are not consistently operationalized in a way that aligns land-use, watershed protection, climate adaptation, and water-security planning in the territories that sustain Bogotá's water supply. The project addresses this barrier through the proposed model that combines conservation, restoration, and productive reconversion in priority landscapes identified through the climate-risk and hydrological prioritization process described in Annex 2, Chapter 4. These activities act directly on the land-use dynamics that drive runoff intensification, erosion, contamination, and declining baseflow stability.

40. The institutional barrier is the uneven capacity of upstream municipalities, producer organizations, and community-run water systems to implement and maintain adaptation measures over time. The project addresses this through farm-level technical support, support to producer organizations, and operational improvements in community-run systems, allowing local actors to implement resilient practices, reduce water losses, and manage climate-related supply stress more effectively.

41. The technical barrier is the lack of integrated methodologies, tools and institutional processes to operationalize available climate and hydrological data into investment-relevant indicators, including metrics, such as run off, quantified through Volumetric Water Benefits (VWB) methodologies, limiting the measurement, verification and use of hydrological outcomes in planning, regulation and financing. The project addresses this through the VWB-based performance framework that underpins both components: Component 1 generates the evidence, and Component 2 establishes the methodologies, reporting protocols, and operational structures that make that evidence usable for finance and regulation.

Outcomes

42. The theory of change leads to two mutually reinforcing outcomes. Outcome 1 is that the watershed transformation model is proven to achieve the highest hydrological benefit in priority watersheds through conservation, restoration, productive reconversion, market-linked livelihood transition, and reduced losses in community-run water systems. As indicated in Annex 2, Chapters 6 and 9, this outcome is expressed through deliverables such as hectares effectively conserved and monitored, hectares restored according to approved designs, hectares under climate-resilient practices, products placed in Bogotá markets, upgraded community water systems, and measurable hydrological benefits at plot and watershed scale.

43. Outcome 2 is that finance is mobilized to replicate and scale the watershed transformation model through an operational environmental investment component in the tariff and a structured private financing mechanism. As indicated in Annex 2, Chapters 6 and 9, this outcome is expressed through deliverables such as regulator-accepted reporting, operational financing structures, mobilized public and private finance, and hectares financed at scale.

44. Together, these outcomes lead to the project impact of long-term financially sustainable water resilience in Bogotá and the Region. Annex 2 is explicit that this impact does not arise from hydrological improvement alone, nor from finance alone, but from their interaction: measurable adaptation results create the basis for long-term investment, and long-term investment allows the intervention model to persist beyond the grant period and expand to additional watersheds.

Assumptions

45. The theory of change rests on assumptions tested in Annex 2, Chapter 7. First, the selected interventions must remain feasible within a four-year horizon under current regulations and without legislative reform, protected-area expansion, or relocation. Second, the prioritized landscapes must retain sufficient ecological functionality for conservation, restoration, and productive reconversion to generate measurable hydrological gains. Annex 2 concludes that the system is degraded but still recoverable, which makes this assumption reasonable.

46. Third, producers and local organizations must be able to adopt and maintain resilient land-use practices when these are paired with technical support, productive alternatives, and market access. This assumption is reflected in the inclusion of commercialization as part of Component 1 rather than as a parallel activity. Fourth, utilities and private actors must be willing to allocate finance once hydrological outcomes become measurable

and reportable in formats relevant to regulation and investment. This assumption is addressed by embedding methodological development, reporting protocols, and financing structures within Component 2.

Co-benefits

47. The same intervention package also generates co-benefits documented in Annex 2, Chapter 5, Chapter 10, and Appendices II and III. Co-benefits are distinguished from direct benefits in that they arise from the same activities but do not constitute the primary adaptation objective. Instead, they represent additional environmental, economic, social, and mitigation outcomes that reinforce the overall impact of the intervention model.

48. Environmental co-benefits include biodiversity conservation, improved ecological connectivity, reduced erosion and sediment transport, and protection of high-Andean ecosystems that support endemic and threatened species. Economic co-benefits include more stable rural income opportunities linked to differentiated products and potential reductions in downstream water treatment costs associated with better watershed condition. Mitigation co-benefits arise from increased carbon sequestration in restored and conserved ecosystems, while social co-benefits include more reliable rural water services and greater capacity of local actors to operate and maintain adaptation measures.

Basis for indicators

49. The project's primary benefit is adaptation through improved hydrological regulation, expressed in measurable changes in runoff, water retention, and dry-season reliability, as captured by the VWB indicator. These constitute the project's direct benefits because they reflect the core climate adaptation objective and are directly linked to the hydrological performance of watershed interventions.

50. The theory of change provides the basis for the results framework by establishing a clear line of sight from climate problem, to barrier, to activity, to outcome, and then to indicator. As set out in Annex 2, Chapter 9, indicators can therefore be assigned to hydrological performance, effective hectares intervened, efficiency in community-run systems, operational financing mechanisms, finance mobilized, and the principal environmental, economic, social, and mitigation co-benefits generated by the same intervention model.

51. In line with VWBA principles, the project distinguishes between volumetric indicators, such as reduced and avoided runoff, expressed in VWB, and complementary non-volumetric indicators that capture enabling conditions, activity performance, and broader social, economic, and environmental outcomes. While volumetric indicators provide the core measure of hydrological benefit, additional indicators are necessary because changes in water volume alone do not fully capture the resolution of shared water challenges.

52. Therefore, the project integrates both types of indicators: volumetric indicators quantify direct changes in hydrological performance resulting from interventions, while complementary indicators measure the effectiveness of water stewardship activities, including land-use transformation, capacity development, and improved management practices. This combined approach ensures that hydrological benefits are not only quantified but also contextualized in terms of their contribution to water security, ecosystem resilience, and Sustainable Development Goal 6 targets.

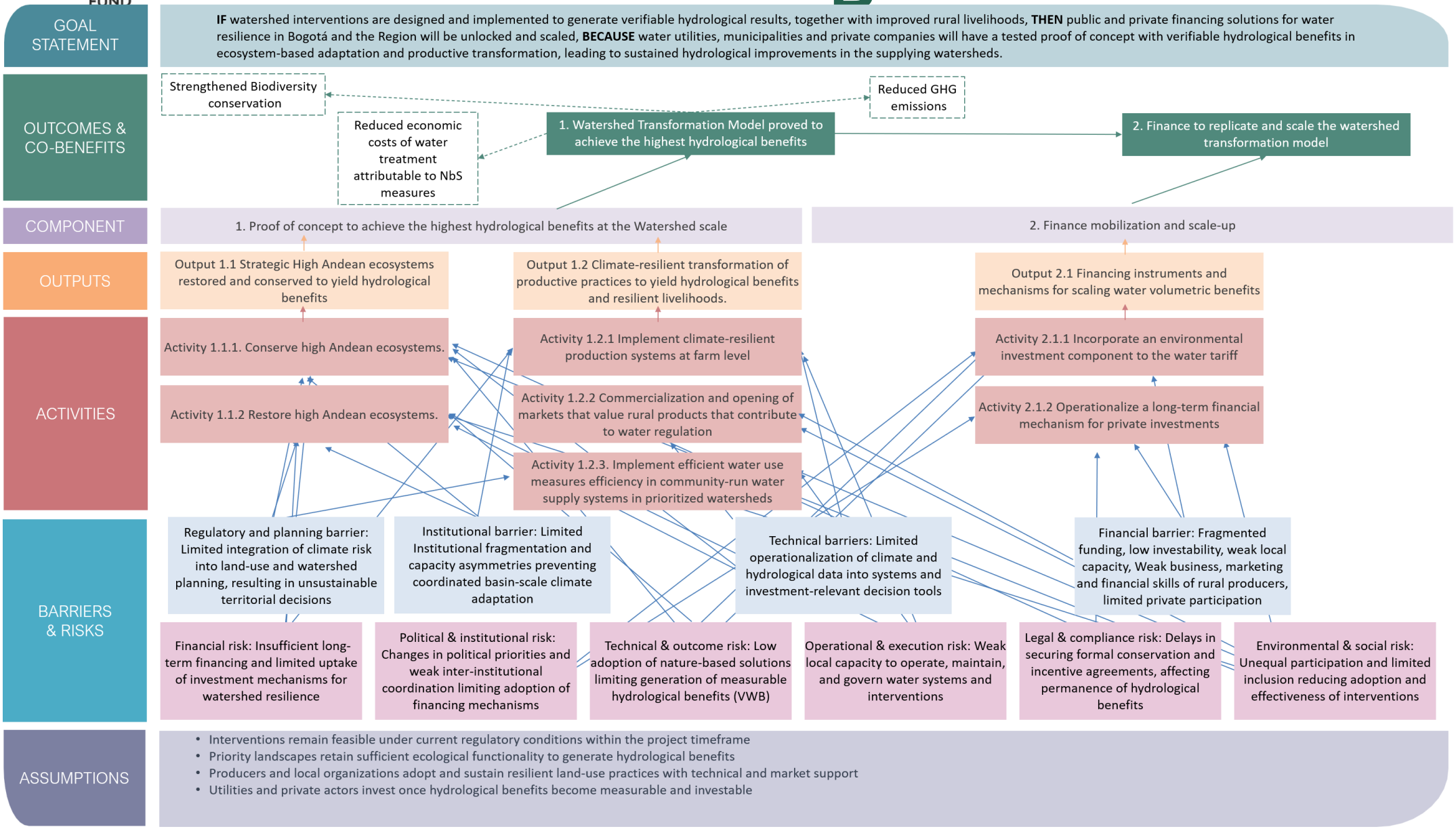
53. The VWBA framework also informs the selection of activity-level indicators by linking each intervention type to expected hydrological outcomes and associated enabling factors. As a result, indicator methodologies are directly derived from the characteristics of project activities, ensuring that all reported results are traceable to intervention design and implementation.

54. Indicator selection and design are based on the measurable variables directly influenced by project activities, including land-use change, vegetation cover, water-system efficiency, and adoption of resilient production practices. The VWB indicator aggregates these changes into hydrological performance metrics (reduced and avoided runoff), while complementary indicators capture intermediate and enabling outcomes at activity level.

55. The methodologies underpinning these indicators are detailed in Section E and Annex 2, Chapters 8 and 9, including calculation approaches, data sources, and assumptions, ensuring full consistency between activities, measured outcomes, and reported results.

B

B


GOAL STATEMENT
IF watershed interventions are designed and implemented to generate verifiable hydrological results, together with improved rural livelihoods, THEN public and private financing solutions for water resilience in Bogotá and the Region will be unlocked and scaled, BECAUSE water utilities, municipalities and private companies will have a tested proof of concept with verifiable hydrological benefits in ecosystem-based adaptation and productive transformation, leading to sustained hydrological improvements in the supplying watersheds.
OUTCOMES & CO-BENEFITS
Strengthened Biodiversity conservation
Reduced GHG emissions
Reduced economic costs of water treatment attributable to NbS measures
1. Watershed Transformation Model proved to achieve the highest hydrological benefits
2. Finance to replicate and scale the watershed transformation model
COMPONENT
1. Proof of concept to achieve the highest hydrological benefits at the Watershed scale
2. Finance mobilization and scale-up
OUTPUTS
Output 1.1 Strategic High Andean ecosystems restored and conserved to yield hydrological benefits
Output 1.2 Climate-resilient transformation of productive practices to yield hydrological benefits and resilient livelihoods.
Output 2.1 Financing instruments and mechanisms for scaling water volumetric benefits
ACTIVITIES
Activity 1.1.1. Conserve high Andean ecosystems.
Activity 1.1.2 Restore high Andean ecosystems.
Activity 1.2.1 Implement climate-resilient production systems at farm level
Activity 1.2.2 Commercialization and opening of markets that value rural products that contribute to water regulation
Activity 1.2.3. Implement efficient water use measures efficiency in community-run water supply systems in prioritized watersheds
Activity 2.1.1 Incorporate an environmental investment component to the water tariff
Activity 2.1.2 Operationalize a long-term financial mechanism for private investments
BARRIERS & RISKS
Regulatory and planning barrier: Limited integration of climate risk into land-use and watershed planning, resulting in unsustainable territorial decisions
Institutional barrier: Limited Institutional fragmentation and capacity asymmetries preventing coordinated basin-scale climate adaptation
Technical barriers: Limited operationalization of climate and hydrological data into systems and investment-relevant decision tools
Financial barrier: Fragmented funding, low investability, weak local capacity, Weak business, marketing and financial skills of rural producers, limited private participation
Financial risk: Insufficient long-term financing and limited uptake of investment mechanisms for watershed resilience
Political & institutional risk: Changes in political priorities and weak inter-institutional coordination limiting adoption of financing mechanisms
Technical & outcome risk: Low adoption of nature-based solutions limiting generation of measurable hydrological benefits (VWB)
Operational & execution risk: Weak local capacity to operate, maintain, and govern water systems and interventions
Legal & compliance risk: Delays in securing formal conservation and incentive agreements, affecting permanence of hydrological benefits
Environmental & social risk: Unequal participation and limited inclusion reducing adoption and effectiveness of interventions
ASSUMPTIONS
• Interventions remain feasible under current regulatory conditions within the project timeframe
• Priority landscapes retain sufficient ecological functionality to generate hydrological benefits
• Producers and local organizations adopt and sustain resilient land-use practices with technical and market support
• Utilities and private actors invest once hydrological benefits become measurable and investable

B

Figure 8. Theory of Change for the project

B.2 (b). Outcome mapping to GCF results areas and co-benefit categorization

Fill in the GCF results area table below to map each project/programme outcome identified in section B.2(a) to the contributing GCF results area(s) by referring to the description of eight results areas provided in the guidance note.

Outcome number	GCF Mitigation Results Area (MRA 1-4)				GCF Adaptation Results Area (ARA 1-4)			
	MRA 1 Energy generation and access	**MRA 2** Low-emission transport	**MRA 3** Building, cities, industries, appliances	**MRA 4** Forestry and land use	**ARA 1** Most vulnerable people and communities	**ARA 2** Health, well-being, food and water security	**ARA 3** Infrastructure and built environment	**ARA 4** Ecosystems and ecosystem services
Outcome 1 Watershed Transformation Model proved to achieve the highest Hydrological Benefits.	☐	☐	☐	☐	☒	☒	☐	☒
Outcome 2 Finance to replicate and scale the watershed transformation model	☐	☐	☐	☐	☒	☒	☐	☒

If any co-benefits have been identified in section B.2(a), fill in the Co-benefit table below to map each co-benefit to the corresponding category as defined in the FP guidance note.

Co-benefit number	Co-benefit					
	Environmental	**Social**	**Economic**	**Gender**	**Adaptation**	**Mitigation**
Co-benefit 1 Strengthened Biodiversity conservation	☒	☐	☐	☐	☐	☐
Co-benefit 2 Reduced economic costs of water treatment attributable to NbS measures	☐	☐	☒	☐	☐	☐
Co-benefit 3 Reduced GHG emissions	☐	☐	☐	☐	☐	☒

B.3. Project/programme description (max. 2500 words, approximately 5 pages)

Overview: *Additional detail on Project approaches is available in* ***Annex 02, Chapter 8***

56. Building on the Theory of Change presented in Section B.2, the project is designed to demonstrate that integrated watershed interventions in priority landscapes of the Bogotá Region can generate measurable hydrological benefits and that these benefits can serve as the basis for mobilizing sustained public and private finance for water resilience. As set out in Annex 2, Chapters 6 and 7, the project does not rely on a single intervention to produce impact. It tests a watershed transformation model in which conservation, restoration, productive reconversion, market access, and local water-system improvements jointly improve hydrological regulation, while a second component uses the resulting hydrological evidence to establish a financing structure capable of scaling the model beyond the lifetime of GCF support.

57. The project therefore combines two outcomes. Outcome 1 proves that the watershed transformation model achieves the highest hydrological benefit in selected watersheds. Outcome 2 converts that proof of concept into

an operational financing architecture capable of supporting continued and scaled investment in watershed resilience through a tariff-based environmental investment route and a long-term private financing mechanism. As clarified in Annex 2, quantified hydrological benefits through VWBA provides the measurement, verification, and reporting framework that links hydrological outcomes to planning and investment decisions, not the objective in itself. The objective is to establish an intervention model plus a financing structure that can sustain and replicate climate-resilient water security investments across the Bogotá Region.

INTERVENTION LANDSCAPES

58. Project interventions will be concentrated in prioritized intervention landscapes where hydrological outcomes can be maximized within the implementation period and where successful demonstration can support replication and scale-up. The selected intervention landscapes are Tunjuelo, Guandoque, Villapinzón, and Tominé:

Intervention landscapes	Prioritized watersheds
Guandoque	Guandoque-Salitre-Susagua watershed
Villapinzón	Upper Bogota River watershed
Tominé	San Francisco-Aves-Chipata watershed
Tunjuelo	Curubital-Quebrada Yomasa-Quebrada Aguadulce-Quebrada Paso Colorado

59. The project's intervention landscapes were selected to deliver credible proof of concept by concentrating interventions where hydrological outcomes can be maximized during the project implementation period. Watersheds were prioritized based on their role in supporting reservoirs and local urban water supply systems, and the climate vulnerability of ecosystems and people. The following factors were used to prioritize watersheds (See Annex 2, Chapter 4):

- **Climate change:** based on projected shifts in temperature and precipitation patterns that can alter evapotranspiration and runoff regimes, influencing both drought risk and high-flow events in the watersheds
- **Water regulation impact:** based on potential changes in vegetation cover and land management to maximize the reduction of excess runoff peaks and sustain baseflows, strengthening watershed level water regulation under current and future climate scenarios.
- **Environmental factors:** based on prioritizing current land cover condition and connectivity of páramos, forests and riparian ecosystems, which control habitat quality, biodiversity, soil stability and capacity to regulate water flows.
- **Socioeconomic diversity:** based on presence of varied agricultural activities and socioeconomic contexts that enables concept testing across different configurations in the Bogota Region.
- **Strong territorial engagement:** based on CI's prior projects in the Bogotá Region that have built strong relationships with territorial actors that are already familiar with proof of concept. This is an advantage for successfully mobilizing a broad set of stakeholders for achieving impact at scale during project implementation.
- **Institutional ability:** based on the presence of different types of local and regional authorities in the Bogotá Region to ensure successful implementation, replication and scaleup.

60. This assessment prioritized high-mountain watersheds with very high climate-hydrological priority, high importance for the Bogotá water supply system managed by EAAB, and high relevance for connectivity under climate change scenarios. Within this framework, watersheds feeding the main reservoirs of the EAAB systems, upper watersheds with intakes for the principal "*acueductos locales*[13]", and areas critical for páramo ecosystem connectivity were identified as priorities, thereby ensuring that investments directly target climate-sensitive headwaters and strategic ecological corridors. To translate this regional analysis into actionable implementation, the prioritization was refined down to the scale of "*veredas*[14]" as the minimal geo-referenced administrative unit, combining biophysical, environmental, and socioeconomic criteria to ensure feasibility and strong local alignment at farm and property level.

[13] *Acueductos veredales* are civil society groups that provide water, mostly in rural areas. They operate under the same regulations as larger service providers. Local supply systems not associated with EAAB.

