

Conservation of Biodiversity and Sustainable Development through Productive Innovation and Competitiveness of the Rural Sector

Basic Information

GEF ID

10709

Countries

Panama

Project Title

Conservation of Biodiversity and Sustainable Development through Productive Innovation and Competitiveness of the Rural Sector

GEF Agency(ies)

World Bank

Agency ID

World Bank: 174289

GEF Focal Area(s)

Biodiversity

Program Manager

Mark Zimsky

PIF

Part I – Project Informatic

Focal area elements

1. Is the project/program aligned with the relevant GEF focal area elements in Table A, as defined by the GEF 7 Programming Directions?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

The project objective should be rewritten after all the revision identified are complete. An objective describes the intended impact contributing to physical, financial, institutional, social, environmental, or other benefits to a society, community, or group of people via the project. The current objective is not specific or clear enough as to the impact of the GEF intervention as it relates to the conservation or sustainable use of biodiversity that will result from the intervention. For example, “strengthening biodiversity management” is a means to a measurable change in the condition of the biodiversity the project is seeking to conserve and/or sustainably use.

The project is claiming significant benefits to more than 685,132.50 hectares of protected areas indicating that these will demonstrate more effective management, hence, the alignment with only BD 1-1, biodiversity mainstreaming, does not make sense.

After reviewing all the project comments please return to the focal area elements and revise.

10/15/2020

Adequate revision. Cleared.

Agency Response

10/15/2020

thank you!

10/14/2020

Thank you for your comments. Relevant changes were made in the project documents.

The PDO was updated following the guidance from the GEFSEC and decision meeting

The narrative and rationale of the intervention and contribution to improve the management effectiveness has been updated in the PCN. An additional entry/contribution has been added (BD 2-7) considering the relevance of the proposed activities as described in the updated version of the PCN.

Indicative project/program description summary

2. Are the components in Table B and as described in the PIF sound, appropriate, and sufficiently clear to achieve the project/program objectives and the core indicators?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

Table B in the portal does not make any sense as it is a mix of outputs, outcomes and component titles with no coherence as it does not relate clearly to the problem statement in the documentation provided. Please revise after all project revisions are undertaken.

10/15/2020

Adequate revision. Cleared.

Agency Response

10/15/2020

thank you!

10/14/2020

Noted, thank you. The ToC was changed to reflect the recommendations. Table B of the datasheet template has been updated accordingly. Please refer to the PCN for further details.

Co-financing

3. Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines, with a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

The cofinancing explanation is not clear because the project description itself is not clear.

The term “parallel financing” is introduced and it is not clear if this is cofinance that is listed in the table. Please refer to and apply the GEF definition of cofinancing.

Please clarify why some “public investment” is labeled “investment mobilized” while other “public investment” is labeled “recurrent expenditures.”

10/19/2020

Please address these issues:

2- Project Management Cost: Co-financing for PMC is blank. There should be a proportionality between GEF support to the PMC and Co-financing support to the PMC. Please revise.

3- Co-financing: Co-financing from beneficiaries and “Others (institutes)” is in-kind but identified as “investment mobilized”. Where co-financing truly meets the definition of "in-kind", it should typically be classified as "recurrent expenditures" rather than "investment mobilized". Please provide justification for “investment mobilized” or consider revising. Also, Local governments, by the term itself, should be classified as Government - please revise.

10/20/2020

Cleared.

Agency Response

10/15/2020

There are two types of public investments identified for this project - recurrent expenditures include funding from the government budget for the specific interventions in this project under the existing strategic objectives (budget), and investments mobilized - refers to an incremental allocation that would not be possible without the availability/prioritization of the GEF project (trust fund investments to support the project)

10/14/2020

thank you.

The project description has been updated, including the consistency with the co-financing and parallel financing agreed with the client.

Regarding terminology: in the substance parallel financing is a cofinancing for the project. Both sources of financing have been clarified in the updated version of the PCN. More specifically, co finance refers to those resources that are being leveraged by the proposed operation, and parallel financing to complementary initiatives for the operation to coordinate to maximize the impact on the ground, particularly to enhance the management of the PAs.

Clarified. Investment mobilized refers to incremental funds allocated by the Government to directly co finance the project proposal. Other public investment is considered as recurrent, considering that will occur with or without the implementation of the project.