[14] In Colombia, a vereda is a rural administrative division within a municipality

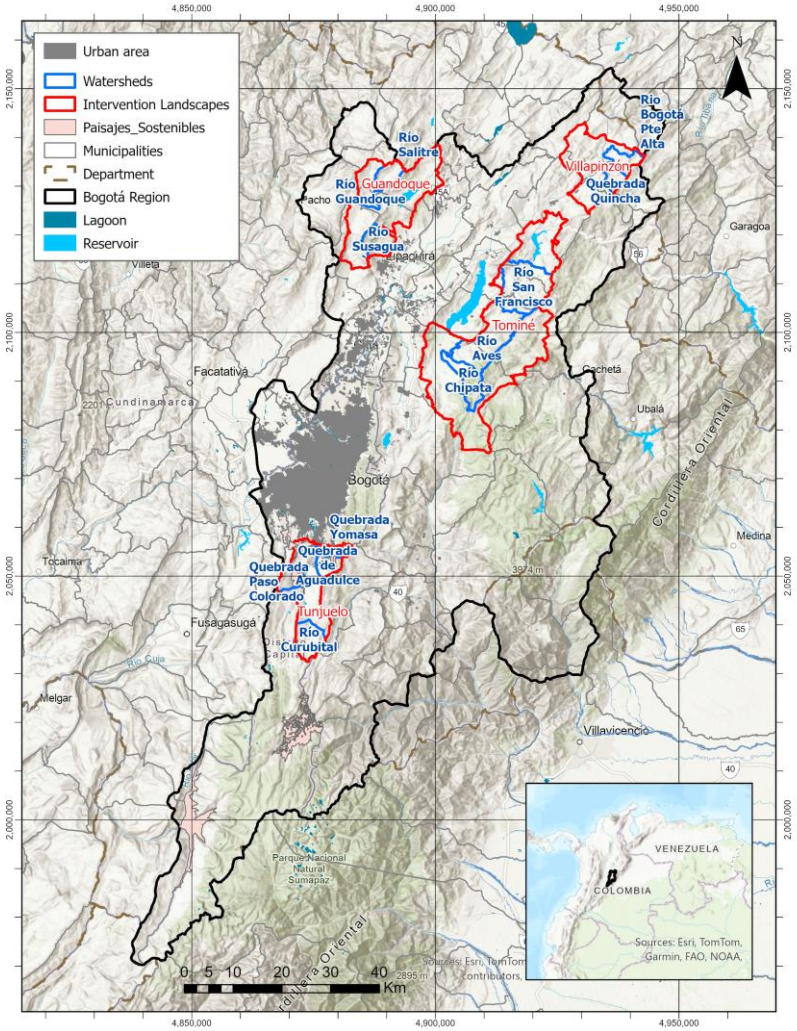


Figure 1 Intervention landscapes and watersheds of the project

COMPONENT 1. PROOF OF CONCEPT TO ACHIEVE THE HIGHEST HYDROLOGICAL BENEFITS AT THE WATERSHED SCALE

61. The objective is to generate robust territorial evidence of hydrological benefits and VWB generation, that begins at the plot scale and gradually scales to the watershed level, while strengthening climate resilience and livelihoods, to trigger long-term financing under Component 2. Outputs under Component 1 prove that i) Restoration and conservation interventions in headwaters areas, riparian areas and farms, together with ii) climate-resilient transformation of productive practices leads to better livelihoods, iii) commercialization and access to markets for products that contribute to water-resilience and iv) improved local water management reduces pressure on strategic ecosystems and, ultimately, yields water benefits.

62. Component 1 is designed to demonstrate that integrated watershed interventions can improve hydrological performance while strengthening climate resilience and livelihoods in priority supplying watersheds. Activities under this component will be implemented in a) Public Protected Areas, b) Private Protected Areas (Civil Society Natural Reserves), and c) public and private property lands benefiting farmers, landowners, producer associations and local organizations.

63. The following table organizes activities considered during project formulation as part of the Options Analysis to select the highest impact interventions (Annex 2, Chapter 5). Potential activities are separated into those that can better prove the concept in selected watersheds (with relatively low barriers and fast, visible climate and water benefits) and those that are harder to achieve and require regulatory changes, substantial financing and social agreements. Activities highlighted in green will be implemented by the project:

Activities that are feasible to implement during a GCF project, with low financial resources and yielding high hydrological benefits 5- year	**Activities that require policy changes, high financing and are not feasible to implement in a 5-year GCF project.**
- Conserve high Andean ecosystems - Restore high Andean ecosystems - Implement climate-resilient production systems at farm level in prioritized watersheds - Commercialization and opening of markets that value rural products that can contribute to water regulation - Implement efficient water use measures in community-run water supply systems in prioritized watersheds.	- Grey infrastructure - Extensive control of invasive species - Control or expand protected areas with more restrictive zoning - Relocation of populations/land purchase from farmers for restoration - Prohibiting cattle and potatoes in critical zones

The project is built around a Watershed Transformation Model logic, which combines farm-level interventions at a watershed-level level included under output 1.1 and 1.2. Selected interventions under the Watershed Transformation Model aim to maximize climate adaptation, hydrological benefits over time and a sustained paradigm shift. Communities in selected watersheds will construct Watershed Visions (under activity 1.1.2 and 1.2.1) as a tool for local buy-in and locally-led adaptation. Communities, supported by CI technical teams, will build a vision for their territories, identifying priority areas for conservation, restoration, and sustainable production across the landscape. Then, through Climate Resilient Farm Plans (under activity 1.1.2 and 1.2.1), each participating family will co-design, along CI, a strategy that integrates conservation, restoration, and climate-resilient production activities on their farm. Together, they will guide coordinated interventions presented below and that generate measurable watershed-scale hydrological benefits while strengthening community resilience, livelihoods, and stewardship of natural resources.

Chapter 8 in Annex 2 provides a full description of each output, activity and subactivity, including implementation model, partners, interventions, contribution to the watershed transformation model and proof of concept, deliverables and indicators. A summary of each activity is provided below:

64. **Output 1.1.** Strategic High Andean ecosystems restored and conserved to yield hydrological benefits:

Activity 1.1.1. Conserve high Andean ecosystems. This activity aims to conserve 26,071 ha of native High Andean ecosystems (*páramos*, high Andean forests, wetlands, recharge zones and other water-regulation areas) to prevent degradation of natural ecosystems that are threatened with conversion to other land use. These ecosystems are critical for downstream water security because they function as natural water storage and regulation systems, infiltration, soil-water storage, low runoff coefficients, and stable dry-season flows. Conserving these areas will help maintain ecohydrological functions that are critical for climate adaptation. Interventions will take place in Protected Areas and private lands. This activity addresses key institutional and financing barriers that limit the effective conservation of high-Andean ecosystems, including limited capacity and resources to implement monitoring, surveillance, PA management under climate change and coordinated, watershed-level incentives for conservation on private lands.
Sub-activities are:

1.1.1.1. Implement control and surveillance, monitoring and climate training in Protected Areas.
1.1.1.2. Reduce ecosystem loss through conservation agreements and payments for landowners.

Sub activity 1.1.1.1 will be led by CI as EE, providing project coordination among partners, communities and landowners as well as technical oversight. IAvH, as implementing partner, will provide training on climate adaptation, adaptive management, monitoring, among others. CAR and CORPOGUAVIO will implement and co-finance monitoring, surveillance, and control activities in protected areas under their jurisdiction, according to the PA management plans.

Sub-activity 1.1.1.2 will be led by FA, as the EE, to ensure that Payments for Conservation financed through different public funding sources are coordinated, complementary, and aligned with the interventions under Outputs 1.1 and 1.2. FA will also verify beneficiaries' land tenure rights, a prerequisite for accessing conservation incentives. The SDA, the Government of Cundinamarca, and the EAAB will provide funding for the Payments for Conservation. SDA and the Government of Cundinamarca will disburse incentives directly to landowners, while EAAB resources will be managed by CI, which will also support the implementation of Payments for Conservation co-financed by SDA. In addition, under

Activities 1.1.2 and 1.2.1, CI will promote community participation and local ownership in the selected watersheds. No GCF funds will be used to finance Payments for Conservation, rather all incentives will come from cofinancing sources.

The primary impact indicator for this activity is hectares conserved and effectively monitored. This indicator is relevant because the adaptation value of conservation depends not only on signing agreements but on keeping hydrologically strategic land under a conserved condition that avoids future increases in runoff, erosion, and sediment delivery. The activity also contributes to modeled VWB generated, particularly through avoided runoff, avoided sediment transport, and maintained baseflow regulation.

65. **Activity 1.1.2.** Restore high Andean ecosystems will restore 2,032 ha of páramo and high-Andean forest areas in order to recover hydrological functions already impaired by land-use change, erosion, soil compaction, grazing, cultivation, or vegetation loss. The activity will rehabilitate degraded areas in both protected areas and private lands, restoring their capacity to capture, store, and gradually release water, thereby contributing to a more stable water supply for downstream communities and ecosystems over time. Landowners, who will implement restauration measures, will be selected based on predefined criteria (See Annex 26).

1.1.2.1 Implement passive restoration of moderately degraded lands allowing natural regenerative processes.
1.1.2.2. Implement active restoration of highly degraded lands.

CI, as the EE, will lead and coordinate restoration efforts across priority landscapes, working closely with CAR and CORPOGUAVIO to align restoration activities within their respective jurisdictions. To promote long-term sustainability, CI will partner with local community organizations, strengthening their capacities and transferring knowledge to support the continuation of restoration efforts beyond the project period. Through grants provided by CI, these organizations will implement restoration measures under CI's technical guidance and supervision. Native plant material will be sourced from local nurseries. Co-financing for this activity will be provided by SDA, EAAB, the Coca-Cola Foundation, and AB InBev. CI and its local partners will work directly with landowners and their families to implement restoration measures identified in their Climate-Resilient Farm Plans.

The primary impact indicator is hectares restored in accordance with approved restoration designs. The activity also contributes to VWB generated, especially through reduced surface runoff, reduced sediment yield, and progressive recovery of subsurface storage and baseflow.

66. **Output 1.2.** Climate-resilient transformation of productive practices to yield hydrological benefits and resilient livelihoods.

Activity 1.2.1. Implement climate-resilient production systems at farm level will transform 2,409 hectares of productive land into sustainable production systems that improve infiltration, soil-water retention, and drought buffering at the plot and farm scale. The activity addresses a key barrier to climate-resilient land management, many landowners lack the knowledge, technical capacities, and financial resources needed to adopt sustainable production practices and diversify their incomes. As a result, conventional agricultural and livestock practices often contribute to soil degradation, erosion, runoff, and pressure on strategic ecosystems. Through technical assistance and the implementation of climate-resilient production systems, the activity will enable farmers to adopt more sustainable and productive practices that strengthen farm resilience while improving water regulation. Farmers, who will implement measures to achieve farm-level resilience for water regulation, will be selected based on predefined criteria in prioritized agricultural lands (See Annex 26). Sub-activities are:

1.2.1.1. Implement silvopastoral systems in place of traditional dairy production
1.2.1.2. Implement agroecological practices in traditional potato production systems
1.2.1.3. Implement efficient use and water saving at farm level
1.2.1.4. Implement and diversify agrifood systems

CI, as the EE, will lead and coordinate productive transformation interventions across the priority landscapes. Consistent with the approach used for restoration activities, the same local community organizations will implement productive transformation measures under CI's technical guidance and supervision. Co-financing for this activity will be provided by EAAB, the Coca-Cola Foundation, and AB InBev. CI and its local partners will work directly with landowners and their families to co-design and implement interventions through their Climate-Resilient Farm Plans,

ensuring that productive transformation measures are tailored to local needs and aligned with broader watershed resilience objectives.
The main impact indicator is hectares under climate-resilient practices. This indicator captures actual land-use change on the productive footprint that drives hydrological outcomes. The activity also contributes to VWB generated by reducing runoff peaks, improving infiltration, and lowering sediment exports from production areas.

67. **Activity 1.2.2.** Support commercialization and market access for water-regulating products. This activity ensures that productive transformation becomes economically viable and durable. Annex 2 makes clear that low adoption incentives are a major implementation gap; producers are unlikely to sustain resilient practices if they remain disconnected from markets that recognize and reward differentiated products. Throughout this activity, the project will support producer associations and local organizations, whose affiliated producers are already implementing climate-resilient production practices in selected watersheds to commercialize rural products and access markets. By creating economic opportunities linked to sustainable production, the activity will enable producers to increase and diversify their incomes while maintaining practices that contribute to water regulation, climate adaptation, and landscape resilience.
Producer associations and local organizations will be selected based on predefined criteria (See Annex 26). Sub-activities are:

    1.2.2.1. Develop business models for climate-resilient production systems.
    1.2.2.2. Implement commercialization and market access initiatives through producer associations

FA, as the EE, will lead and coordinate this activity. FA will provide grants to selected local organizations and producer associations who will implement business models, commercialization activities, and market access initiatives with technical support from Fondo Acción. Local producers will participate through these organizations, contributing to the implementation of supported business models and sustainable market opportunities.

The main impact indicator is number of new clients to place products in Bogotá markets, complemented where possible by revenues generated from participating producers' associations. It captures whether market access was actually achieved and whether productive reconversion can be sustained through income generation. Although this activity does not generate hydrological benefits directly, it is essential to maintaining the land-use changes that underpin the hydrological impact of Activity 1.2.1.

68. **Activity 1.2.3.** Implement efficient water use measures in 40 community-run water supply systems in prioritized watersheds. This activity addresses local water insecurity in upstream municipalities and rural communities by reducing losses, improving operational efficiency, and increasing the capacity of 40 community-run systems to manage climate-related supply variability. The activity aims to reduce non-revenue water (NRW) while ensuring that rural community-run water supply systems deliver a better service and water quality to users. Annex 2 identifies these systems as highly exposed to drought, flow variability, and limited technical capacity. This activity will support long-term resilience of rural communities relying on these services in the Bogota Region. Beneficiary community-run water systems will be selected based on predefined criteria in selected watersheds (See Annex 26). Sub-activities are:

    1.2.3.1. Install macro-metering and upgrade community-run water supplies systems to cut losses.
    1.2.3.2 Apply efficient water use practices in water supply community-run systems
    1.2.3.3. Implement drinking-water treatment in water supply community-run systems

FA, as the EE, will lead and coordinate this activity. FA will provide technical assistance and grants to selected community-run water supply systems' organizations. Fondo Acción will lead the development and implementation of tailored support packages based on the technical diagnostics conducted for each participating water system. For this, FA will engage a specialized consulting firm.

The main impact indicator is related to the installation of macro-meters because this will allow identification of leaks and application of tailored water efficiency measures in each of the community-run supply water system. This indicator measures the direct adaptation effect of reduced losses and improved use of limited water resources under climate stress. Depending on the intervention, the activity may also contribute to beneficiaries with improved water security, which is linked to the overall project impact.

COMPONENT 2. FINANCE MOBILIZATION AND SCALE-UP

69. Component 2 converts the hydrological proof of concept generated under Component 1 into an operational financing structure. Its purpose is not to add a parallel objective, but to ensure that the benefits demonstrated in the priority watersheds can continue after the project and expand to additional territories. Annex 2 is explicit that the project impact depends on the combination of hydrological proof and financing architecture. To ensure that scaled-up finance for VWBs occurs in the short run, three key regulatory frameworks were evaluated:

- Environmental compensation for private companies: Law 2173 of 2021 ("Áreas de Vida") requires medium and large businesses to conduct tree planting in priority areas, though full implementation awaits new territorial guidelines. Colombia lacks an integrated financial framework for volumetric water metrics, but many companies are setting stewardship and compensation goals for sustainability. Bogotá-based firms in the CEO Water Mandate and UN Global Compact have significant upcoming compensation targets.
- Water and Basic Sanitation Regulation: Resolution CRA Resolution 1032 of 2026 allows service providers to charge an environmental investment component to recover costs related to environmental investments.
- General Environmental Law: Article 111 of Law 99 of 1993 obliges local governments to allocate at least 1% of unrestricted budgets to conserve strategic water areas. Law 2320 of 2023 updated this requirement, prioritizing nature-based solutions, adaptation, restoration, and conservation payments in key areas.

70. Component 2 prioritizes activities that are feasible under existing laws from those that require broader policy, financial and social consensus. These activities were selected from a larger set of options presented in the following table. Component 2 activities are highlighted in green:

Activities that are feasible to implement during a 5-year GCF project, under current policy and legislation	**Activities that are unlikely to be fully structured within the5-year GCF project timeframe.**
- Incorporate an environmental investment component to the water tariff. - Operationalize a long-term financial mechanism for private investments in integrated water interventions	- Increase and better use of the "1% resources" usually allocated to land purchase - Impact compensations from projects subject to environmental licenses - Flexibilization and expansion of PAS (PES) - Green bonds - Credits (green or concessional credit lines) - Carbon credits - Tax for investment scheme - Regulation of Law 2173 (Areas of Life)

The project has prioritised the incorporation of an environmental investment component into the water tariff and the establishment of a long-term private financing mechanism because both options can be developed within Colombia's existing legal and institutional framework and become operational during the first five years. They build on existing governance arrangements and on the evidence to be generated under Component 1, without depending on new legislation or the creation of additional regulated markets.

Traditional public instruments, including land acquisition, conservation payments and resources linked to the statutory 1% environmental investment requirement, remain relevant, but they are often implemented through individual land purchases or dispersed projects, resulting in slow progress, high transaction costs and limited territorial coverage. Moreover, land acquisition alone does not remove the productive pressures that drive degradation or ensure the presence of local communities with the incentives and capacity to maintain, monitor and consolidate the interventions, prevent new settlements and avoid inappropriate practices in the páramo.

Other instruments, including environmental compensation, green bonds, concessional credit, carbon credits or new tax arrangements, may become useful in the future, but they require further regulatory development, predictable revenue streams, creditworthy issuers, additional certification systems or institutional processes that extend beyond the initial five-year period. Likewise, the integration of obligations under Law 2173, regulated at the end of 2025, into the watershed intervention portfolio will depend on its full territorial operationalisation, which is currently subject to the designation of *Áreas de Vida* by municipalities. The project therefore prioritises mechanisms that can be implemented from the outset and are compatible with existing governance arrangements (See Annex 2 Appendix IV for detailed explanations).

71. **Output 2.1.** Financing instruments and mechanisms for scaling water volumetric benefits

Activity 2.1.1 Incorporate an environmental investment component to the water tariff. This activity aims to establish the technical conditions necessary for the incorporation of an Environmental Investment Component (EIC) into EAAB's water tariff, creating a sustainable financing mechanism for watershed protection and climate adaptation investments in the Bogotá Region. The EIC means that utilities can recover the costs of eligible environmental investments linked to source-water protection and hydrological regulation. Eligible investments include ecosystem restoration, conservation of strategic ecosystems, riparian restoration, aquifer recharge protection, water-resource monitoring, land acquisition for conservation, and Payments for Environmental Services. Such activities align with the Watershed Transformation Model. EAAB currently applies the CRA tariff methodology, which includes fixed and consumption charges to recover administration, operation, and investment costs. The EIC is allowed under Law 142 of 1994, Decree 1207 of 2018, Resolution 874 of 2018, and CRA Resolution 1032 of 2026. Under the current tariff methodology, eligible environmental investments are incorporated within the Environmental Investments and Risk Management component and may be recovered through regulated investment costs (CIAR) and associated operating costs (COIR).

However, although regulation allows utilities to incorporate an EIC, neither EAAB nor any other major utility in Colombia has operationalized it yet. Current gaps remain, including: the absence of hydrological baselines, trend analyses, and scenario-modelling capacities for watershed regulation services; the lack of a prioritized and costed investment portfolio aligned with eligible environmental investment and regulated cost categories; insufficient evidence on the cost-effectiveness of watershed investments; and the absence of a reporting architecture capable of generating the indicators, regulatory reports, and supporting cost records required by CRA and SSPD. Sub activities will address those gaps and build a path for replication and scalability:

2.1.1.1. Define and validate indicators and methodologies to demonstrate the cost-effectiveness of water-resilience investments.

2.1.1.2. Implement systematic reporting for authorities that measure investments effectiveness in hydrological outcomes.

2.1.1.3. Develop replication models for other water utilities.

The main impact indicator is “environmental investment component operational in EAAB’s tariff with regulator-accepted reporting”. This indicator is appropriate because the relevant result is not the production of studies alone, but the establishment of a financing route that is operationally and regulatorily usable. The activity also supports scale by creating a replicable model for other utilities.