GEF Resource Availability

4. Is the proposed GEF financing in Table D (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

Yes. Cleared.

Agency Response Thank you!

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

Yes. Cleared.

Agency Response Thank you!

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

Yes. Cleared.

Agency Response Thank you!

The LDCF under the principle of equitable access

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

Yes. Cleared.

Agency Response

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

Yes. Cleared.

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

NA.

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

NA

Agency Response

Project Preparation Grant

5. Is PPG requested in Table E within the allowable cap? Has an exception (e.g. for regional projects) been sufficiently substantiated? (not applicable to PFD)

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

No PPG is requested. Cleared.

Agency Response

Core indicators

6. Are the identified core indicators in Table F calculated using the methodology included in the correspondent Guidelines? (GEF/C.54/11/Rev.01)

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

No. As noted above, based on the problem identification, and the components that have been proposed, how and why the project is targeting influencing the management effectiveness of 685,132.50 hectares while at the same time there is very limited investment being directed towards protected area management per se (often only plans, demarcation, etc.). After the project design is revised, please revisit the core indicators that will be used for the project.

10/15/2020

Adequate revision. Cleared.

Agency Response

10/15/2020

thank you!

10/14/2020

The PCN was fully updated to reflect the rationale of the intervention to improve the management effectiveness as prioritized by the client.

Project/Program taxonomy

7. Is the project/ program properly tagged with the appropriate keywords as requested in Table G?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

Yes. Cleared

Agency Response Thank you

art II – Project Justification

1. Has the project/program described the global environmental / adaptation problems, including the root causes and barriers that need to be addressed?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

The project concept note/PID attached in the portal provides a comprehensive overview of the environmental situation in the project area and in Panama generally. This includes a description of how a lack of sustainable financing still hampers protected area management in Panama. It describes a wide array of drivers of biodiversity loss (mainly in forests) and proximate threats. The concept identifies cattle farming and conversion of forests to pasture, infrastructure development and the associated impacts of infrastructure, mining exploration and exploitation, hydroelectric projects, and the opening of rural roads and pathways as the main drivers of deforestation, forest degradation and natural habitat fragmentation.

However, the project response to this is entirely inadequate as presented in the document.

Component One focuses on information development, PA upgrading, “bio-economy” knowledge, and governance, plans, demarcation, etc. None of these activities will address the drivers or proximate causes of biodiversity loss in the project area, nor is there a justification for this kind of investment given the problem statement.

Component Two is basically a jobs creation component, and focuses on providing “financing (matching-grants), capacity building and technical assistance to individuals and associated beneficiary groups to increase incomes, competitiveness and adoption of relevant innovations, better practices and technologies for job creation.” While this is a laudable outcome in and of itself, this is the sustainable development baseline and the GEF increment to this kind of investment is not justified and is likely very marginal in size.

The theory of change presented in the Annex is not actually a theory of change, but a graphical presentation of the project elements. The problem definition in the red box in the ToC is unclear and does not reflect the problem definition in the document itself, but rather appears to be aiming to justify the current project design.

As part of responding to the comments in the review sheet, undertaking a theory of change approach to developing the project intervention could prove useful. Remember that a ToC diagram should show a coherent and logical causal model that includes explicit mention of the assumptions that underpin the causal pathways as this is an essential element to understanding the project hypothesis. (Please refer to the STAP publication as a reference for different approaches to the visual presentation of a ToC: <https://www.stapgef.org/theory-change-primer>.)

Please strengthen the written description of the project design once you have revised it, (including the incremental scenario) by paying special attention to describing the causal pathways of the expected outcomes and the underlying assumptions of the causal pathways. Clear identification of assumptions may also uncover other intervention options available to the project. Once you have more clearly identified these causal pathways please provide a more robust justification that these pathways are sufficient to achieve the project objectives, given the assumptions upon which they are based. All of this could then be better reflected in your graphic presentation of the theory of change. Most importantly, though, is the clear articulation of the project's causal pathways and underlying assumptions.