CI-Colombia, as the EE, will coordinate Activity 2.1.1 and ensure that the technical development remains aligned with the proof of concept and evidence generated under Component 1. TNC will provide specialized technical support for hydrological assessment, Watershed Investment Portfolio, cost-effectiveness methodologies; and reporting and replication framework. EAAB will co-finance the activity and contribute tariff expertise, operational information, and hydrological data, with no GCF funds flowing to the utility

72. **Activity 2.1.2** Operationalize a long-term financial mechanism for private investments. This activity will establish and operationalize a watershed continuity financing mechanism to mobilize long-term private-sector investment for activities included within the Watershed Transformation Model (Component 1) in the Bogotá Region. The mechanism will provide companies with a credible, watershed-scale vehicle through which they can support the stewardship[15] (maintenance), monitoring, and expansion of interventions in priority watersheds that are relevant to their operations, supply chains and water stewardship commitments. Private-sector contributions will provide a sustained source of financing that supports long-term watershed interventions and may be channeled into i) direct investment in new restoration, conservation, and sustainable productive transformation activities in additional hectares; and ii) stewardship for areas restored and sustainably transformed through GCF-supported investments and reinvestment for expansion. Under the second window, participating companies can support both the continuity of existing outcomes by financing stewardship and monitoring activities, and allocate a portion of their contribution to the expansion of watershed interventions through the same financing window. Resources allocated to reinvestment will go to additional watershed interventions under the Watershed Transformation Model (Activities included in Component 1), expanding

[15] The stewardship concept refers to the set of activities required to ensure that the restored, conserved, or sustainably productive converted areas continue delivering hydrological benefits over time consistent with Conservation Agreements and Climate-Resilient Farm Plans.

implementation to new hectares and increasing the scale and sustainability of project impacts across the Bogota Region. Participating companies may choose to contribute through either financing window depending on their investment objectives, water stewardship commitments, and priority landscapes.

The mechanism will channel financing toward watershed transformation activities (component 1), supported by the quantification, verification, and reporting of hydrological outcomes through VWBA methodologies and field data generated through Component 1. The mechanism addresses a key barrier to private financing in watershed resilience by providing a credible, scalable, and long-term financing mechanism that enables companies to invest in watershed resilience at landscape level while relying on established partners and a credible structure for implementation, monitoring, and reporting hydrological outcomes quantified through VWBA methodologies. Additional investments made through the mechanism will be supported by tools for spatial prioritization and VWBs quantification, helping direct resources toward the most impactful interventions, improve value for money, territorial coordination, increase transparency and accountability for participants. Sub-activities are:

2.1.2.1. Develop automatic tools for spatial prioritization of investments, monitoring and quantification of water volumetric benefits
2.1.2.2. Establish the operational and financial structure of the mechanism.

The main impact indicators are “long-term private mechanism structured and capitalized”, “private finance mobilized (USD)”, and “hectares financed at scale”. These indicators capture whether the mechanism moves from concept to operation and whether it channels resources toward watershed interventions beyond the original project footprint, demonstrating both paradigm shift potential and long-term financial sustainability.

FA, as the EE, will structure and operate the financial mechanism and manage private-sector contributions. TNC will develop the spatial-investment prioritization tool, while WRI will develop the VWB tool to support monitoring, reporting, and attribution of hydrological benefits of additional investments through the mechanism. Once the mechanism is fully operational, CI may implement stewardship activities financed through the mechanism.

B.4. Implementation arrangements (max. 1500 words, approximately 3 pages plus diagrams)

NDA and Government Partner

73. In Colombia, the National Designated Authority (NDA) to the Green Climate Fund is a collegiate body composed of the Ministry of Environment and Sustainable Development (MADS), the Ministry of Finance and Public Credit, the Ministry of Foreign Affairs, and the National Planning Department (DNP). This structure ensures alignment of GCF-funded activities with national climate policy, fiscal oversight, international cooperation priorities, and development planning frameworks. The NDA will ensure that the project remains consistent with Colombia’s Nationally Determined Contribution (NDC), National Adaptation Plan (PNACC), National Development Plan, and national biodiversity and water governance strategies. The Accredited Entity and Executing Entities will maintain regular communication with the NDA throughout implementation and will provide periodic technical and financial reports in accordance with GCF requirements. The DNP acting as representative of the National Designated Authority (NDA) will also participate in the Project Steering Committee (PSC) to strengthen policy coherence and institutional sustainability. The District Secretariat of Environment of the Bogotá Mayor’s Office (SDA) will be a key Government partner to provide political and technical alignment with Bogotá’s policy priorities. The SDA will chair the PSC.

Accredited Entity

74. Conservation International Foundation (CI), through its CI-GCF Agency, will serve as the Accredited Entity (AE) for the Project. In accordance with the Accreditation Master Agreement (AMA) between CI and the GCF, the CI-GCF Agency will be responsible for the overall oversight of the Project, including technical, financial, and administrative monitoring and supervision through progress reporting, audits, and periodic site visits, as well as the review and approval of the Executing Entities’ (EEs’) annual workplans and budgets. The CI-GCF Agency will also provide implementation support, guidance, and fiduciary oversight to the EEs; monitor progress toward the achievement of Project outputs and outcomes; ensure compliance with GCF policies and requirements; submit periodic reports to the GCF; and oversee project evaluation and closure. CI-GCF will disburse GCF funds to the EEs in accordance with the AMA and applicable CI-GCF policies and procedures. The CI-GCF Agency currently serves as the AE for two GCF-

funded projects and one GCF programme addressing climate change mitigation, adaptation, and sustainable livelihoods (FP158, FP235, and FP259).

Executing Entities

75. CI, acting through its branch office in Colombia ("CI-Colombia"), will serve as one of the Executing Entities (EEs) for the Project. CI-Colombia will be responsible for the implementation of Component 1 (Output 1.1 – partial Activity 1.1.1, sub-activity 1.1.1.1, and Activity 1.1.2, sub-activities 1.1.2.1 and 1.1.2.2; and Output 1.2 – Activity 1.2.1, sub-activities 1.2.1.1 through 1.2.1.4) and Component 2 (Output 2.1 – Activity 2.1.1, sub-activities 2.1.1.1 through 2.1.1.3). Fondo para la Acción Ambiental y la Niñez ("Fondo Acción") will serve as the other Project EE and will be responsible for the implementation of Component 1 (Output 1.1 – partial Activity 1.1.1, sub-activity 1.1.1.2; and Output 1.2 – Activities 1.2.2, sub-activities 1.2.2.1 and 1.2.2.2 and Activity 1.2.3, sub-activities 1.2.3.1 and 1.2.3.2) and Component 2 (Output 2.1 – Activity 2.1.2, sub-activities 2.1.2.1 and 2.1.2.2). CI, as AE will enter into the following corresponding Agreements with the EEs: an Internal Grant Agreement with CI-Colombia and a Subsidiary Agreement with Fondo Acción. These Agreements will define the respective fiduciary responsibilities, reporting obligations, procurement standards, and safeguards compliance requirements. The EEs will coordinate implementation through the project governance arrangements described below and will ensure compliance with the Funded Activity Agreement (FAA), applicable GCF policies, and project requirements. In the event of a dispute among the Executing Entities (EEs), resolution procedures established under the Grant Agreements with the CI-GCF Agency shall apply.

76. CI-Colombia is a branch of CI and applies all CI policies and procedures. As one of the Project EEs, CI-Colombia will enter into a variety of agreements (Sub-grant Agreements, Services Agreements, and Memoranda of Understanding) for this Project. CI-Colombia will be responsible for Project coordination, execution, management of sub-grantees and their activities, reporting to the AE, ensuring optimal alignment of Host Country Government policies to achieve Project outcomes and Fund-level goals, and ensuring compliance with CI and GCF standards and policies and with the terms of the FAA.

77. Fondo Acción is a National Direct Access Entity accredited by the Green Climate Fund, with a longstanding track record in environmental and sustainable development programming in Colombia. Established in 2000 as a private, non-profit organization, Fondo Acción has over two decades of experience in designing, financing, and implementing initiatives that promote the preservation, protection, and sustainable management of natural resources, as well as in supporting rural and community-based development processes aligned with climate resilience objectives. The organization has significant experience administering climate-related financial mechanisms, including trust funds, competitive grant programs, and performance-based incentive schemes, and has managed GCF resources under its accreditation, demonstrating compliance with international fiduciary, safeguards, and monitoring requirements. Fondo Acción has delivered climate change readiness and implementation support to national and subnational actors, strengthened institutional capacities for climate planning and finance, and operationalized conservation finance models, ranging from debt-for-nature swaps to innovative risk-financing instruments such as parametric insurance in coastal ecosystems.

78. Under Component 1, CI-Colombia as EE, will lead the implementation of conservation measures under Activity 1.1.1 (sub-activity 1.1.1.1) in collaboration with the relevant Protected Area Authorities CAR and CORPOGUAVIO, as well as the implementation of passive and active restoration interventions (Activity 1.1.2, sub-activities 1.1.2.1 and 1.1.2.2) and climate-resilient production systems (Activity 1.2.1, sub-activities 1.2.1.1 through 1.2.1.4), in close coordination with local authorities, beneficiary landowners, and the Bogotá District Secretariat of Environment (SDA, co-financier). To support implementation, CI-Colombia will manage competitive grant processes and enter into grant agreements with local organizations responsible for restoration and productive transformation activities, as well as contractual and grant arrangements to support the production and supply of plant material through community nurseries (see Annex 23). Under Component 2, CI-Colombia will lead the implementation of Activity 2.1.1 (sub-activities 2.1.1.1 through 2.1.1.3) and coordinate with the Bogotá Water and Sewerage Company (EAAB, co-financier) to support the development and piloting of an environmental investment component within EAAB's water tariff. CI-Colombia will also enter into a grant agreement with The Nature Conservancy (TNC, subgrantee) to support the operationalization of this mechanism, with potential for replication and scaling by other water service providers. All grants awarded to beneficiary organizations and individuals under the Project will be managed through transparent and competitive selection processes based on predefined eligibility and selection criteria as specified in Annex 26 (Grants Manual) and in accordance with the contractual arrangements further described in Annex 23.

79. CI-Colombia will maintain close collaboration with national and subnational authorities to ensure coherent and coordinated implementation of project activities. CI-Colombia will be responsible for monitoring water, ecological, and climate resilience indicators and targets, as well as for knowledge management and replication strategies. Targeted technical support will also be provided by other CI divisions during project execution. Cooperation with government institutions —including the SDA, and the Regional Autonomous Corporations (CAR and CORPOGUAVIO)— will be formalized through Memoranda of Understanding and technical agreements; no cash transfers of GCF funds will be made to government entities. CI-Colombia will also ensure coordinated implementation of co-financing resources.

80. Under Component 1, Fondo Acción, as EE will lead the implementation of the private-land conservation incentive mechanism under Activity 1.1.1 (sub-activity 1.1.1.2), supporting the establishment and operation of Payments for Conservation schemes in accordance with Colombia's Payments for Ecosystem Services framework. In this role, Fondo Acción will support beneficiary eligibility verification, including verification of land tenure requirements, and contribute to the monitoring, and compliance verification of Conservation Agreements. Monetary incentives under the Payments for Conservation scheme will be provided by the SDA, the Government of Cundinamarca (co-financier), and the EAAB, while Fondo Acción will support the operation of the mechanism and the verification processes required for performance-based disbursements. Fondo Acción will also lead the implementation of Activities 1.2.2 (sub-activities 1.2.2.1 and 1.2.2.2) and 1.2.3 (sub-activities 1.2.3.1 and 1.2.3.2), providing technical assistance and in-kind grants to producer associations, local organizations, and community-run water supply systems to strengthen commercialization, market access, climate-resilient value chains, and water-use efficiency and resilience in rural water supply systems. Under Component 2, Fondo Acción will lead the implementation of Activity 2.1.2 (sub-activities 2.1.2.1 and 2.1.2.2), including the establishment and operationalization of a long-term financial mechanism designed to mobilize private-sector investment for water resilience and watershed conservation in the Bogotá Region as part of the Project's sustainability and exit strategy. All grants awarded to beneficiary organizations and individuals, including Conservation Agreements, will be managed through transparent and competitive selection processes based on predefined eligibility and selection criteria as specified in Annex 26 (Grants Manual) and in accordance with the contractual arrangements further described in Annex 23.

81. All beneficiary agreements managed by Fondo Acción will include provisions related to fiduciary compliance, safeguards, reporting requirements, and grievance redress mechanisms. The CI-GCF Agency has assessed Fondo Acción's fiduciary and operational capacities and has determined that it meets GCF standards and procedures for the administration of project funds. Any additional capacity-strengthening needs identified during project inception will be addressed through targeted technical support.

Implementing Partners

82. The EEs will engage Implementing Partners (IP) to support implementation of Project activities or sub-activities. Of these IPs, the EEs will provide GCF resources to identified Implementing Partners, Beneficiary Organizations, and other Service Providers (collectively, "sub-awardees") in compliance with GCF requirements. The identified **Implementing Partners** include IAvH, and TNC. Each institution will implement defined technical activities in accordance with approved work plans and budgets. Sub-grant agreements will specify scope of work, reporting requirements, procurement standards, safeguards compliance, and audit provisions. While sub-grantees will receive funds through the Executing Entities, the Accredited Entity will retain ultimate fiduciary oversight responsibility in accordance with the AMA. The IPs will have no discretionary authority over the implementation, modification, or allocation of resources related to the respective sub-activities. All decision-making authority will remain with the relevant Executing Entity. Furthermore, the IPs will not transfer, re-grant, or channel project funds to any third parties. The grant agreements will require full compliance with the Accredited Entity's obligations under the AMA and the FAA, including all applicable fiduciary, environmental and social, procurement, monitoring, reporting, and audit requirements. The EEs may also coordinate with implementing partners who do not receive GCF funds or resources like the Regional Autonomous Corporation of Cundinamarca (CAR) and the Regional Autonomous Corporation of Guavio (CORPOGUAVIO).

Subgrantee Organizations

83. CI Colombia will also enter into cash and in-kind sub-grant agreements with eligible local organizations for the implementation of restoration and climate-resilient production interventions, including the establishment of chicken coops, greenhouses, gardens, rainwater harvesting systems and for the implementation of restoration treatments in

degraded areas in accordance with the environmental zoning of protected areas; and, for the provision of plant material for restoration in public protected areas and civil society reserves.

84. Fondo Acción will enter into cash and in-kind sub-grant agreements with eligible local producer associations to support the implementation of business models, productive improvements, commercialization and market access strategies under Activity 1.2.2 . Fondo Acción will also enter into in-kind grant agreements or other appropriate implementation arrangements with eligible community-water supply systems organizations under Activity 1.2.3.

Project Governance

85. The project governance structure will be led by a Project Steering Committee (PSC) responsible for providing strategic guidance and oversight. The PSC will serve in an advisory capacity only and will not exercise decision-making authority over project implementation, resource allocation, fiduciary management, procurement, or other operational matters, which will remain the responsibility of the Accredited Entity and the relevant Executing Entities. The PSC will provide strategic direction and alignment with National and Local policy priorities, review annual work plans, monitor implementation progress, address inter-institutional coordination challenges, and support adaptive management decisions. The PSC will be initially chaired by the Bogotá District Secretariat of Environment (SDA) and include senior representatives from the Ministry of Environment and Sustainable Development (MinAmbiente), the Bogotá Water and Sewerage Company (EAAB), the Government of Cundinamarca, the Administrative Planning Region (RAP-E) Regional Autonomous Corporation of Cundinamarca (CAR), Regional Autonomous Corporation of Guavio (CORPOGUAVIO), and the National Planning Department (NDA).

86. The Project Steering Committee serves as a key governance body, meeting at least twice per year and convening extraordinary sessions as needed to address emerging issues. It provides strategic guidance to the Executing Entities (EEs) and is supported administratively by the Project Management Unit (PMU). To ensure inclusive and well-informed discussions, the Committee may also invite additional stakeholders to contribute perspectives, expertise, and recommendations on specific topics, as appropriate; however, such participation is advisory in nature and does not confer decision-making authority.

87. The project will also be supported by a Technical Advisory Committee (TAC) and a Private Sector Advisory Committee (PSAC), which will serve in an advisory capacity only. The TAC, composed of representatives from MinAmbiente, SDA, the Government of Cundinamarca, the Administrative Planning Region (RAP-E), CAR, CORPOGUAVIO, EAAB, IAvH, TNC, and WRI, will provide expert, strategic, and technical guidance to project governance bodies and meet at least twice per year. CI-Colombia will serve as Secretary to the TAC. The PSAC will provide strategic advice to align Project activities with private-sector investment opportunities, strengthen collaboration, support stakeholder engagement, and identify opportunities for scaling and replication. The PSAC will meet at least twice per year, and its composition will be determined during Project implementation. Government employees participating in these committees will not receive compensation from GCF funds. For both Committees, members will be required to sign a Conflict of Interest Declaration, and robust disclosure and recusal procedures will be implemented to ensure the transparent management of any actual, potential, or perceived conflicts of interest.

88. The composition of the above committees (PSC, TAC, and PSAC), including the entities represented therein, may be modified during Project implementation in accordance with the needs and requirements of the Project. Day-to-day implementation will be coordinated through a Project Management Unit (PMU) composed of staff from CI Colombia and Fondo Acción. The PMU will be responsible for operational coordination, financial and technical reporting, procurement oversight, safeguards compliance, and monitoring and evaluation. The PMU will provide administrative and logistical support to the Project governance bodies, prepare reports and updates, coordinate compliance with GCF requirements, and help ensure transparent, effective, and high-quality Project implementation. The Executing Entities will retain responsibility for implementation decisions within their respective activities.

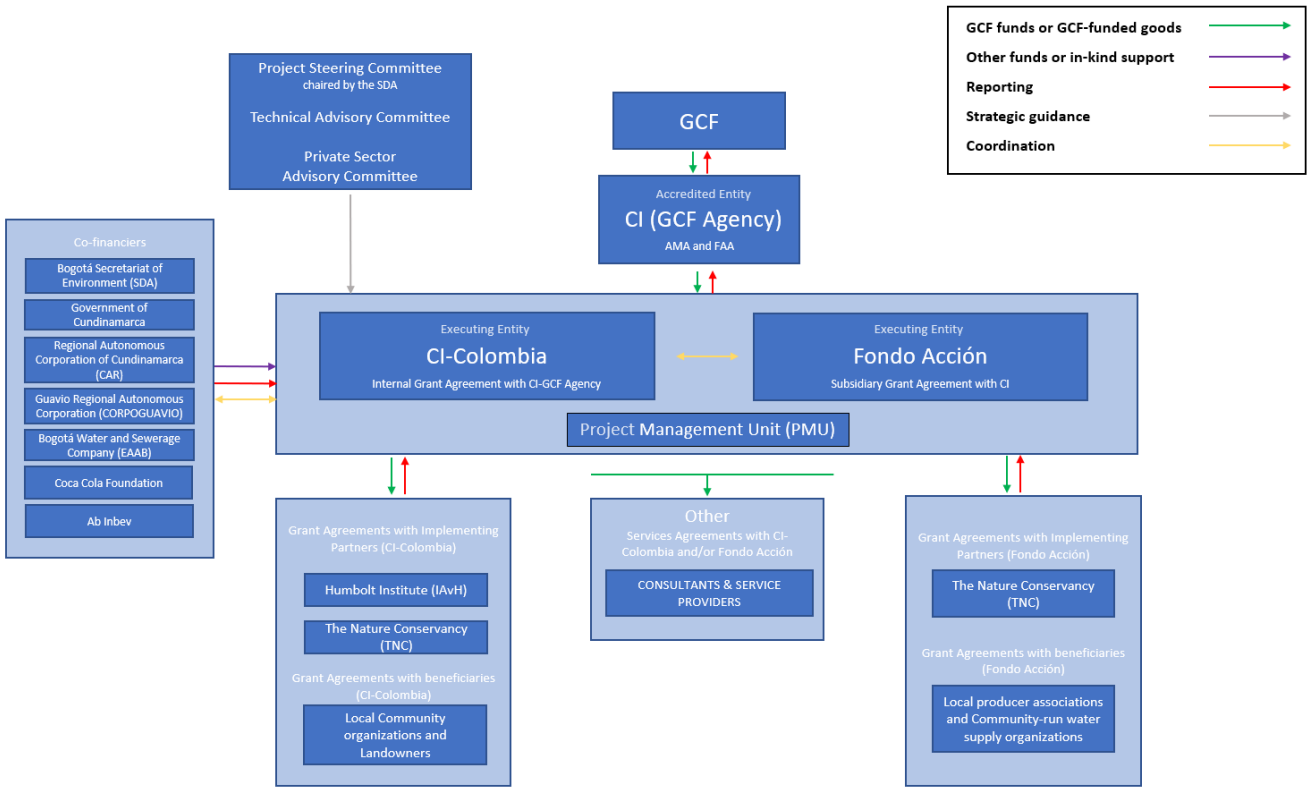


Figure 2. Project implementation organigram showing fund flows, reporting lines, and governance relationships

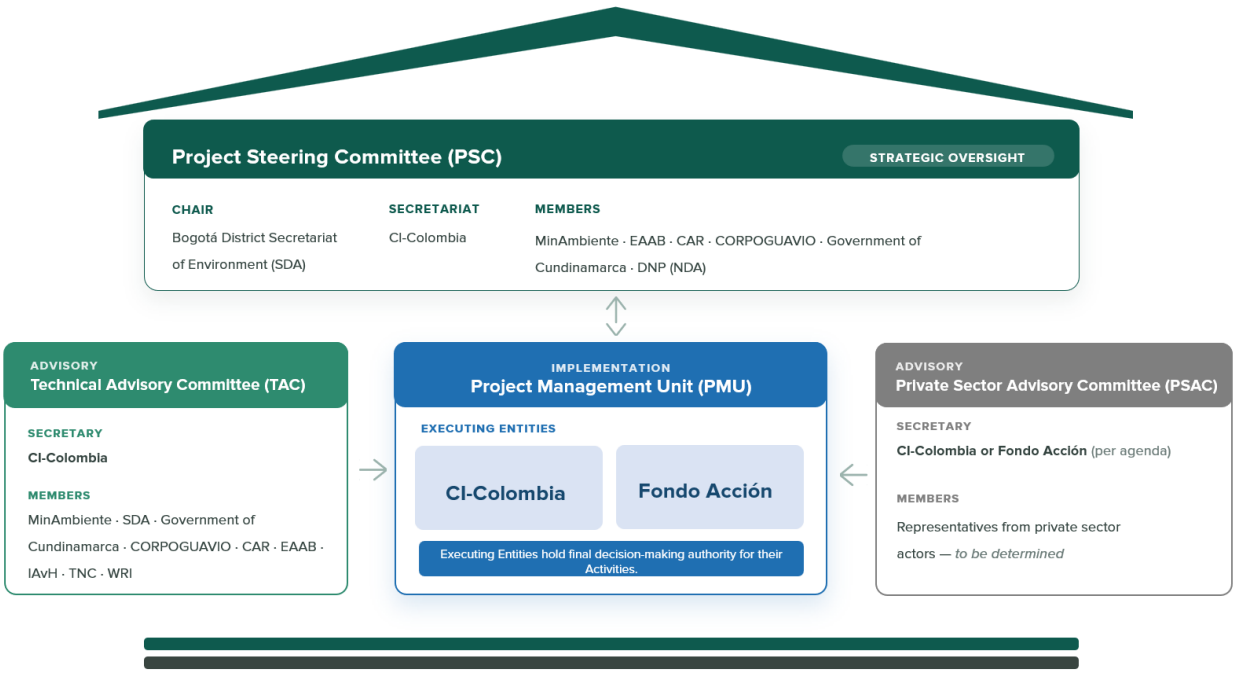


Figure 3. Project Governance Structure

B.5. Justification for GCF funding request (max. 1000 words, approximately 2 pages)

89. Addressing water supply challenges in the Bogotá Region requires unified watershed-scale intervention supported by coordinated public and private action. To date, the absence of such a strategy has resulted in fragmented interventions, varying methodologies, and inconclusive evidence regarding hydrological benefits that underpin long-term sustainability investments. GCF Project Preparation Facility (PPF) support has demonstrated stakeholder commitment to a coordinated approach. Building on this, the proposed project will deliver, for the first time, a robust watershed-scale model with quantifiable and verifiable hydrological outcomes, establishing the evidence base required to justify sustained and scaled investment.

90. Historically, interventions have addressed isolated dimensions of the challenge. Conservation agencies have focused on protected areas; environmental authorities have made payments for ecosystem services and invested in restoration; and rural development programs have operated largely disconnected from environmental objectives. Institutional fragmentation and limited financial resources have prevented the implementation of an integrated watershed model at scale. GCF funding is therefore essential to demonstrate the effectiveness of comprehensive, cross-sectoral intervention and to guide future coordination of public and private stakeholders.

91. While evidence, including from previous GEF-supported initiatives, demonstrates that climate-resilient productive systems can improve both livelihoods and water resilience, adoption remains constrained. Local communities face significant upfront costs, limited technical capacity, and insufficient access to markets that reward sustainable production. GCF resources will address these barriers by providing targeted financial and technical support that enables the transition from traditional practices to climate-resilient systems, while facilitating access to differentiated markets that strengthen long-term economic incentives.

92. At present, existing financing mechanisms and instruments, including payments for conservation, do not adequately link upstream land management with downstream demand for measurable water resilience outcomes. These mechanisms have typically delivered short-term impacts and lack scalability. Although enabling regulations exist to channel resources from water users, and private sector commitments to water stewardship are growing, investments remain limited due to regulatory uncertainty, underdeveloped financing structures, and lack of verified impact metrics. GCF grant finance is therefore critical to de-risk early-stage investments, support the Bogotá Water Utility in managing regulatory constraints, and establish a credible financial mechanism capable of mobilizing significantly larger public and private capital over time.

93. GCF resources under Component 1 will generate critical public goods that cannot be financed through commercial means. This includes the development of locally calibrated hydrological models, establishment of monitoring systems, and implementation of interventions at sufficient scale to produce statistically robust evidence of impact. These investments are essential to reduce uncertainty, improve intervention design, and build confidence among investors and regulators. They also constitute a prerequisite for Component 2, which will operationalize long-term financing pathways through mechanisms such as tariff-based environmental investment and private sector contributions to watershed stewardship activities, supported by quantification and verification of Volumetric Water Benefits. Without concessional finance, these foundational investments would remain too risky and insufficiently proven to attract follow-on capital.

94. The proposed use of grant financing from GCF is justified by the nature of the activities and the absence of reliable revenue streams to service non-grant instruments. A large portion of the requested grant is directed toward public goods, including watershed-scale monitoring systems, data generation, institutional coordination, and early-stage ecosystem protection and production system transformation, which do not generate cash flows. This financing structure reflects a clear financing gap, as the USD 31 million in co-financing is primarily directed to implementation and complementary activities, while critical upfront investments to scale field investments, invest in hydrological evidence generation, coordination systems, and market creation for rural products are not financeable under current public budgets or private investment conditions. The scale of the GCF grant therefore represents the minimum level of concessional support required to implement interventions at sufficient spatial and temporal scale to generate robust hydrological evidence and reduce uncertainty for future investors. Smaller or fragmented investments would fail to generate the credibility needed to unlock downstream financing.

95. The justification for GCF funding is further strengthened by the public-good nature of project benefits. Improved water regulation, reduced sedimentation, enhanced baseflows, biodiversity conservation, reduced treatment costs, and increased carbon sequestration generate system-wide benefits that are not fully captured by individual land users or institutions. This misalignment weakens incentives for self-financing and limits private investment. A grant is required

to internalize these positive externalities, particularly during early implementation stages when impact verification is still being established.

96. Repayable instruments such as loans, guarantees, or equity are not appropriate at this stage. The project is characterized by high uncertainty regarding hydrological outcomes, lack of monetized revenue streams, and strong public-good externalities. Upstream interventions produce benefits that accrue broadly across the system but are not captured in a way that could support repayment. Grant financing is therefore necessary to absorb early-stage risks, and establish the conditions under which future investments in nature-based solutions may be scaled and continuous.

97. GCF support is also justified in affordability and equity grounds. The project targets vulnerable stakeholders, including smallholder farmers, community water providers, women, Indigenous groups, and other climate-exposed populations, who face limited access to finance and high exposure to climate risks. These actors lack the capacity to absorb transition costs or take on debt. Grant-based financing is therefore essential to ensure inclusive participation and enable the adoption of climate-resilient practices without increasing vulnerability.

98. GCF financing is designed to be catalytic rather than substitutive. The requested USD 45.72 million is expected to mobilize USD 31 million in co-financing from public and private actors while establishing the conditions for significantly larger future investment flows. Rather than replacing domestic or private finance, GCF resources will organize and de-risk these flows around a credible, evidence-based model for water resilience. Additional private sector participation is expected to be driven primarily by large water users, including industrial and commercial actors, as well as corporate water stewardship commitments. These commitments will be operationalized through investments in prioritized watershed interventions, supported by robust systems for quantifying and verifying hydrological outcomes. Participating companies will be able to report the verified Volumetric Water Benefits generated through those investments as part of their water stewardship and sustainability reporting.

99. Component 2 operationalizes this pathway by introducing two long-term financial solutions. On one side, an environmental investment component into the water tariff which will enable a continuous regulation-backed revenue stream dedicated to ecosystem-based adaptation in the watersheds. These resources are intended to sustain and expand watershed interventions beyond the life of the project and to repay the upfront EAAB investment in the project. On the other, a continuity-financing mechanism through which participating companies will support the continued implementation and expansion of watershed stewardship activities that deliver verified hydrological outcomes. Therefore, initial private sector co-finance presented in this proposal represents only the first phase of investment mobilization, with substantially larger flows expected over time as evidence is generated and mechanisms mature.

100. Overall, GCF financing is justified because it enables a transition that would otherwise be significantly slower, more fragmented, and less climate effective. In the absence of GCF support, investments would likely remain limited to small-scale, fragmented conservation and restoration efforts, with insufficient coordination, limited monitoring, and no mechanism to generate, quantify, and verify hydrological outcomes in a manner capable of attracting sustained financing.

101. The project delivers a paradigm shift by moving from fragmented, input-based approaches to a coordinated, watershed-scale, outcomes-based financing system, where resource allocation is increasingly tied to measurable hydrological performance through sustainable financing mechanisms. By addressing early-stage risks, affordability constraints, public-good externalities, and institutional barriers, GCF support will deliver immediate adaptation benefits while establishing a replicable model for financing water resilience in the Bogotá region and other mountain-fed urban systems.

B.6. Exit strategy (max. 500 words, approximately 1 page)

102. The exit strategy is designed to ensure project investments generate water resilience benefits in the Bogotá Region long after GCF funding ends, and that the watershed transformation model is applied at scale in the region. The exit strategy relies on three main elements: a watershed transformation model supported by verifiable hydrological results, social and institutional ownership of climate-resilient conservation and productive practices and increased and reliable income for rural households linked to commercialization of products associated with water resilience.

103. A central element of the exit strategy is operationalization of Output 2.1, which establishes financing instruments and mechanisms for scaling watershed interventions that deliver hydrological benefits. The project will define and validate methodologies to demonstrate the cost-effectiveness of watershed investments for the Bogotá water utility, establish systematic reporting of hydrological outcomes, and test the incorporation of an environmental investment component within the water tariff framework. The incorporation of this mechanism is supported by EAAB, who will provide upfront investment in the watersheds as co-financing, to advance and operationalize the environmental investment

component, providing a clear pathway for integration into the utility's investment plans. This lays the groundwork for recurrent utility-funded investment in upstream watershed resilience.

104. In parallel, the project will design and operationalize a long-term financial mechanism for private investments, with tools for spatial prioritization and quantification of VWBs that enables companies to finance prioritized watershed interventions aligned with their water stewardship and compensation targets and deliver verified VWBs that can be transparently tracked and reported in corporate sustainability and water stewardship disclosures. This mechanism will be hosted and managed by Fondo Acción, a Fund backed by public and private entities, ensuring its continued operation beyond the project period.

105. Once these two mechanisms are in place and supported by credible evidence from Component 1, they are expected to channel ongoing public and private resources into watershed interventions after GCF support ends. The project will leave behind a tested, replicable, and scalable watershed transformation model in priority watersheds. This model combines restoration and conservation of high Andean ecosystems, climate-resilient production systems, and improved community water management to generate measurable hydrological improvements and co-benefits such as reduced water treatment costs and increased carbon sequestration. The use of reduced runoff and Volumetric Water Benefits as core metrics, supported by field data and monitoring systems, will create a robust evidence base to support continued investment by utilities, municipalities, and private actors.

106. Prioritization and quantification tools embedded in the financial mechanism will be automatic, reducing operation costs after the project ends. These monitoring systems will be operated by CI Colombia, the same financial mechanism, ensuring their continuity after project closure. Additionally, TNC and WRI, which act as project partners, will continue supporting technical updates and intake of such tools with public and private actors. Project tools and methodologies will be documented and made accessible to support replication.

107. Social and institutional ownership is built through participatory planning, capacity development, and community-based implementation. Smallholder families prepare climate-resilient farm plans, while producer organizations, community water providers, and protected area managers participate directly in watershed-level planning and implementation. As these actions translate into tangible results in productivity and water availability, continued adoption is expected based on practical and economic benefits.

108. By the end of the project, these actors are expected to have the technical, organizational, and governance capacity to maintain climate-resilient practices. Monitoring systems and demonstrated benefits will inform ongoing decision-making. Higher and more stable income linked to production, market access, and value addition provides a direct incentive for continuation and positions local stakeholders as long-term custodians of watershed resources.

109. By project completion, the financing mechanisms, monitoring systems, and coordination arrangements are expected to be fully operational, with responsibilities transferred to the EEs, Bogotá water utility and implementing partner institutions with no reliance on external grant funding for continued operation but rather public and private investments.

110. Collectively, these elements ensure that the Bogotá Region will have in place a functioning system capable of sustaining and expanding investments in water resilience. This represents a shift from short-term, project-based interventions toward a system in which watershed investments are guided by measurable results and supported by ongoing public and private financial flows.

A. FINANCING INFORMATION

C.1. Total financing

(a) Requested GCF funding (i + ii + iii + iv + v + vi + vii)	Total amount		Currency	
	45.72		million USD ($)	
GCF financial instrument	**Amount**	**Tenor**	**Grace period**	**Pricing**
(i) Senior loans	Enter amount	Enter years	Enter years	Enter %
(ii) Subordinated loans	Enter amount	Enter years	Enter years	Enter %
(iii) Equity	Enter amount			Enter % equity return
(iv) Guarantees	Enter amount	Enter years		
(v) Reimbursable grants	Enter amount			
(vi) Grants	45.72			
(vii) Results-based payments	Enter amount			

(b) Co-financing information	Total amount		Currency		
	31.02		million USD ($)		
Name of institution	**Financial instrument[16]**	**Amount**	**Currency**	**Tenor & grace**	**Pricing**	**Seniority**
Bogota District Environment Secretariat (SDA)	In kind	12.78	million USD ($)			
Gobernación de Cundinamarca (CUND)	In kind	1.00	million USD ($)			
Bogotá Water and Sewerage Company (EAAB)	Cash	5.84	million USD ($)			
AB InBev	Cash	1.50	million USD ($)			
Regional Autonomous Corporation of Cundinamarca (CAR)	In kind	0.72	million USD ($)			

Regional Autonomous Corporation of Guavio-CORPOGUAVIO (CORP)	In kind	0.34	million USD ($)			
Coca Cola Foundation	Cash	2.50	million USD ($)			
Conservation International (CI)	Cash	1.15	million USD ($)			
Conservation International (CI)	In kind	5.19	million USD ($)			

(c) Total financing (c) = (a)+(b)	**Amount**	**Currency**
	76.74	million USD ($)

(d) Other financing arrangements and contributions (max. 250 words, approximately 0.5 page)	

C.2. Financing by component

Component	**Output**	**Indicative cost** million USD ($)	**GCF financing**		**Co-financing**		
			Amount million USD ($)	**Financial Instrument**	**Amount** million USD ($)	**Financial Instrument**	**Name of Institutions**
Component 1. Proof of concept to achieve the highest Hydrological Benefits at the Watershed scale	1.1 Strategic High Andean ecosystems restored and conserved to yield hydrological benefits	32.56	11.08	Grants	1.03	Grants	AB InBev
					0.95	Grants	CI
					1.66	Iin-kind	CI
					1.72	Grants	Coca Cola
					0.33	In-kind	CORP
					0.68	In-kind	CAR
					12.16	In-kind	SDA
					2.00	Grants	EAAB
					0.95	In-kind	CUND
	1.2: Climate-resilient transformation of productive practices to yield hydrological benefits and resilient livelihoods.	31.05	23.99	Grants	0.41	Grants	AB InBev
					0.19	Grants	CI
					2.43	In-kind	CI
					0.69	Grants	Coca Cola
					3.34	Grants	EAAB
Component 2. Finance mobilization and scale-up	2.1 Financing instruments and mechanisms for scaling water volumetric benefits	7.64	6.95	Grants	0.05	Grants	EAAB
					0.64	In-kind	CI

M&E	1.80	1.59	Grants	0.21	In-kind	CI
PMC	3.69	2.11	Grants	0.06	Grants	AB InBev
				0.02	Grants	CI
				0.24	In-kind	CI
				0.01	In-kind	CORP
				0.05	In-kind	CUND
				0.09	Grants	Coca Cola
				0.04	In-kind	CAR
				0.62	In-kind	SDA
				0.45	Grants	EAAB
Indicative total cost (USD)	**76.74**	**45.72**	**31.02**			

The detailed budget is provided as Annex 4.

C.3 Capacity building and technology development/transfer (max. 250 words, approximately 0.5 page)

C.3.1 Does GCF funding finance capacity building activities?	Yes ☒ No ☐
C.3.2. Does GCF funding finance technology development/transfer?	Yes ☒ No ☐

111. The project integrates technology transfer and capacity building directly within each activity to ensure immediate applicability and sustainability of results. Under Component 1, conservation and restoration activities (activity 1.1.1 and 1.1.2) include the transfer of geospatial monitoring tools and ecological assessment protocols, enabling local stakeholders to track land-use compliance, vegetation condition, and hydrological performance. Capacity building focuses on training community organizations and local institutions in monitoring, enforcement, and long-term management of conserved and restored areas.

112. Climate-resilient productive transformation (Activity 1.2.1) involves the transfer of sustainable agricultural practices, including soil conservation, water-efficient production systems, and agroecological approaches adapted to local conditions. Producers receive targeted training to support adoption, maintenance, and decision-making under climate variability. This is complemented by the transfer of market linkage tools, including commercialization strategies and supply chain integration, alongside capacity building for producers to access and negotiate in Bogotá markets (Activity 1.2.2)

113. Strengthening of community-run water systems (Activity 1.2.3) includes the introduction of basic water efficiency technologies, such as leak detection and improved distribution systems, combined with training in operation, maintenance, and climate-resilient water management.

114. Under Component 2, technology transfer focuses on developing financial and MRV systems linking hydrological performance (VWB) with investment-decision tools (Activity 2.1.2). Knowledge products and engagement with other Water Utility companies is also developed to facilitate that additional utilities incorporate environmental water components in their tariffs to catalyze investments in watershed-models in other regions of Colombia (Activity 2.1.1).

115. Overall, the project ensures that technology transfer and capacity building generate lasting institutional and technical capabilities to sustain and scale climate-resilient water management.

B. EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA

This section refers to the performance of the project/programme against the investment criteria as set out in the GCF's Initial Investment Framework.