The project has chosen as its entry points agriculture and tourism; however, the document does not adequately explain how these entry points will reverse the deforestation trends identified and thus these entry points do not logically follow from the project's own analysis. The proposed activities in component two are based on a conservation strategy that has had minimal success globally (the promotion of alternative economic activities by local populations who are degrading biodiversity through its use). The project aims to “prioritize sustainable and environmentally friendly investments to reduce the direct anthropogenic of biodiversity losses by creating economic opportunities for the poorest households in the country.” The project concept note also fails to identify what the WB has learned from previous operations in Panama—and elsewhere in the region—that have implemented similar approaches with mixed results from a biodiversity conservation results perspective. Hence, it comes across as a very activity driven design, as opposed to one that is seeking to solve some of the identified problems in the concept note that are driving biodiversity degradation.

The biodiversity literature and the GEF portfolio itself has found very mixed reviews with these kinds of approaches. Many times, the donor-funded activities do not replace the current practices, but are simply “additional” activities, and inadvertently add to the problem.

In sum, while the project has identified and presented a good analysis of the problem, the proposed response is disassociated from the problem definition. The project activities might be successfully implemented, but they are so disjointed from the drivers of biodiversity loss in the project area the GEF investment may have minimal sustainable impact.

Therefore, we advise that the project design be revised significantly in order that the GEF investment be directed towards addressing the drivers of biodiversity loss as identified in the project document itself. With the amount of resources available to Panama under the STAR, a more comprehensive and robust response would certainly be possible that would address both the more expansive management needs of the protected areas in the project area, as well as the biodiversity mainstreaming opportunities.

10/15/2020

Adequate revision. Cleared.

Agency Response

10/15/2020

thank you!

10/14/2020

Thank you for your comments and guidance.

The project document and datasheet information were updated. The updated narrative and rationale are now better aligned to address the main threats described in the context.

Activities under Component 1 aim at improving land-use planning as the basis to foster better regulations of the activities that take place in the area of influence as major threats to biodiversity.

The document incorporates an explanation of the synergies between component 1 and component 2, and how both maximize the impact of the proposed operation.

The main threats to biodiversity originate in the agricultural and tourism sector, as described in the context. The scope of component 2 has been updated and reflects how such investments and jobs will be based on biodiversity-friendly solutions. In other words, the component aims to implement investments that generate and systematize knowledge on how to improving biodiversity conservation in the area can

drive growth and improve the livelihoods of the beneficiaries.

A new Theory of Change was constructed (see updated PCN), to address comments of the peer-reviewers and GEFSEC PM.

The updated version of the ToC is reflected in the project design and scope of each component, including the linkages and pathways to achieve the PDO.

Component 2 activities are not intended to replace the economic activities of the population. One of the main limitations -lessons learned- to evaluate the impact of this type of investment is the availability of systematized information. The intention of the component is to facilitate knowledge, investments, and market linkages to enable the sustainability of practices associated with conservation and the value-added of biodiversity. Poverty among these rural families requires sustainable solutions tailored to their culture and traditions to reduce the threats to biodiversity. The key to the success of the proposed investments will be the technical rigor used in the prioritization process and the specialized technical assistance for the design of the investments; the application of the principles and processes of the productive alliance model and the integration of other financial partners is expected to generate this new dynamic and knowledge to foster the sustainability of existing practices.

The updated scope of the component reflects the rationale of the activities to address biodiversity threats.

2. Is the baseline scenario or any associated baseline projects appropriately described?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

No. Once the project is revised, please revise the baseline description.

10/15/2020

Adequate revision. Cleared.

Agency Response

10/15/2020 Thank you!

10/14/2020

10/14/2020

Thank you, the information provided in the PCN

3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

No. Once the project is revised, please revise the alternative scenario description accordingly.

10/15/2020

Adequate revision. Cleared.

Agency Response

10/15/2020 Thank you!

10/14/2020

Thank you, the alternative scenario is revised as advised.

4. Is the project/program aligned with focal area and/or Impact Program strategies?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

While the project aligns itself with “mainstreaming”, it claims that it will have considerable impacts on management effectiveness, even though there will be limited and mainly enabling investments in protected area management. Thus, the project alignment with the GEF biodiversity strategy is not clear. Please revise this section when the project concept note is revised.

10/15/2020

Adequate revision. Cleared.

Agency Response

10/15/2020

thank you!

10/14/2020

Please refer to the updated version of the PCN, which clarifies the alignment of the operation with the GEF 7 biodiversity strategy.