D.1. Impact potential (max. 500 words, approximately 1 page)

123. The project is focused on adaptation in the Bogotá Region's strategic upper watersheds and will deliver strong adaptation impacts that align with the GCF results areas on ecosystems and ecosystem services, health and well-being, and food and water security. By combining ecosystem conservation, ecological restoration, climate-resilient production systems and strengthened community water supply management, the project addresses the climate-related drivers of water insecurity affecting both rural producers and downstream metropolitan water users. Its theory of change links upstream interventions to measurable hydrological improvements, expressed through Volumetric Water Benefits (VWBs), and to reduced vulnerability for people, livelihoods and water infrastructure.

124. The project's intended adaptation outcomes are significant in scale. Interventions across 12 prioritized upper watersheds are expected to improve watershed regulation through 4,756 ha under conservation, 2,032 ha under restoration and 2,409 ha under sustainable and climate-resilient production systems. These measures are designed to increase infiltration and soil moisture retention, stabilize baseflows during dry periods, reduce peak runoff during extreme rainfall, and lower sediment pressures on water treatment systems. Modelled results estimate approximately 2,940,584 m³ per year of avoided or reduced runoff (VWBs), quantified through the WRI VWB methodology, providing an initial basis for monitoring, reporting and demonstrating the link between ecosystem-based adaptation and downstream water security.

125. The project will benefit an estimated 3,013,383 direct beneficiaries through improved climate and water resilience, including users of community water supply systems and rural households adopting more climate resilient production practices. It will also indirectly benefit an estimated 7,083,799 people through improved enabling conditions for water security, institutional coordination and watershed management. The project also strengthens 40 community-run water supply systems through macro-metering, potable water treatment improvements and capacity building, thereby reducing exposure to climate-related service disruptions.

126. For vulnerable rural populations, the project will increase adaptive capacity by supporting 1,248 smallholder families to adopt silvopastoral, agroecological and diversified production systems that improve water-use efficiency, reduce land degradation and lower pressure on páramo, high-Andean forest and riparian ecosystems. Support to 30 producer associations will further strengthen commercialization and market access, helping to make climate-resilient livelihoods economically viable. These outcomes are particularly important under projected increases in rainfall variability, drought frequency and runoff intensity, which heighten risks to rural livelihoods and urban water reliability.

127. Although the project is primarily adaptation-oriented, it also contributes to low-emission sustainable development pathways through improved land and ecosystem management. Conservation and restoration of high-carbon Andean ecosystems, reduced degradation pressures, sustainable livestock and agroecological practices, and more efficient water management are expected to avoid emissions relative to business-as-usual land-use trends and to strengthen natural carbon sinks.

128. Overall, the project demonstrates high impact potential through its scale, quantified hydrological outcomes, and direct relevance to current and projected climate risks. By improving upstream watershed functions while strengthening community systems, productive livelihoods and institutional water management, the project will contribute to increased climate-resilient sustainable development for the Bogotá Region and provide a measurable, replicable model for watershed-based adaptation finance.

129. Additional details on the project's Impact Potential is provided in Annex 2, Chapter 10.2.

D.2. Paradigm shift potential (max. 500 words, approximately 1 page)

130. The paradigm shift sought by the project is the transition from fragmented and project-based watershed interventions to an integrated watershed resilience model in which conservation, restoration, climate-resilient production systems and water management are implemented together to improve hydrological regulation, at the plot and watershed level, and strengthen climate resilience. In this model, management approaches across both productive and conserved lands explicitly consider their contribution to watershed resilience and water security. The project also seeks to establish sustainable financing pathways to support the maintenance, scaling, and continued implementation of watershed resilience interventions beyond the project lifetime. This contrasts with the current situation, where watershed management actions are often implemented in isolation, financed through short-term resources, and without a systematic focus on hydrological outcomes.

131. The project has strong paradigm shift potential because it is designed to demonstrate that integrated watershed interventions can generate measurable improvements in hydrological regulation at the watershed level while strengthening climate resilience and livelihoods. Through implementation across priority watersheds, the project will generate evidence on the hydrological benefits of ecosystem-based adaptation and provide practical experience that can inform future watershed planning and investment decisions in the Bogotá Region and beyond. The project establishes a framework for coordinated action and investment, as it brings together utilities, environmental authorities, municipalities, communities, producer organizations and private-sector actors around a shared watershed approach.

132. Through Component 2, the project moves beyond demonstrating hydrological benefits to testing approaches that can support continued investment in ecosystem-based adaptation. By supporting EAAB in operationalizing the Environmental Investment Component within the existing water tariff framework, the project will provide a practical example of how an existing regulatory instrument can support recurrent financing for the long-term implementation, maintenance, and expansion of watershed protection and hydrological regulation activities beyond the project period. In parallel, the project will develop a mechanism through which private-sector actors can contribute to the continued implementation, maintenance and expansion of watershed stewardship activities with resulting hydrological benefits being quantified and independently verified using Volumetric Water Benefits methodologies. These financing mechanisms build on existing institutional mandates, regulatory instruments and corporate water stewardship commitments, requiring no regulatory reform. The project will also develop the methodologies, reporting frameworks and guidance required to support the application of similar approaches by other utilities and watershed stakeholders in Colombia.

133. The project also contributes to paradigm shift through knowledge generation and learning. Hydrological monitoring, field measurements and modelling will strengthen the evidence base on the effectiveness of conservation, restoration and climate-resilient productive systems in improving water resilience. The methodologies, monitoring approaches and implementation tools developed through the project will support replication by other water utilities, environmental authorities and territorial governments, as well as additional private-sector investment in watershed resilience interventions supported by a proven implementation model, robust hydrological evidence, strong technical tools, and experienced implementing partners.

134. The project strengthens the enabling environment for climate adaptation by promoting collaboration among public institutions, communities and private actors and by approaching watershed resilience through a locally led adaptation lens. Participatory watershed visions, climate-resilient farm plans, conservation agreements and community monitoring systems will strengthen local ownership and support the long-term sustainability of project results.

D.3. Sustainable development (max. 500 words, approximately 1 page)

135. The project will deliver co-benefits across environmental, social, and economic dimensions, reinforcing multiple Sustainable Development Goals (SDGs), in particular SDG 1, 2, 3, 5, 6, 10, 12, 13, and 15. Through an integrated, watershed-based adaptation approach, the project enhances ecosystem integrity, supports resilient and diversified livelihoods, and advances gender responsive and socially inclusive development in the Bogotá Region.

136. Environmentally, co-benefits will be achieved by restoration and conservation of strategic high mountain ecosystems that are critical for Bogotá's water security, including páramos, high Andean forests and riparian corridors in priority supplying watersheds. These interventions improve carbon capture, ecological connectivity and habitat quality for native and endemic species, safeguard watershed functions such as baseflow regulation and water quality, and support conservation targets under SDG 15 on terrestrial ecosystems and SDG 6 on water-related ecosystems. Enhanced ecosystem integrity also contributes to climate regulation and microclimate stability, reinforcing SDG 13 on climate action by reducing climate related water and ecosystem risks in the Bogotá Region.

137. Socially, the project will strengthen rural livelihoods by promoting climate resilient production systems, sustainable agriculture and livestock practices, and nature based economic options such as differentiated agri-food products and other innovative alternatives in prioritized sub basins. These measures reduce poverty and economic vulnerability (SDG 1), improve food and water security (SDG 2 and SDG 6), and increase the adaptive capacity of communities whose incomes and well-being depend on climate sensitive ecosystems and water services. In urban and peri urban areas, reduced flood and drought risks, improved water quality, and

better-managed wetlands contribute to safer living conditions and health co-benefits, including lower exposure to flood related contamination and enhanced access to green spaces (SDG 3).

138. Economically, the project will enhance income stability and market access for smallholders and community associations by strengthening producer organizations, value chain linkages, and climate smart business models that reward sustainable land and water management. More efficient and climate resilient upstream land use, coupled with reduced sediment loads and improved water quality, is expected to lower downstream water treatment and infrastructure maintenance costs, supporting more efficient public spending and contributing to SDG 12 on sustainable consumption and production. By establishing methodologies to demonstrate the cost effectiveness of watershed investments and linking them to tariff and private investment pathways, the project also supports more rational, performance-based allocation of resources for water resilience.

139. The project places strong emphasis on gender equality and social inclusion. Women, youth, Indigenous Muisca communities, community-managed water providers, and other vulnerable groups are explicitly targeted for tailored capacity building, leadership roles in local governance arrangements, and access to climate resilient income opportunities. This strengthens SDG 5 on gender equality and SDG 10 on reduced inequalities, while improving the effectiveness and legitimacy of adaptation measures and water resilience investments in the Bogotá Region. By embedding safeguards, inclusive participation, and shared benefits throughout implementation, the project contributes to a more equitable and sustainable development trajectory that aligns climate resilience with broader social and economic objectives.

D.4. Needs of recipient (max. 500 words, approximately 1 page)

140. Climate change is already amplifying water scarcity, floods, landslides, and socio-environmental tensions in the high mountain rural areas and supplying watersheds. Rapid urban growth, informal settlements, and degradation of strategic ecosystems have increased exposure to climate hazards for low- income populations, particularly in downstream urban and peri-urban areas and in upstream municipalities that depend heavily on climate sensitive agriculture and livestock. These dynamics disproportionately affect women, youth, and Indigenous Muisca communities, whose livelihoods and care responsibilities are closely tied to land, water, and local ecosystems, and who frequently have less access to information, finance, and decision-making spaces.

141. The project responds directly to these needs by targeting high risk rural watersheds where climate hazards, ecosystem degradation and poverty overlap. It has a strong focus on vulnerable groups, including women, smallholder farmers, Indigenous Muisca communities, community-managed water providers, and low-income residents. Through restoration and conservation of high mountain ecosystems, climate resilient production systems, and improved community water management, the project reduces exposure and sensitivity to droughts, while strengthening the adaptive capacity of households and communities in priority watersheds. Gender responsive approaches in capacity building, governance, and benefit sharing are embedded to address structural gaps in access to resources, services, and leadership roles.

142. Economically and socially, the intervention area includes high mountain and rural communities characterized by high dependence on conventional potato and dairy systems, which have low profitability, are high risk under changing climate conditions, and are often linked to ecosystem degradation. Many smallholders face poverty, restricted access to credit, limited diversification options, and weak integration into higher value markets, which heighten their vulnerability to climate shocks. The project addresses these constraints by promoting climate resilient production models and diversified economic alternatives, alongside better market access and business models for rural producers, thereby reducing income vulnerability and social inequality while lowering pressure on strategic headwaters.

143. There is also a pronounced gap in financing for adaptation and ecosystem restoration in the high mountain territories that supply Bogotá. While public and private investments flow to grey infrastructure and urban development, financing for watershed restoration, climate resilient rural transformation, and nature-based water resilience measures remain limited, fragmented, and largely inaccessible to smallholders and local governments. The project provides concessional grant resources where finance is scarce and risk is high, ensuring that vulnerable communities do not incur additional debt to meet basic adaptation and ecosystem conservation needs. At the same time, it invests in the methodologies and institutional arrangements needed to operationalize tariff based and private investment mechanisms for Volumetric Water Benefits, helping to close the structural adaptation finance gap over the medium term.

144. Finally, the project responds to a critical need to strengthen institutional capacity for integrated, climate resilient water and land management across jurisdictions and sectors. It builds capacities of local and regional authorities, watershed level actors, producer associations, and community groups to implement watershed interventions, use hydrological and climate information, and manage multi stakeholder processes, all of which are essential for sustaining and scaling adaptation benefits beyond the project's duration and for protecting the water security and development prospects of the Bogotá Region's most vulnerable populations.

D.5. Country ownership (max. 500 words, approximately 1 page)

145. The project is strongly country driven and anchored in Colombia's climate and development policy framework, which prioritizes water security, ecosystem conservation, and resilient territorial development. It aligns with Colombia's updated NDC, which includes ambitious mitigation and adaptation targets in water resources, agriculture, and ecosystems, and with the National Adaptation Plan, which identifies water resources and high mountain ecosystems as priority adaptation areas. The intervention is also consistent with the long-term climate strategy and with national water, biodiversity, and territorial development policies that emphasize integrated management of strategic ecosystems and climate resilient water governance.

146. The project responds directly to Colombia's GCF country programme, which prioritizes climate resilient water management, nature-based solutions, and integrated territorial approaches, and recognizes the Bogotá Region as a strategic landscape for climate action and economic competitiveness. It contributes to the implementation of national measures on water resources, ecosystem restoration, and climate smart rural development, and is aligned with priorities to reduce vulnerability in key economic hubs that generate a substantial share of GDP and host a large proportion of the population. By focusing on watershed restoration, climate resilient productive systems, and water resilience financing mechanisms in high mountain areas, the project complements and builds on other national and regional adaptation initiatives.

147. Country ownership is further demonstrated by the leadership and engagement of key national and regional public entities, including the Ministry of Environment and Sustainable Development, Empresa de Acueducto y Alcantarillado de Bogotá, regional environmental authorities, and district and municipal governments in the Bogotá Region. These institutions bring mandates and experience in water management, ecosystem conservation, agricultural innovation, territorial planning, and climate policy implementation, ensuring that project interventions are embedded in existing public programs and budgetary frameworks. The National Designated Authority plays a central role in endorsing the project, aligning it with Colombia's GCF strategy, and coordinating inter institutional arrangements to secure long-term ownership and sustainability.

148. The project builds on demonstrated national experience and lessons from prior investments in the Bogotá Region landscape, including initiatives on climate impacts in water regulation and supply implemented by the Ministry of Environment with Conservation International and other partners. National and local partners involved in the current proposal have proven capacity in ecosystem-based interventions, watershed restoration, and climate resilient production systems, with robust safeguards, gender responsive approaches, and participatory governance. Their track record, combined with the operational capacity of the Bogotá water utility and regional authorities, provides a solid basis for effective implementation and scale up.

149. Finally, the project has been shaped through engagement with civil society organizations, academia, and community-based actors, including women's associations, Indigenous Muisca communities, producer organizations, and NGOs active in water, climate, and green infrastructure agendas. These stakeholders will participate in implementation and governance arrangements, in co-design of watershed interventions, and in monitoring and learning processes, ensuring that the project reflects local knowledge, responds to the priorities of women and other vulnerable groups, and strengthens social ownership of climate resilient water management in the Bogotá Region.

D.6. Efficiency and effectiveness (max`. 500 words, approximately 1 page)

150. GCF grant resources are used strategically to finance those elements of the watershed transformation model that are essential for demonstrating climate impact but remain too risky or insufficiently remunerated to attract commercial or routine public finance. Grants primarily support large scale restoration and conservation of strategic high mountain ecosystems, farm level conversion to climate resilient production systems, and improvements in community run water systems under Outputs 1.1 and 1.2, as well as the development and testing of financing instruments and mechanisms under Output 2.1. This avoids crowding out existing

investments in grey infrastructure, which will continue to be funded through national and local budgets, while enabling a complementary portfolio of watershed-based adaptation measures that would otherwise remain under funded or unrealized.

151. The project design reflects strong cost effectiveness considerations. It concentrates interventions where hydrological benefits per unit of cost can be maximized during the implementation period, focusing on priority supplying watersheds with high potential for reductions in runoff, improved baseflow regulation, and reduced sediment loads. By targeting restoration and productive transformation in these areas, the project is expected to generate measurable improvements in water regulation and quality, which translate into avoided water treatment costs and lower stress on downstream infrastructure, as reflected in the project's co-benefit indicators for economic cost savings and carbon sequestration ($tCO2_e$) associated with ecosystem restoration.

152. Efficiency and effectiveness are further enhanced by the project's emphasis on verifiable hydrological outcomes. Avoided or reduced runoff is the main project indicator of strengthened water resilience and is expressed through Volumetric Water Benefits that capture the combined effects of ecosystem restoration, conservation, and climate resilient productive practices on infiltration, retention, and baseflow stability. This approach allows interventions to be spatially prioritized and calibrated based on expected hydrological returns and provides the evidence base needed to compare natural infrastructure portfolios with grey-only options in terms of lifecycle costs and resilience outcomes.

153. The project's efficiency is also reflected in its financing architecture. Component 2 uses limited GCF grant resources to define and validate methodologies for demonstrating the cost effectiveness of watershed investments, establish systematic reporting on hydrological outcomes, and operationalize tariff based and private investment mechanisms that support watershed interventions and rely on the quantification and verification of VWBs. Once demonstrated, these mechanisms are expected to mobilize recurrent public and private resources to continue and expand activities under the watershed transformation model, thereby increasing the ratio of climate benefits per unit of concessional finance over time and enhancing the project's leverage effect beyond the initial co-financing.

154. Technically, the project applies best available practices for watershed restoration, climate resilient productive systems, and community water efficiency measures, informed by prior experience in the Bogotá Region and by hydrological and economic analyses that support the selection and targeting of interventions. Implementation will be guided by monitoring systems and methodologies that quantify hydrological improvements through VWBs, ensuring that adaptive management can redirect resources toward the most cost-effective measures during the project and that decision makers have robust data to justify continued investment afterward.

155. Overall, the combination of spatially targeted interventions, evidence-based metrics, and a clear pathway from grant funded demonstration to sustainable long-term financing of future watershed interventions through tariff-supported investments and voluntary private-sector contributions provides a strong basis for efficiency and effectiveness in the use of GCF resources.

The Economic and Financial Analysis (EFA) demonstrates that the project delivers strong aggregate economic returns that significantly exceed Colombia's social discount rate (SDR) of 6.4% set by the Departamento Nacional de Planeación (DNP). The project, as a whole, generates sufficient economic benefits to justify investment, bringing sufficient benefits to Bogota's economy and it's society, and it also targets highly vulnerable people to climate change. The project lacks sufficient revenue streams to allow for financial solvency. However, with the support of the GCF concessional finance, the project demonstrates a cost-effective intervention for delivering results to farmers and the EAAB. *Table 2 Summary results from EFA (for details see Annex 3)*

Indicator	Output 1.1 Restoration & Conservation	Output 1.2 Agric. Transformation	Output 2.1 Financial Mechanism	Whole Project
EIRR	24.25%	18.50%	21.32%	19.84%
ENPV (at 6.4% SDR)	USD 47.6M	USD 37M	USD 11.65M	USD 91.7M
FIRR -Without GCF	3.93%	11.44%	10.83%	7.93%

FNPV (at 12.28% WACC) Without GCF	(USD 11.5M)	(USD 1.7M)	(USD 544,005)	(USD 17.5M)
FIRR -With GCF	8.81%	26.03%	19.06%	15.77%
FNPV – With GCF	(USD 3.5M)	USD 14.9M	USD 1.7M	USD 9.3M
Benchmark (SDR / WACC)	EIRR > 6.4% ✓ Econ FIRR < 12.28% **X** Fin	EIRR > 6.4% ✓ Econ FIRR >12.28% ✓Fin	EIRR > 6.4% ✓ Econ FIRR < 12.28% **X** Fin	EIRR > 6.4% ✓ Econ FIRR < 12.28% **X** Fin
Assessment	Economically viable; requires grant support	Economically viable; financially viable for farmers with support from GCF	Economically viable, with expected self-sustaining growth	Economically strong; grant required

C.

*This section refers to the project/programme's logical framework in accordance with the **GCF's Integrated Results Management Framework** to which the project/programme contributes as a whole, including in respect of any co-financing.*

E.1. Project/Programme Focus

Please indicate whether this proposal is for a mitigation or adaptation project/programme. For cross-cutting proposals, select both.

☐ Reduced emissions (mitigation)

☒ Increased resilience (adaptation)

E.2. GCF Impact level: Paradigm shift potential (max 600 words, approximately 1-2 pages)

156. The project has strong paradigm shift potential because it changes how the Bogotá-Region designs, finances and manages water resilience, moving from fragmented, short-term projects to an integrated, ecosystem-based and finance-ready watershed transformation model that will lead to hydrological benefits that ultimately increase water resilience and benefit downstream populations in the Bogota Region and City, This model is built around verifiable Volumetric Water Benefits (VWBs) and combines strategic restoration and conservation of High Andean ecosystems, climate resilient productive systems and innovative financial instruments into a coherent package that can be demonstrated in 4 priority landscapes and then scaled up. The model has been designed to operate within existing Colombian regulatory frameworks and corporate water stewardship approaches, thereby enhancing its likelihood of successful implementation, as no legal or regulatory adjustments are required. The project functions as a catalyst, mobilizing both public and private finance within a structure that maximizes synergies and complementarities while opening the pathway for long-term systemic change.

157. Through Component 1 and Outputs 1.1 and 1.2, the project mainstreams ecosystem-based adaptation into watershed management by proving that targeted conservation and restoration in headwaters and riparian zones, together with climate resilient agroecological and silvopastoral systems and diversified agrifood systems, leads to more resilient livelihoods and local water supply systems. This shifts institutional practice away from isolated conservation and farm support projects towards basin scale, evidence-based management, supported by ecohydrological planning, systematic monitoring of avoided/reduced runoff (the core impact indicator) and producer associations and value chains that reward water friendly production.

158. At the same time, the project tackles some of the key structural financing barriers that have prevented such approaches from reaching scale, in line with Outcome 2 and Output 2.1. Component 2 operationalizes an environmental investment component in the Bogotá Water Utility tariff and a long-term continuity financing mechanism for watershed transformation and stewardship investments, supported by the quantification and verification of hydrological benefits through VWBs, and aligns them with existing obligations such as mandatory municipal allocations to strategic water areas and corporate compensation and stewardship targets, thereby creating clear financing pathways for investments the watersheds of the Bogota Region beyond GCF support.

159. The paradigm shift is reinforced by the project's focus on locally led climate action that drives ownership and social inclusion, as well as data driven decision making embedded in the theory of change. Landowners, communities, producer organizations and local water operators become co-implementers of restoration and productive transformations and key providers of monitoring data that feed into VWB-based hydrological assessment and systematic reporting to authorities, helping normalize community-based monitoring and shared stewardship as standard practice. Capacity building for landowners, associations, protected area

managers and utility staff, combined with the creation of tools and replication models, ensures that the watershed transformation model is not a one-off pilot but a new operating model for public and private actors in the Bogotá-Region.

160. Finally, impact, outcomes, outputs and activities are all defined and monitored in terms of their contribution to improving watershed resilience, generating measurable hydrological benefits quantified through VWBs, improving livelihoods, and operationalizing sustainable financing pathways, so that successful implementation in the initial watersheds provides a robust blueprint for other basins in Colombia and the wider Andean region.

Assessment Dimension	Current state (baseline)		Potential target scenario (Description)	How the project/programme will contribute (Description)
	Description	Rating		
Scale	Watershed NbS and productive transformation for water resilience are implemented through scattered, small pilots with limited proof of hydrological results, no standardized VWB metric, and fragmented, short-term public funding, leading to minimal replication or private sector engagement in the Bogotá-Region	Low	A tested watershed transformation model links quantified hydrological benefits to regulatory water-tariff fees and private stewardship/compensation commitments, enabling upscaling of the model approach across additional Bogotá-region watersheds and crowding-in long-term public and private finance that far exceeds the initial GCF grant	The project proves at scale that combined restoration, conservation and productive practice transformation generate hydrological benefits, these metrics are used to enable an environmental investment component in the water tariff and in a dedicated private investment mechanism. The project develops replication models and tools so that other utilities, municipalities and companies can finance and adopt the watershed transformation model beyond the initial intervention area.
Replicability	Existing NbS and watershed interventions are highly context-specific pilots, with no standardized VWBs metric, no replication models for other utilities, and	Low	A standardized watershed transformation model, built around VWBs, regulatory tariff instruments and a private investment mechanism, is packaged with replication models, tools and reporting protocols that can be readily adopted by other water utilities, municipalities and	The project generates robust VWB evidence, develops automatic tools for spatial prioritization and VWB monitoring, institutionalizes systematic reporting, and explicitly designs replication models for other water utilities and private investors, thereby lowering transaction costs and technical barriers for replication of the watershed transformation and financing model.

	limited institutional capacity to systematically replicate or scale investments in water resilience beyond the initial Bogotá-region sites		companies in additional Bogotá-region and Colombian watersheds.	
Sustainability	Watershed NbS and productive transformations depend on short-term, project grants, with no stable linkage to water tariffs or private stewardship finance, leaving conservation, restoration and resilient production measures vulnerable to funding gaps once external projects end in the Bogotá-Region	Low	A financially sustainable watershed transformation model is in place where additional investments are made through an environmental investment component embedded in the water tariff and a long-term private investment mechanism, enabling continued implementation, maintenance and expansion of ecosystem restoration, conservation and climate-resilient production beyond the GCF implementation period.	The project uses grant finance to generate robust evidence on hydrological outcomes quantified through Volumetric Water Benefits (VWBs), structure and test the tariff-based environmental investment component and the private VWBs mechanism and establish reporting protocols and tools needed to support long-term investment decisions. Following project completion, the continued operation, maintenance and expansion of the watershed transformation model are expected to be supported through future tariff-funded environmental investments and voluntary private-sector stewardship contributions, enabling the continuation and scaling of watershed interventions beyond the GCF project period.

E.3. GCF Outcome level: Reduced emissions and increased resilience (IRMF core indicators 1-4, quantitative indicators)

GCF Result Area	IRMF		Baseline	Target	Assumptions / Note

	Indicator	Means of Verification (MoV)		Mid-term	Final[17]	
Total project beneficiaries without overlap	Core 2: Direct and indirect beneficiaries reached	Vulnerability assessments, project beneficiary database, socioeconomic baseline and endline surveys; activity participation records; PES beneficiary registries; training attendance lists (all disaggregated by gender, age, ethnicity)	0	Direct: 602,677 (51% women) 301,338 women Indirect: 1,416,760 (51% women) 708,380 women	Direct: 3,013,383 (51% women) 1,536,825 women Indirect: 7,083,799 (51% women) 3,612,738 women	-Beneficiaries apply across all result areas (ARA 1, ARA 2, ARA 4) -See Annex 24 (Beneficiary calculation methodology)
ARA1 Most vulnerable people and communities	Core 2: Direct and indirect beneficiaries reached	Vulnerability assessments, population census, field surveys, project reports	0	Direct: 602,677 (51% women) 301,338 women Indirect: 1,416,760 (51% women) 708,380 women	Direct: 3,013,383 (51% women) 1,536,825 women Indirect: 7,083,799 (51% women) 3,612,738 women	Population that benefits from reduced/avoided runoff and less sediment in water (29% of population with water served by EAAB corresponding to North System) See Annex 24 (Beneficiary calculation methodology)
ARA1 Most vulnerable people and communities	Supplementary 2.1: Beneficiaries (female/male) adopting	Vulnerability assessments; project coverage analysis	0	Total: 998 Women: 500	Total: 4,992 Women: 2,496	Vulnerable populations are prioritized with livelihoods

[17] The final target means the target at the end of project/programme implementation period. However, for core indicator 1 (GHG emission reduction), please also provide the target value at the end of the total lifespan period which is defined as the maximum number of years over which the impacts of the investment are expected to be effective.

	improved and/or new climate-resilient livelihood options	(disaggregated by gender)				that include transformation of productive practices
ARA2 Health, well-being, food and water security	Core 2: Direct and indirect beneficiaries reached	Project beneficiary database, socioeconomic baseline and endline surveys; activity participation records; PES beneficiary registries; training attendance lists (all disaggregated by gender, age, ethnicity)	0	Direct: 998 (50% women) 500 women Indirect: 59,547 30,815 women	Direct: 4,992 (50% women) 2,496 women Indirect: 297,737 154,079 women	Communities maintain engagement; beneficiaries can be identified and tracked; disaggregation data is collected systematically (Assumption for direct beneficiaries: A total of 1,248 farms are considered, each with an average household size of four inhabitants, undergoing transformation of their productive practices) (Assumption for indirect beneficiaries: Population residing in prioritized watersheds where all the Activities are taking place.)
ARA2 Health, well-being, food and water security	Supplementary 2.3: Beneficiaries (female/male) with more climate-resilient water security	Reports from municipal water supply systems, project reports	0	Total: 33,415 17,041 women	Total: 167,078 85,518 women	Population residing in the main areas of selected municipalities, whose water supply is sourced from intakes located within prioritized watersheds.
ARA4 Ecosystems and ecosystem services	Core 2: Direct and indirect beneficiaries reached	Population census, field surveys, project reports	0	Direct: 15,895 7,948 women Indirect: 59,547	Direct: 79,475 39,738 women Indirect: 297,737	Direct: Volumetric Water Benefits can be conservatively translated into equivalent beneficiaries using a 37 m³/person/year benchmark for the Bogotá Region

				30,815 women	154,079 women	Indirect: Population residing in prioritized watersheds where all the Activities are taking place.
ARA4 Ecosystems and ecosystem services	Core 4: Hectares of natural resources brought under improved low-emission and/or climate-resilient management practice	Satellite imagery analysis; implementation reports; field verification surveys; restoration monitoring reports	0	482 ha	2,409 ha	All Activities 1.2.2 are implemented
ARA4 Ecosystems and ecosystem services	Supplementary 4.1: Hectares of terrestrial forest, terrestrial non-forest, freshwater and coastal marine areas brought under resoration and/or improved ecosystems	Management area mapping; implementation reports; field monitoring	0	2,500 ha	7,165 ha	All activities 1.1.1 and 1.1.2 are implemented

E.4. GCF Outcome level: Enabling environment (IRMF core indicators 5-8 as applicable)

Core Indicator	Baseline context (description)	Rating for current state (baseline)	Target scenario (description)	How the project will contribute	Coverage
Core Indicator 5: Degree to which GCF investments contribute to strengthening institutional and	Existing Colombian regulations (e.g. CRA 907/2019, Law 99/1993 Art.111 as updated by Law 2320/2023, Law	medium	A tested, operational framework is in place in the Bogotá-Region where: the water utility incorporates an environmental investment	Through Outcome 2 and Output 2.1, the project designs, pilots and institutionalizes an environmental investment	Single sub-national area within a country

regulatory frameworks for low emission climate-resilient development pathways in a country-driven manner	2173/2021) allow environmental investment components and NbS investments, but they are under-utilized, not operationalized around VWBs, and there is no tested model for utilities and municipalities to systematically finance watershed NbS for climate resilience.		component in the water tariff for VWBs; municipalities program their mandatory environmental budgets into NbS in priority watersheds; and these instruments are governed by clear rules, MRV and reporting protocols that can be replicated nationally	component in the water tariff and public-budget pathways for VWBs, defines VWB-based MRV and reporting methodologies, and develops replication models for other utilities, thereby strengthening and "activating" existing institutional and regulatory frameworks for climate-resilient development	
Core Indicator 6: Degree to which GCF investments contribute to technology deployment, dissemination, development or transfer and innovation	Existing decision-making uses fragmented hydrological data and conventional engineering tools; there is no integrated, VWB-based digital toolkit for spatial prioritization, monitoring and reporting of watershed NbS investments that can support regulatory processes and private finance decisions	medium	An integrated set of digital tools and methodologies for VWB quantification, spatial prioritization, monitoring and reporting is deployed and used by the Bogotá Water Utility, public authorities and the VWBs mechanism, and packaged for dissemination to other basins and utilities.	The project develops and calibrates VWB methodologies and automatic tools for spatial prioritization and monitoring (Activities 2.1.1.1 and 2.1.2.1), deploys them in target watersheds, and embeds their use in tariff-setting, municipal planning and private investment decisions, thus enabling the systematic use and scaling of innovative climate-relevant decision-support technologies	Single sub-national area within a country
Core indicator 8: Degree to which GCF investments contribute to effective knowledge generation and learning processes, and use of good practices, methodologies and standards	Lessons from NbS and climate-resilient production in the Bogotá-Region are scattered across projects; there is no unified VWB-based knowledge framework, no standardized	medium	A coherent knowledge and learning system is in place, with standardized VWB methodologies and guidelines, documented watershed transformation models, and structured processes for sharing lessons, tools and	The project generates robust VWB and livelihood evidence under Outcome 1, codifies methodologies and tools into practical guidelines and replication models, and uses multi-stakeholder platforms, reporting to authorities and targeted outreach to utilities	Multiple sub-national areas within a country

	methodologies adopted by regulators and utilities, and limited mechanisms for systematic learning and dissemination at basin, regional or national levels.		standards with utilities, authorities and private actors in the Bogotá-Region and beyond.	and companies to disseminate good practices and standards, embedding learning into ongoing policy and investment processes.	

E.5. Project/programme specific indicators (project outcomes and outputs)						
Project/programme results (outcomes/ outputs)	**Project/programme specific Indicator**	**Means of Verification (MoV)**	**Baseline**	**Target**		**Assumptions / Note**
				Mid-term	**Final**	
Outcome 1. Watershed Transformation Model proved to achieve the highest Hydrological Benefits	Volume of avoided or reduced runoff (Volumetric Water Benefits – VWBs) generated annually in priority watersheds supplying the Bogotá Water Utility	Hydrological and ecohydrological modelling reports; VWB accounting system outputs; independent technical verification reports	0 m³/year of VWBs formally quantified and reported for the selected watersheds	0 (No change the VWB will be estimated upon completion of the project)	2,940,584 m³/year of VWBs generated[18] (disaggregated by watershed and intervention type See Annex 24)	Accounting methods are robust; verification is credible; outcomes are measurable (See Annex 2, Section 7.1.6 for methodology and disclaimers, and Annex2 Appendix 5 excel for VWB calculations)
Output 1.1 Strategic High Andean ecosystems restored and conserved to yield hydrological benefits	Hectares of High Andean ecosystems restored and conserved under VWB-oriented management in prioritized watersheds	Project monitoring system; GIS/remote sensing analyses; field verification reports; agreements with landholders and PAs	0 ha	3500 ha conserved, restored and transformed under VWB-oriented management	26,071 ha conserved, restored and transformed under VWB-oriented management	Activity 1.1.1 and 1.1.2. This includes all interventions in protected areas public, private, and farms.

[18] The guidelines used to quantify Volumetric Water Benefits (VWBs) for the activities proposed under this project are based on a modeling approach. As such, they are subject to inherent limitations in fully representing real-world hydrological conditions and outcomes. The VWB estimates presented at this proposal development stage are preliminary and are intended solely to provide an indicative range of potential benefits for the region of analysis. These estimates should be interpreted as illustrative rather than definitive. If the defined area of interest or underlying assumptions change, the estimated range of potential VWBs is also likely to change. Credible and realistic VWB estimations can only be generated once specific activities are implemented at clearly defined locations, using site-specific data. During project implementation, VWBs will be re-estimated to reflect actual implementation conditions. In addition, more precise and reliable VWB estimates can only be obtained through the deployment of hydrology-specific monitoring plots and field-based measurements, which allow modeled results to be validated and refined based on observed data. Conditional to dedicated investment on monitoring, VWBs can therefore be re-estimated once monitoring systems are in place during project implementation.

Output 1.2 Climate-resilient transformation of productive practices to yield hydrological benefits and resilient livelihoods.	Number of farms adopting at least one climate-resilient, transformation of production practices (e.g. agroecological, silvopastoral, efficient water use) in prioritized watersheds	Farm-level monitoring; producer association records; project surveys; technical assistance reports	0 farms	481 ha with climate resilient transformation of productive practices	1,248 farms adopting at least one climate resilient transformation of productive practices	Activity 1.2.1
Outcome 2. Finance to replicate and scale the watershed transformation model	Volume of private finance committed to and disbursed for water investments in the Bogotá-Region (USD)	VWBs mechanism records; co-financier reports	4 million USD of private sector finance	USD 4 million of private sector finance	USD 9 million of private finance committed	Baseline is calculated by the current cofinancing of private sector actors into the project. There is no intermediate target as additional funding will start flowing after the financial mechanism is operational in year 4. The target of USD 5 million represents the amount of additional private-sector financing expected to be mobilized and channeled through the mechanism during the GCF project implementation period. As the mechanism is designed to operate beyond the lifetime of the project, it is expected to continue

						mobilizing additional private-sector resources after project completion, further supporting watershed stewardship activities, landscape expansion, and the long-term sustainability of the Watershed Transformation Model.
Output 2.1 Financing instruments and mechanisms for scaling water volumetric benefits	Operationalization of an environmental investment component in the water tariff	Utility tariff schedules;	No tariff-based environmental investment component	No tariff-based environmental investment component implemented yet (year 4)	Environmental investment components in force and generating revenues	Tariff structure in final water user receipts includes an environmental investment component, collection mechanism function; investments are transparent.
Project/programme co-benefit indicators						
Co-benefit 1	Number of hectares with enhanced ecological connectivity and secure migratory pathways for endemic flora and fauna, evidenced by increased presence of stable populations of target endemic and migratory species in monitoring sites	Georeferenced maps of restored and conserved areas (GIS, remote sensing); project restoration and conservation implementation reports; biodiversity monitoring reports	0	2,500 ha of restored and/or conserved habitats contributing to ecological connectivity	7,165 ha of restored and/or conserved habitats contributing to ecological connectivity	Land tenure and use rights allow long-term conservation and restoration in priority areas; monitoring protocols and sampling effort are sufficient to detect meaningful changes in species populations and connectivity; no major external drivers (e.g. large new infrastructure) sever

						key corridors outside project control
Co-benefit 2	Annual value of avoided water treatment costs at drinking water treatment plants, attributable to the implementation of NbS measures	Water quality monitoring data upstream of drinking water treatment plants; treatment plant operational and financial records (energy use, chemical inputs, sludge disposal, O&M costs); cost–benefit/economic analysis reports quantifying avoided costs linked to observed water quality improvements in project-influenced catchments.	0	USD 382,703	USD 749,127 per year in avoided water treatment costs across priority drinking water treatment plants, attributable to project-supported NbS in the supplying sub-basins.	Treatment plants keep reliable cost and process records and are willing to share data for analysis; no major change in treatment standards or technologies occurs that would mask or dominate NbS-driven cost changes. (See Annex 3 for methodology)
Co-benefit 3	Total carbon sequestered in biomass and soils attributable to project-supported restoration and conservation of high Andean forests, *páramos* and wetlands	Field measurements (permanent plots, biomass inventories, soil sampling); allometric equations and carbon models applied to restored and conserved areas by ecosystem type; remote sensing and GIS data to track land-cover change and permanence of restoration/conservation ; documentation of methods and parameters consistent	0	0 (No change the carbon sequestered will be estimated upon completion of the project)	158,203 tCO_2e of carbon sequestered in biomass and soils attributable to restoration and conservation	Restoration and conservation areas are protected against major reversals (fire, deforestation, drainage) during and after the project; selected carbon accounting approach (activity data, emission factors) is approved by relevant national authorities and aligned with IPCC good practice; growth and soil carbon accumulation rates

		with IPCC or other recognized standards.				used are conservative and based on local or regionally appropriate data. (See Appendix in Annex 2 for methodology)