5. Is the incremental / additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

No. The incremental reasoning per GEF guidelines is not adequate. Please revise after the project design is revised

10/15/2020

Adequate revision. Cleared.

Agency Response

10/15/2020

thank you!

10/14/2020

GEF Incremental reasoning is revised and updated in the PCN

6. Are the project's/program's indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

No. As noted above, based on the problem identification, and the components that have been proposed, how and why the project is targeting influencing the management effectiveness of 685,132.50 hectares while at the same time there is limited investment being directed towards protected area management remains unclear. After the project design is revised, please revisit the core indicators that will be used for the project.

10/15/2020

Adequate revision. Cleared.

Agency Response

10/15/2020

thank you!

10/14/2020

Please refer to the updated version of the PCN and previous responses on how the narrative clarifies the role of the proposed intervention towards improving the management effectiveness under the land-use planning principles.

7. Is there potential for innovation, sustainability and scaling up in this project?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

The project design intervention is not innovative and appears to be a continuation of similar activities that were previously funded through a GEF project in Panama. Hence, issues of sustainability and scaling up are circumspect if the previous intervention did not result in either. Please clarify in the revised project design.

10/15/2020

Adequate revision. Cleared.

Agency Response

10/15/2020

thank you!

10/14/2020

The project proposes a new approach to provide solutions based on biodiversity conservation that generate tangible economic benefits to reduce poverty as one of the main drivers behind the threats to biodiversity. Any investment driven by the project should originate from addressing a threat to biodiversity and special emphasis will be placed on documenting each of the processes to contribute to the generation of knowledge and systematization of experiences for potential application at the global level. The proposal will be thoroughly documented as part of the final appraisal of the project, covering the concepts generated in this stage.

Project/Program Map and Coordinates

Is there a preliminary geo-reference to the project's/program's intended location?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

Yes, but it is not clear what the map is trying to convey with regards to the physical locations where the project will intervene and how this relates to the drivers of biodiversity loss that the project is attempting to reduce. It is also not clear how this relates to the area of protected areas that will be more effectively managed and that are listed in the core indicators.

Please provide a map that has a clearer key so this can be understood.

10/15/2020

Adequate revision. Cleared.

Agency Response

10/15/2020

thank you!

10/14/2020

As described in the PCN, the geographic scope of component 1 is broader due to the nature of the prioritized protected areas. However, in order to streamline the investment prioritization process of Component 2, priority has been given to the poorest communities in or near the prioritized protected areas. This approach is aligned with addressing a more targeted approach to the origin of threats to biodiversity (human agricultural and tourism activity given the need for families to generate income and improve their livelihoods) and supporting the government's core objective of reducing the economic disparity between urban and rural areas using in a sustainable and environmentally friendly approach.

map key is added in the datasheet

Stakeholders

Does the PIF/PFD include indicative information on Stakeholders engagement to date? If not, is the justification provided appropriate? Does the PIF/PFD include information about the proposed means of future engagement?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

Yes. Cleared

Agency Response thank you!

Gender Equality and Women's Empowerment

Is the articulation of gender context and indicative information on the importance and need to promote gender equality and the empowerment of women, adequate?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

Yes. Cleared.

Agency Response Thank you!

Private Sector Engagement

Is the case made for private sector engagement consistent with the proposed approach?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

Yes, but please review this section once the project design has been revised.

10/15/2020

Adequate revision. Cleared.

Agency Response

10/15/2020

thank you!

Thank you. The section was revised

Risks to Achieving Project Objectives

Does the project/program consider potential major risks, including the consequences of climate change, that might prevent the project objectives from being achieved or may be resulting from project/program implementation, and propose measures that address these risks to be further developed during the project design?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

An adequate discussion of risks is presented, however, climate risks and COVID-19 risks are not well described nor are mitigation measures considered in any significant way.

Please see STAP guidance on climate risk screening (link below) and provide at least a basic climate risk screening at PIF stage. At a minimum, at PIF stage, the climate risks should be identified, listed and described. This can include:

- a.) Outlining the key aspects of the climate change projections/scenarios at the project location (or as close to it with data available), which are relevant for the type of intervention being financed (e.g. changes in temperatures, rainfalls, increased flooding, sea level rise, saltwater acquirer contamination, increased soil erosion, etc).
- b.) Time horizon if feasible/data available (e.g. up to 2050). Please refer to list of examples from STAP guidance.
- c.) Listing key potential hazards for the project that are related to the aspects of the climate scenarios listed above (describe how the climate scenarios identified above are likely to affect the project, during 2020-2050).
- d.) Describing plans for climate change risk assessment and mitigation measures during PPG.