E.6. Project/programme activities and deliverables

Activities	Description	Sub-activities	Deliverables
Activity 1.1.1. Conserve high Andean ecosystems.	This activity will conserve native High Andean ecosystems to prevent degradation of natural ecosystems that are threatened with conversion to other land use in Protected Areas and private lands. Executing Entities and Partners **1.1.1.1.** EE: CI-Col Implementing partners: IaVH (Subgrantee), CAR (co-financier), CORPOGUAVIO (co-financier). Other: local consultants. **1.1.1.2.** EE: Fondo Acción. Implementing partners: SDA (co-financier), EAAB (co-financier) and Gobernación de Cudinamarca (co-financier). Other: local consultants.	**1.1.1.1.** Implement control and surveillance, monitoring and climate training in Protected Areas **1.1.1.2.** Reduce ecosystem loss through conservation agreements and payments for landowners	**1.1.1.1** Control and surveillance reports, monitoring reports and climate training certificates and RNCS registrations to achieve conservation of 26,071 ha. **1.1.1.2** Conservation payments made for a minimum of 650 landowners to achieve 4,756 ha conserved.
Activity 1.1.2 Restore high Andean ecosystems.	This activity will recover and rehabilitate native High Andean ecosystems that have been already impacted by land use changes and unsustainable productive activities and that require dedicated	**1.1.2.1** Implement passive restoration of moderately degraded lands allowing natural regenerative processes	**1.1.2.1** and **1.1.2.2.** Restoration plans and monitoring reports to achieve 2032 ha restored.

	treatments to reestablish infiltration, soil-water retention and baseflow regulation on which local and downstream water security depends. Executing Entities and Partners Same for both sub activities: EE: CI-CoI Implementing partners: -SDA (co-financier), EAAB (co-financier), CAR (co-financier), CORPOGUAVIO (co-financier), Coca Cola Foundation (co financier), Ab Inbev (co-financier), -local organizations (subgrantees) and landowners will be identified according to eligibility criteria specified in Annex 26. Grants Manual. Other: local consultants.	**1.1.2.2.** Implement active restoration of highly degraded lands	
Activity 1.2.1 Implement climate-resilient production systems at farm level	This activity will focus on implementing farm level interventions that combine productivity with improved hydrological performance to increase infiltration, soil water retention, drought buffering and family wellbeing at the plot and farm scale. Executing Entities and Partners Same for both sub activities: EE: CI-CoI Implementing partners: -EAAB (co-financier), Coca Cola Foundation (co financier), Ab Inbev (co-financier) -local organizations (subgrantees) and landowners will be identified according to	**1.2.1.1.** Implement silvopastoral systems in place of traditional dairy production **1.2.1.2.** Implement agroecological practices in traditional potato production systems **1.2.1.3.** Implement efficient use and water saving at farm level **1.2.1.4.** Implement and diversify agrifood systems	**1.2.1.1** Climate-Resilient Farm Agreements, Plans and monitoring reports to achieve 1248 farms under silvopastoral systems. **1.2.1.2** Climate-Resilient Farm Agreements, Plans and monitoring reports to achieve 1248 farms incorporating agroecological practices in their productive systems. **1.2.1.3** Climate-Resilient Farm Agreements, Plans and monitoring reports to achieve 1248 farms

	eligibility criteria specified in Annex 26. Grants Manual. Other: local consultants.		incorporating efficient use and water saving measures. **1.2.1.4** Climate-Resilient Farm Agreements, Plans and monitoring reports to achieve 1248 farms under climate resilient production systems implementing measures to diversify their production systems.
Activity 1.2.2 Commercialization and opening of markets that value rural products that contribute to water regulation	This activity will support producer associations and local organizations, whose affiliated producers are already implementing climate-resilient production practices in selected watersheds to commercialize rural products and access markets with the objective of creating new economic opportunities that enable producers to generate income while maintaining production practices that contribute to water regulation, climate adaptation, and landscape resilience. Executing Entities and Partners Same for both sub activities: EE: Fondo Acción Subgrantees: local organizations and producer associations will be identified according to eligibility criteria specified in Annex 26. Grants Manual. Other: local consultants.	**1.2.2.1.** Develop business models for climate-resilient production systems. **1.2.2.2.** Implement commercialization and market access initiatives through producer associations	**1.2.2.1** Business models in place with identified potential product opportunities to commercialize and bring to markets for 30 local organizations **1.2.2.2** Annual accounting reports from local producer associations' with at least 16% of income increase; new contracts with 20 new buyers
Activity 1.2.3. Implement efficient water use measures efficiency in community-run water supply systems in prioritized watersheds	This activity focuses on reducing Non-Revenue Water (NRW) and optimizing resource use within community-managed water systems to enhance both service reliability and drinking-water quality. By	**1.2.3.1.** Install macro-metering and upgrade community-run water supplies systems to cut losses.	**1.2.3.1** 40 community-run supply systems with macro-metering installed (reports)

	prioritizing the installation of macro-metering equipment alongside operational practices that increase water-use efficiency, the project enables the accurate quantification of water flows to generate measurable savings through NRW reduction, directly addressing climate-related variability in water availability. The expected outcome is a resilient water service that minimizes physical losses through rigorous NRW management and reduces health risks for rural populations. Executing Entities and Partners Same for both sub activities: EE: Fondo Acción Subgrantees: community-run water supply systems will be identified according to eligibility criteria specified in Annex 26. Grants Manual. Other: local consultants.	**1.2.3.2** Apply efficient water use practices in water supply community-run systems **1.2.3.3.** Implement drinking-water treatment in water supply community-run systems	**1.2.3.2** 40 community-run supply systems with systematic quality monitoring, and operational protocols for Non-Revenue Water (NRW) reduction reporting **1.2.3.3** 40 community-run supply systems with drinking-water treatment and systematic water quality monitoring (reports)
Activity 2.1.1 Incorporate an environmental investment component to the water tariff	The Bogotá Water Utility will operationalize and test the recovery of environmental investments in the protection of watersheds and headwaters that supply the city through the water tariff. The ultimate objective is converting one-off watershed investments into a recurrent, utility-anchored funding source tied to EAAB's service mission. Executing Entities and Partners Same for both sub activities: EE: CI-Col Implementing partners: EAAB (co-financier), TNC (subgrantee)	**2.1.1.1.** Define and validate indicators and methodologies to demonstrate the cost-effectiveness of water-resilience investments. **2.1.1.2.** Implement systematic reporting for authorities that measure investments effectiveness in hydrological outcomes. **2.1.1.3.** Develop replication models for other water utilities.	**2.1.1.1** Indicators and methodology framework, EAAB's investment portfolio, and cost-effectiveness report to achieve an environmental investment component reflected in the water tariff. **2.1.1.2** Annual reports on indicators that support the cost-effectiveness of the environmental investment component of the water tariff **2.1.1.3** A replication model package with (i) a regulatory and institutional roadmap (ii) a financial

	Other: local consultants.		model (iii) a methodological annex; and (iv) a monitoring and reporting framework aligned with CRA and SSPD requirements.
Activity 2.1.2 Operationalize a long-term financial mechanism for private investments	This activity will develop and operationalize a long-term financial mechanism to direct private-sector investments into the watershed transformation model, enabling companies to finance prioritized interventions that generate measurable and verified Volumetric Water Benefits (VWBs). Executing Entities and Partners EE: Fondo Acción for all sub activities. **2.1.2.1** Implementing partners: TNC (subgrantee). Other: WRI (consultancy). **2.1.2.2** Other: local consultants.	**2.1.2.1.** Develop automatic tools for spatial prioritization of investments, monitoring and quantification of water volumetric benefits **2.1.2.2.** Establish the operational and financial structure of the mechanism .	**2.1.2.1** Automatic for spatial prioritization of investments (Software, user manuals); automatic tool for estimation of VWB (Software, user manuals); prioritization maps and VWBs calculations. **2.1.2.2** Report on allocation of funds managed by the mechanism during the project's implementation period**;** signed commitments of at least USD 5 million and portfolio of interventions to be financed by end of the project implementation period.

E.7. Monitoring, reporting and evaluation arrangements (max. 500 words, approximately 1 page)

160. The project's Monitoring, Reporting and Evaluation (MRE) arrangements are detailed in the Monitoring and Evaluation Plan (Annex 11), which follows GCF IRMF templates and integrates GCF level impact and outcome indicators with project level outcomes, outputs and activities, including indicators on avoided/reduced runoff, Volumetric Water Benefits (VWBs), livelihoods, ecosystems, governance and finance mechanisms. For each indicator, the plan specifies data sources, collection methodologies, frequency, and indicative resource needs. Overall coordination of MRE will be led by a dedicated M&E specialist at CI Colombia, working with Fondo Acción, sub grantees, technical partners and relevant CI units, while partners will provide timely technical and financial reporting for aggregation into project level reporting and learning.

161. The key indicators presented in sections E2–E6, including the core impact indicator on avoided/reduced runoff and associated VWBs, will be monitored by the M&E specialist in coordination with partner organizations and specialized consultants, as needed. The specialist will be supported by experts on gender, safeguards and impact evaluation to ensure that data collection, analysis and reporting adequately capture gender differentiated and social inclusion outcomes and track the performance of the water resilience financing mechanisms developed under Output 2.1.

162. The monitoring system will combine geospatial, hydrological, technical, financial, and socioeconomic data. Territorial interventions will be tracked through georeferenced implementation records, field verification, and ecosystem and farm-level assessments. Water-system interventions will be monitored through operational indicators such as water saved through improved efficiency. Component 2 will be monitored through evidence on regulator-accepted reporting, structuring milestones, capitalization progress, and finance mobilized in USD. This approach follows Annex 2, Chapter 9, which emphasizes indicators that reflect real transformation in land, water, and finance rather than process proxies.

163. A central feature of the system is the use of Volumetric Water Benefits as the core hydrological performance metric linking the two components. As established in Annex 2, VWB functions as a measurement and decision-support tool that translates the effects of conservation, restoration, productive reconversion, and water-efficiency measures into volumetric hydrological outcomes. The VWB monitoring indicator will capture the modeled and progressively validated water benefits generated by Component 1 interventions, expressed in cubic meters per year, relative to a business-as-usual scenario. It will measure changes such as avoided runoff, improved infiltration, more stable baseflow, reduced sediment-related impacts, and water savings where relevant. The methodology combines baseline characterization, hydrological modeling, intervention-specific parameters, and field-based monitoring of key variables, while distinguishing project-driven changes from non-modifiable external factors such as climate variability. VWB will therefore serve both as an outcome indicator for Component 1 and as a core input for the reporting and financial justification required under Component 2.

164. Reporting will support both project management and external accountability. Implementing partners will submit periodic progress reports, while the consolidated MRE system will inform reporting to the GCF and, where relevant, to regulatory and supervisory authorities. Evaluation will be conducted through baseline, mid-term, and final assessments to determine progress, validate assumptions, assess sustainability, and confirm whether the project has demonstrated a replicable and financeable model for climate-resilient water security in the Bogotá Region. A Project Steering Committee, with participation of the NDA and key national and regional institutions, will meet at least annually to review progress reports and M&E findings, approve annual workplans and budgets, and address strategic implementation issues. Steering Committee discussions will be informed by consolidated monitoring data, including the performance of watershed interventions and financing pathways, and will guide adaptive management and corrective actions to ensure delivery of outcomes and contribution to the project's paradigm shift objectives.

165. CI GCF Agency staff, as Accredited Entity (AE), will continuously monitor the work of CI Colombia as Executing Entity (EE) through quarterly EE reports and regular coordination meetings to track progress against agreed deliverables. CI Colombia will prepare an Annual Performance Report summarizing annual results and progress for submission to the CI GCF Agency and will provide a final completion report at the end of the project.

166. The project will undergo an independent Interim Evaluation at mid-term, consistent with the GCF Evaluation Policy, to assess progress towards outcomes and outputs, identify course corrections, and examine the project's contribution to paradigm shift in enabling conditions using the IRMF three-point scale, with reference to expected changes described in section E4. An independent Final Evaluation at project completion will similarly assess delivery of planned results (including any adjustments after mid-term) and the project's contribution to paradigm shift in enabling conditions using the same IRMF scale.

D. RISK ASSESSMENT AND MANAGEMENT

F.1. Risk factors and mitigations measures (max. 3 pages)

Selected Risk Factor 1	**Delays in formalizing conservation arrangements and incentive mechanisms**	
Category	**Probability**	**Impact**
Legal	Medium	Medium
Description		
Delays in legal formalization of conservation agreements, reserve-related procedures and incentive mechanisms for priority ecosystems, especially under activities 1.1.1 and 1.1.2, may weaken permanence of restored and conserved areas and undermine the credibility of hydrological benefits needed to mobilize long-term finance.		
Mitigation Measure(s)		
Conduct early legal due diligence; develop standardized agreement and incentive templates; farm planning process and Grant Manual eligibility criteria, focusing initially on areas with clearer tenure and lower procedural complexity; establish a dedicated legal support function linked to activities 1.1.1 and 1.1.2; monitor both hectares intervened and status of agreements and procedures to demonstrate that VWBs are tied to durable management conditions.		

Selected Risk Factor 2	**Changes in political or regulatory priorities affecting water-resilience instruments**	
Category	**Probability**	**Impact**
Governance	Medium	High
Description		
Shifts in political priorities or institutional fragmentation may slow or block the implementation of the project's water resilience financing mechanisms, including the Environmental Investment Component and the Private Investment Mechanism, reducing approvals, co-financing and momentum for replication, even if technical evidence from Component 1 is strong.		
Mitigation Measure(s)		
Institutionalize the project´s water security rationale by emphasizing avoided treatment costs, hydrological benefits and long-term financing opportunities rather than relying on short-lived political sponsorship. Implement a structured engagement plan with water utilities, municipalities, the Water and Basic Sanitation Regulatory Commission (CRA), the Superintendence of Public Utilities (SSPD), business associations and other relevant authorities to strengthen institutional ownership across electoral cycles. Prioritize evidence generation, monitoring and reporting under Activity 2.1.1 to support implementation of the Environmental Investment Component through robust methodologies, accepted reporting protocols and credible hydrological evidence that informs regulatory decision-making and facilitates replication.		

Selected Risk Factor 3	**Insufficient financing for long-term sustainability and scale-up**	
Category	**Probability**	**Impact**
Financial	Medium	High
Description		
After GCF support, there is a risk that long-term financing for watershed transformation remains inadequate if the Environmental Investment Component and the Private Investment Mechanism do not materialize or underperform, leading to localized benefits without achieving the intended paradigm shift in water resilience finance.		
Mitigation Measure(s)		
Keep Component 2 at the center of implementation from the outset by advancing hydrological monitoring, cost-effectiveness analysis, replication models, investment prioritization tools, implementation of the Environmental Investment Component and operationalization of the Private Investment Mechanism in parallel with Component 1.		

Establish clear milestones and evidence thresholds for scale-up, including VWB evidence thresholds, tariff-readiness criteria, and milestones for operationalizing the Environmental Investment Component and the Private Investment Mechanism under Activity 2.1.2, to operationalize the exit strategy and support adaptive management.		
Selected Risk Factor 4	**Weak social inclusion and unequal benefit distribution**	
Category	**Probability**	**Impact**
Other	Low	Medium
Description		
Barriers to participation for women and vulnerable groups, and unequal access to benefits in rural landscapes, may reduce uptake of climate-resilient practices and ecosystem measures under activities 1.2.1–1.2.3, increase exposure to social risks (including GBV), and compromise both resilience outcomes and compliance with GCF standards.		
Mitigation Measure(s)		
Apply targeted beneficiary selection criteria and gender-responsive outreach; integrate practical measures to reduce participation barriers into productive transformation, market access and community water activities. Embed safeguards protocols in all community-facing work. Track not only participation numbers but also decision-making influence, access to assets/training and benefit uptake by women and vulnerable groups, and use this information to adjust implementation.		
Selected Risk Factor 5	**Resistance to changing productive practices**	
Category	**Probability**	**Impact**
Other	Medium	Medium
Description		
Farmers and producer organizations may be reluctant to adopt sustainable production practices and associated business models, limiting implementation of Activities 1.2.1 and 1.2.2 and weakening the proof of concept that productive transformation can generate both VWBs and sustainable livelihood benefits within the project period.		
Mitigation Measure(s)		
Combine tailored technical assistance, incentives, and strong demonstration effects with improved market linkages; operationalize the connection between farm-level changes (Activity 1.2.1) and commercialization and market access (Activity 1.2.2) to make behavior change economically viable; prioritize early engagement with producer organizations and producers showing higher readiness and stronger market opportunities; use demonstration farms and peer learning to gradually reduce perceived risk among later adopters.		
Selected Risk Factor 6	**Limited uptake of nature-based solutions and restoration actions**	
Category	**Probability**	**Impact**
Technical and operational	Medium	Medium
Description		
Low uptake of restoration and conservation measures, or perceptions that restoration is less rewarding than productive investments, could reduce the scale of ecosystem interventions needed to generate visible VWBs in prioritized watersheds.		
Mitigation Measure(s)		
Frame restoration as part of an integrated water-benefit and livelihood package that supports farm resilience, local water security and future finance opportunities; ensure consistent messaging and visible local demonstrations; assign practical community roles in restoration where feasible; use simple local reporting and feedback loops to show hydrological results and associated opportunities.		
Selected Risk Factor 7	**Failure to consolidate local water governance and service ownership**	
Category	**Probability**	**Impact**
Technical and operational	High	Medium

Description
Weak governance and O&M capacities in community-run water systems and local watershed bodies may prevent efficiency, infrastructure and governance improvements under activity 1.2.3 from translating into durable service and resilience benefits.
Mitigation Measure(s)
Integrate governance strengthening, O&M practices, basic asset management and user-level arrangements into activity 1.2.3 alongside technical upgrades; design watershed-level planning and participation mechanisms that clearly connect service improvements, ecosystem measures and future financing pathways; monitor functionality, governance performance and user participation and adapt support accordingly.

Selected Risk Factor 8	**Limited capacity of local implementing partners**	
Category	**Probability**	**Impact**
Technical and operational	Medium	Medium

Description
Limited technical, fiduciary and organizational capacity among local implementing partners may affect implementation quality, grant management, safeguards compliance and timely delivery of project activities, particularly where multiple organizations are responsible for implementation under Component 1.
Mitigation Measure(s)
Undertake structured institutional capacity assessments; provide differentiated technical assistance and simplified compliance tools; phase implementation support according to partner capacity; provide enhanced fiduciary, procurement, safeguards and reporting support where needed; and use standardized implementation manuals, templates and supervision arrangements throughout project implementation.

Selected Risk Factor 9	**Climate and natural hazard risk**	
Category	**Probability**	**Impact**
Technical and operational	Medium	Medium

Description
Extreme climate events associated with climate variability, particularly **El Niño** and **La Niña** phenomena, may reduce the effectiveness of restoration and conservation interventions, delay implementation, and affect the generation of measurable hydrological benefits. Prolonged droughts, heat waves and wildfires during El Niño, as well as intense rainfall, floods and landslides during La Niña, may damage restored areas, disrupt field activities and increase implementation costs, reducing the project's ability to demonstrate timely VWBs within the implementation period.
Mitigation Measure(s)
Mitigation should incorporate climate risk considerations into site selection, restoration design and implementation planning. Restoration activities should prioritize native species and ecosystem management approaches adapted to local climate variability, while implementation schedules should remain flexible to accommodate seasonal climate conditions. Regular climate monitoring, adaptive work planning and coordination with local authorities and communities will support timely responses to extreme events. Adequate maintenance, replanting and post-restoration monitoring should also be incorporated to ensure recovery of restored areas affected by climate-related disturbances.

Selected Risk Factor 10	**Territorial security and access risks (armed conflict)**	
Category	**Probability**	**Impact**
Prohibited practices	Low	Medium

Description
The risk of criminal activity or socioeconomic instability is significant. Armed conflict and insecurity can disrupt field activities (C1 restoration, C2 livelihoods), lead to theft of uninsured equipment, and pose a catastrophic risk of injury or loss of life for staff and beneficiaries. The execution of field activities in high-vulnerability rural areas would be paralyzed.
Mitigation Measure(s)

A Safety and Security Plan has been developed (see Annex 6, Section 8.2.2), aligned with Conservation International (CI) standards and principles, based on three pillars: (i) acceptance strategy, prioritizing social legitimacy and community consent as the primary protective shield for field staff; (ii) institutional intelligence, utilizing inputs from official sources and NGO security networks (non-community based) to map risks without endangering local leaders; and (iii) 'traffic light' adaptive operation, establishing a mechanism for temporary suspension and rescheduling of activities in volatile zones (should they arise), rather than permanent relocation, ensuring that conflict volatility does not result in the permanent abandonment of the most vulnerable communities.

Selected Risk Factor 11 Physical damage to investments from natural phenomena

Category	Probability	Impact
Technical and operational	Medium	Medium

Description

The risk of natural disasters negatively affecting project activities (such as floods, droughts, heat waves, and fires) is relevant. The project focuses on adaptation, but extreme climate events may still damage project investments and reduce the effectiveness of restoration activities. There are fire risks in the *páramo*, along with an increased risk of floods and landslides. A single extreme event (e.g., drought or fire) could destroy newly restored sites and restoration investments under Activity 1.1.2, reversing the achievements of Component 1 and increasing implementation costs.

Mitigation Measure(s)

To realistically safeguard investments, the project will apply: (i) Adapted Design, locating nurseries and restoration zones in sites with lower physical exposure and selecting hardy native species with high natural climate tolerance; (ii) Community Prevention, establishing agreements with communities and local authorities for surveillance and basic risk management (such as fire rounds), without relying on complex technological systems; and (iii) Maintenance Budget, ensuring the financial plan includes specific resources for replanting and minor infrastructure repair, assuming a manageable natural mortality rate as part of normal operations, rather than relying on external insurance schemes.

Selected Risk Factor 12 Community Health, Safety, and Protection Risk

Category	Probability	Impact
Technical and operational	Medium	Medium

Description

The project involves field-based restoration, productive transformation and community engagement activities that may expose workers and local communities to occupational health, safety and social risks if not adequately managed.

Mitigation Measure(s)

To safeguard both workers and the community, the project will implement an Integrated Safety, and Security Plan (see Annex 6, Section 8.2.2) aligned with ARL regulations and GCF Standard 4. This entails strict physical protocols, including full-time HSE supervision, mandatory safety training, certified PPE use, and site exclusion zones, backed by third-party liability insurance; crucially, it integrates social protection through a mandatory Code of Conduct and SEAH Prevention mechanism (see Annex 6, Section 8.2.3) signed by all personnel, ensuring that field activities under Component 1 do not generate health, safety or social risks for workers or local communities.

Selected Risk Factor 13 Reduction of the project's impact by excluding indigenous groups and minority communities

Category	Probability	Impact
Governance	Low	Medium

Description

Additional difficulties and opposition to the project may arise from conflicts stemming from mismanagement or the underrepresentation of cultural minorities. Some territories within the intervention area are the ancestral lands of the Muisca people, who, although small in number, continue to maintain ritual practices there. Failure to adequately engage these minority groups could halt project activities and even generate situations of violence or conflict that would lead to the dismissal of intervention areas currently included in the program.

Mitigation Measure(s)
To ensure social legitimacy, the project will implement an Inclusive Engagement Strategy in line with Conservation International's (CI) Environmental and Social Management Framework (ESMF). This entails: (i) Indigenous Governance, strictly applying Standard 4 (Indigenous Peoples) to guarantee Free, Prior, and Informed Consent (FPIC) and the co-design of activities with Muisca cabildos to ensure cultural appropriateness utilizing trusted intermediaries and methodologies that guarantee their active and safe participation in project activities, without exposing them to discrimination risks. An Indigenous Peoples Plan is provided as part of Annex 6.

E. GCF POLICIES AND STANDARDS

G.1. Environmental and social risk assessment (max. 750 words, approximately 1.5 pages)

172. Annex 6 is the Limited-Environmental and Social Impact Assessment (ESIA) and the Environmental and Social Management Plan (ESMP) of the project. The document introduces the project, including the legal and institutional framework. The limited-ESIA identifies potential risks and impacts in line with applicable GCF standards. The proposed project is being classified as Category B based on the potential environmental and social risks identified. However, these risks are low to medium, site-specific, and manageable with the appropriate mitigation measures in place. The following is a summary of the environmental and social safeguards standards (ESS) triggered for the project.

173. ESS 2: Protection of natural habitats and biodiversity conservation. The project directly intervenes in ecosystems of high ecological sensitivity, such as high-Andean forests and *páramos*. Restoration actions prioritize the recovery of ecological functions while mitigating the risk of introducing invasive or non-native species through strict biosecurity protocols. The project addresses risks associated with high plant mortality by ensuring the use of suitable, high-quality species for each site. To protect local fauna, any support equipment—such as fencing—must follow connectivity criteria, strictly avoiding materials like barbed wire that pose a physical risk to wildlife. Also, under this standard, the potential impacts from supporting sustainable and resilient livelihood activities, such as installing Ecosystem-based Adaptation (EbA) equipment, like rainwater harvesting systems and poultry production modules, will be assessed to prevent habitat fragmentation, negative impacts on natural habitats, or alteration of local water dynamics.

174. ESS 3: Resettlement and physical and economic displacement. The project does not involve land acquisition or physical resettlement, and it will not alter land tenure arrangements. However, there is a precautionary risk of economic displacement if community decisions, the implementation of PES or conservation agreements result in new restrictions on access to land or natural resources currently used by smallholders (whether formal or informal users). The project developed a Process Framework whenever voluntary economic displacement materializes.

175. ESS 4: Indigenous Peoples. The project will maintain close, culturally appropriate collaboration with all affected stakeholders, including those who meet the GCF and CI definition of Indigenous Peoples. In limits of intervention area 3- Tominé, the Muisca Indigenous community maintain a presence (“Los Hijos del Maiz”). an Indigenous Peoples' Plan (IPP) has been developed in accordance with CI and GCF policies to safeguard the broader landscape. The IPP ensures that the project acknowledges potential impacts on ancestral territories, governance systems, and social structures. It guarantees the right to Free, Prior, and Informed Consent (FPIC) to prevent interference with sacred sites or the loss of traditional knowledge, ensuring that any intervention is co-created to promote balanced intercultural dialogue and prevent social tensions.

176. ESS 6: Cultural Heritage. This standard is triggered to protect the tangible and intangible cultural values in the intervention areas. The project will establish exclusion zones for sacred sites and ancestral paths identified by the Muisca community to prevent disturbances during EbA and restoration works. Additionally, a Chance Find Procedure will be implemented for all physical works, such as installing EbA equipment or performing restoration activities, to manage incidental archaeological discoveries.

177. ESS 5: Resource Efficiency and Pollution Prevention. The project aims to reduce pollution pressure rather than contribute to it supporting smallholders in minimizing harmful inputs and lowering climate impacts. The standard is triggered to manage agricultural inputs, waste, and water use, particularly in connection with restoration efforts and the support of livelihood activities. The project focuses on three critical areas of pollution prevention: a) Transitioning producers to Integrated Pest Management (IPM) to minimize reliance on chemical pesticides, as well as for restoration activities; b) Implementing strict protocols for the segregation, transport, and final disposal of solid waste and surplus materials generated by EbA equipment to prevent soil and water contamination; c) Mitigating the compromise of ecological flows due to excessive water extraction for climate resilience or restoration activities.

178. ESS 7: Labor and Working Conditions. Although the EEs indicated that they have the necessary policies, procedures, systems, and capabilities to meet the minimum requirements on labor and working conditions, the sectors and value chains in which the project works have considerable risks of informal labor, so additional measures were identified to mitigate these contextual risks. ESS8: Community, Health, Safety and Security. The

project presents some CHSS risks, including those related to fraud, public order risks, and the presence of criminal groups that might affect both the communities and project staff. Communities can also be involved in restoration or livelihood activities requiring training and personal protection equipment to avoid safety risks. GBV and SEAH are also prevalent in the project's landscapes, and the increased influx of workers for the restoration work and installation of EbA equipment can increase the risk for SEAH in this context. The project has identified mitigation measures in place to prevent accidents, security incidents, and to respond to emergencies as a result of project activities. ESS9: Private Sector Direct Investments and Financial Intermediaries. Some project activities will be developed through sub-grants provided to local organizations and by supporting Payments for Ecosystem Services. A primary focus is on preventing perverse incentives and environmental impact leakage, ensuring that financial incentives do not lead beneficiaries to expand the agricultural frontier elsewhere, or the risk that sub-grantees don't follow the CI-GEF/GCF ESMF requirements. Rules for resource use, excluded activities, and the ESS screening process will be detailed in the Grants Manual. Furthermore, the project addresses the risk of misalignment in third parties' safeguard commitments, ensuring that subcontractors and consultants adhere to CI's rigorous environmental and social standards to prevent gaps in human rights or biodiversity protection.

179. ESS10: Climate Risk and Related Disasters. Given that the páramo and high-Andean forest landscapes are highly vulnerable to climate change and related natural disasters, which can affect the project Outcomes, the project identified risks and planned for mitigation measures to ensure that the restoration and EbA interventions are adapted and resilient to this scenario, as well as responding to possible natural disasters.

180. The project ESMP, included as Annex 6, details mitigation measures for each risk and impact, together with indicators and targets for implementation monitoring. The ESMP includes specific chapters/sections for each of the standards presented above, except for the Indigenous Peoples Plan (IPP), which is presented as a separate document. The Environmental and Social Management Plan (ESMP) will be implemented by a dedicated set of project roles responsible for safeguards, gender, social management, and monitoring. The Safeguards Manager oversees overall compliance with GCF environmental and social standards and the proper application of the ESMP. The Gender Manager ensures the systematic integration of gender considerations across project activities. Social management at the territorial level is led by the Social Coordinator, supported by Social Leads who implement stakeholder engagement, grievance management, and social monitoring in the field. Environmental and results monitoring are supported by the Environmental Monitoring Specialist and the M&E Senior Manager and Coordinators, who integrate environmental and social indicators into the project's monitoring, reporting, and verification system, ensuring continuous oversight and adaptive management.

G.2. Gender assessment and action plan (max. 500 words, approximately 1 page)

181. The gender assessment (GA) and project-level Gender Action Plan (GAP) are presented as Annex 8.

182. The Gender Action Plan of the project is rooted in the principle of inclusivity and empowerment. The project will prioritize the meaningful engagement of women in all aspects of the project, from decision-making and planning to implementation and monitoring. Through targeted capacity-building programs, the project aims to equip women with the knowledge and skills needed for active participation in activities such as restoration and EbA for agricultural processes, ensuring their contributions to sustainable adaptation efforts. Through the implementation phase, the project will promote equal access to resources, economic opportunities, and benefits, thereby reducing gender disparities in the project's area. By fostering gender equality and women's economic empowerment, the project envisions a more sustainable, resilient, and socially equitable response to climate change that aligns with the GCF's core principles and objectives.

183. The Gender Assessment and Gender Action Plan has been developed to identify key gender concerns to be considered and addressed, as well as opportunities to drive gender-responsive project delivery (Annex 08). Data were collected from primary and secondary sources across the Bogota region landscape. The gender assessment identified gender risks and barriers, including but not limited to:

- Lack of acknowledgement or consideration of women's roles and contributions to small-holder farming activities.
- Inadequate financial resources to address women's specific needs for training and developing businesses.
- Decision-making roles and local governance of *community-based water facilities* are often male-dominated

- Traditional household roles and norms for women and men that limit women's financial contribution to the family and restrict women from fully participating in economic activities.

184. The project-level Gender Action Plan has been developed to encourage women's participation, representation, and awareness in project activities. This will seek to discourage gender biases among project participants and beneficiaries and/or ensure gender inequalities are not exacerbated by the project. The GAP outlines gender-related activities, targets, sex-disaggregated data collection, gender-responsive project design features, and quantifiable performance indicators. Some activities that the GAP recommends include:

- Incorporation of traditional environmental knowledge (TEK) from all household members, including women, in the design, species selection, and management of restoration plans.
- Establish eligibility criteria for the regional PES program that recognize and reward conservation and restoration activities (e.g., labor) carried out by women, regardless of formal land tenure (within Colombian legal framework). Furthermore, ensure that all adult household members sign the PES agreements. Design "Climate Adaptation Agreements" at the household or family level, ensuring that women (as wives, daughters, or heads of household) are co-signatories to guarantee their direct access to and control over resources, inputs, and technical assistance, thus overcoming barriers to technology and finance.
- Develop business plans focused on strengthening the links in the value chain with high female participation, prioritizing their transition to roles in commercial decision-making, processing, and management, where greater value is added, and establishing clear goals to break occupational segregation.
- Implement "Farm to Farm" technical assistance with a gender perspective, replacing urban workshops with direct visits to the production plots of women and other groups, such as the elderly, to overcome mobility barriers.
- Develop a socio-economic valuation methodology that includes "time poverty" and family health variables and measures the economic savings for women from improved water regulation.
- Elaborate a "Gender-Responsive and Resilient Water Investment Guide" as part of the replication package, systematizing lessons learned on women's participation in environmental investment component design.
- Design and implement a targeted dissemination and promotion strategy and tailored capacity strengthening to ensure women (producers, entrepreneurs, and organizations) are aware of and can access the opportunities within the financial mechanism.

185. To support implementation of the GAP, CI will employ a full-time Gender Manager to ensure robust gender analysis and lead the mainstreaming of gender into the project. The Gender Manager will develop and deliver appropriate capacity building for colleagues and delivery partners that are well-designed, clear, tailored to the context, and practical. The Gender Manager will accompany project teams to the field to ground truth progress on gender outcomes: meet with women/women's groups, collect qualitative information, help project teams to problem solve, propose adaptive changes and participate in report preparation.

G.3. Financial management and procurement (max. 500 words, approximately 1 page)

186. CI, as Accredited Entity (AE), and CI-Colombia, as Executing Entity (EE), will apply financial management and procurement arrangements consistent with CI policies and procedures and with the Accreditation Master Agreement (AMA) between CI and the GCF. CI has assessed Fondo Acción and confirmed that it maintains robust financial management systems and controls that meet CI and GCF fiduciary standards; implementation conditions proportionate to the size and scope of the award will ensure appropriate oversight, risk management and compliance during execution.

Financial management

187. CI uses Unit4 Business World as its enterprise resource planning system for financial accounting, budgeting and monitoring across all projects and donors. The system supports general ledger, project and sub-award tracking, and allows disbursements, income and expenditure for this GCF project to be coded and monitored by donor, project and budget line. Fondo Acción uses Apotheosys financial software with coded accounts to track project income and expenditures, supported by formal financial management policies and procedures.

188. CI-Colombia, Fondo Acción and sub-grantees will submit quarterly financial reports using AE-cleared templates, which the AE and EEs will review for accuracy, eligibility and variance against budgets. An annual audit of the project's financial statements will be conducted by an independent external audit firm in accordance with U.S. GAAP and the AMA and submitted to the GCF; specific annual audits will be required for grantees with annual expenditures above USD 250,000. Disbursements from the GCF to CI will be recorded in a dedicated ledger for this project, and disbursements from EEs to sub-grantees will follow each EE's approved financial policies and grant agreements.

189. CI and Fondo Acción have controls to prevent prohibited practices, including money laundering and financing of terrorism (PP). CI applies AML/CFT screening to all funding recipients, assesses PP risks, and incorporates mitigation measures and PP clauses in grant and service agreements; Fondo Acción applies analogous measures. EE staff and sub-grantees receive training on PP, red flags and reporting mechanisms, and monitoring for PP compliance includes desk reviews and site visits. Allegations of fraud, PP violations or financial misuse can be reported anonymously to the GCF's IIU, CI's Ethics Hotline, CI-Colombia grievance mechanism or Fondo Acción's grievance mechanism and are investigated and addressed according to CI and Fondo Acción's anti-fraud and grievance policies. CI's grants management and sub-recipient monitoring systems integrate donor management, accounting and budgeting to track disbursements, expenditures, milestones and audit findings and to flag project-level financial risks.

Procurement

190. All procurement financed by the project will follow CI's Procurement Process Standards, which ensure best value for money, integrity, transparency, and compliance with donor terms, as well as alignment with CI's Code of Conduct and anti-fraud policies and GCF fiduciary standards. Subsidiary agreements and grant contracts will contain appropriate flow-down clauses to ensure that EEs and sub-grantees comply with AE procurement controls and risk-mitigation measures, including procurement planning, multi-level approvals (with AE approval above defined thresholds), quarterly reporting, periodic inventories and post-award reviews.

191. EEs will assess the procurement policies of sub-grantees that undertake procurement. Sub-grantees whose procedures meet CI's standards may use their own systems; others must apply CI's procedures or contractual flow-downs as specified in grant agreements. CI will oversee all procurement for the project, approve annual procurement plans and higher-value procurements, and provide training on procurement requirements and prohibited practices to EE staff and key sub-grantees. Quarterly reports and periodic site visits will monitor procurement performance and use of equipment; an indicative plan for operation, maintenance and disposition of GCF-funded equipment procured by CI-Colombia and Fondo Acción is provided in Annex 21.

G.4. Disclosure of funding proposal

☐ No confidential information: The accredited entity confirms that the funding proposal, including its annexes, may be disclosed in full by the GCF, as no information is being provided in confidence.

☒ With confidential information: The accredited entity declares that the funding proposal, including its annexes, may not be disclosed in full by the GCF, as certain information is being provided in confidence. Accordingly, the accredited entity is providing to the Secretariat the following two copies of the funding proposal, including all annexes:

- full copy for internal use of the GCF in which the confidential portions are marked accordingly, together with an explanatory note regarding the said portions and the corresponding reason for confidentiality under the accredited entity's disclosure policy, and
- redacted copy for disclosure on the GCF website.

The funding proposal can only be processed upon receipt of the two copies above, if containing confidential information.

F. ANNEXES

H.1. Mandatory annexes

☒	Annex 1	NDA no-objection letter(s) **(template provided)**
☒	Annex 2	Feasibility study - and a market study, if applicable
☒	Annex 3	Economic and/or financial analyses in spreadsheet format
☒	Annex 4	Detailed budget plan **(template provided)**
☒	Annex 5	Implementation timetable including key project/programme milestones **(template provided)**
☒	Annex 6	E&S document corresponding to the E&S category (A, B or C; or I1, I2 or I3): **(ESS disclosure form provided)** ☐ Environmental and Social Impact Assessment (ESIA) or ☒ Environmental and Social Management Plan (ESMP) or ☐ Environmental and Social Management System (ESMS) ☒ Indigenous People's Plan, Land Acquisition Plan, etc.)
☒	Annex 7	Summary of consultations and stakeholder engagement plan
☒	Annex 8	Gender assessment and project/programme-level action plan **(template provided)**
☒	Annex 9	Legal due diligence (regulation, taxation and insurance)
☒	Annex 10	Procurement plan **(template provided)**
☒	Annex 11	Monitoring and evaluation plan **(template provided)**
☒	Annex 12	AE fee request **(template provided)**
☒	Annex 13	Co-financing commitment letter, if applicable **(template provided)**
☒	Annex 14	Term sheet including a detailed disbursement schedule and, if applicable, repayment schedule

H.2. Other annexes as applicable

☒	Annex 15	Evidence of internal approval **(template provided)**
☒	Annex 16	Map(s) indicating the location of proposed interventions
☐	Annex 17	Multi-country project/programme information **(template provided)**
☐	Annex 18	Appraisal, due diligence or evaluation report for proposals based on up-scaling or replicating a pilot project
☐	Annex 19	Procedures for controlling procurement by third parties/ EEs undertaking projects financed by the entity
☒	Annex 20	First level AML/CFT (KYC) assessment
☒	Annex 21	Operations manual (Operations and maintenance)
☐	Annex 22	Assessment of GHG ERs and their monitoring and reporting (for mitigation and cross cutting-projects)[19]
☒	Annex 23	Implementation Arrangements
☒	Annex 24	Adaptation Beneficiary calculations
☒	Annex 25	USP2 targets
☒	Annex 26	Grants Manual
☒	Annex 27	Capacity Assessment for Sub-Grantees-IAVH and TNC

[19] Annex 22 is mandatory for mitigation and cross-cutting projects.

H