(<https://stapgef.org/sites/default/files/publications/Climate%20Risk%20Screening%20web%20posting.pdf>)

Please describe how COVID-19 is addressed in the project from a risk management standpoint including associated impacts of COVID-19

Please describe how COVID-19 is addressed in the project from a risk management standpoint including associated impacts of COVID-19 and how these risks will be mitigated particularly within the context of delivering GEBs. This should cover the design and implementation stages of the project.

10/15/2020

Adequate revision. Please upload the climate risk screening document to the portal.

10/15/2020

Cleared.

Agency Response

10/15/2020

thank you - climate risk screening document is uploaded in the portal.

10/14/2020

COVID-19 risk is now described, including mitigation measures for the upcoming preparation and implementation stages.

agree with the comments. The previous version of the PCN did not address the climate change agenda. Please refers to the updated version of the PCN, which now incorporates considerations related to climate change and how the operation is planning to address it in further stages. In addition, rapid climate risk assessment was provided following STAP guidelines (applying recommended by STAP WB climate risk screening tool)

Coordination

Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined?
Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

Please provide a more detailed discussion on how this project relates to the previous GEF investment.

10/15/2020

Adequate revision. Cleared.

Agency Response

10/15/2020

thank you!

10/14/2020

thank you. Please refer to the lessons learned section in the PCN. A more comprehensive analysis will be provided as a part of appraisal stage

Consistency with National Priorities

Has the project/program cited alignment with any of the recipient country's national strategies and plans or reports and assessments under relevant conventions?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

Yes. Cleared.

Agency Response thank you

Knowledge Management

Is the proposed “knowledge management (KM) approach” in line with GEF requirements to foster learning and sharing from relevant projects/programs, initiatives and evaluations; and contribute to the project’s/program’s overall impact and sustainability?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

Please describe the knowledge management approach of the project.

10/15/2020

Adequate revision. Cleared.

Agency Response

10/15/2020

thank you!

10/14/2020

The project's knowledge management approach is updated in the PCN.

Environmental and Social Safeguard (ESS)

Are environmental and social risks, impacts and management measures adequately documented at this stage and consistent with requirements set out in SD/PL/03?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

Adequate. Cleared.

Agency Response thank you

art III – Country Endorsements

Has the project/program been endorsed by the country's GEF Operational Focal Point and has the name and position been checked against the GEF data base?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

Adequate. Cleared.

Agency Response thank you

Termsheet, reflow table and agency capacity in NGI Projects

Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table in Annex B to assess the project capacity of generating reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

NA.

Agency Response

EFSEC DECISION

RECOMMENDATION

Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020

No. Please review the comments above and redesign the intervention accordingly.

10/15/2020

Not yet.

Adequate revisions have been provided on all issues raised.

Please upload the climate risk screening tool to the portal.

10/15/2020

Thank you for uploading climate risk screening tool.

We noticed one discrepancy. In the PCN the project says it will work in 18 PAs totaling 811,473 hectares but the core indicators only note

that the project will measure the change in management effectiveness in 12 PAs and in an area totaling 685,132 hectares. Can you please clarify why these figures are different and revise if needed.

10/19/2020

Not yet. Please address all of these issues:

- 1- Title in LoE is different from title in Portal – please amend so titles are the same.
- 2- Project Management Cost: Co-financing for PMC is blank. There should be a proportionality between GEF support to the PMC and Co-financing support to the PMC. Please revise.
- 3- Co-financing: Co-financing from beneficiaries and “Others (institutes)” is in-kind but identified as “investment mobilized”. Where co-financing truly meets the definition of "in-kind", it should typically be classified as "recurrent expenditures" rather than "investment mobilized". Please provide justification for “investment mobilized” or consider revising. Also, Local governments, by the term itself, should be classified as Government - please revise.

10/20/2020

Yes.

ADDITIONAL COMMENTS

Additional recommendations to be considered by Agency at the time of CEO endorsement/approval.

Secretariat Comment at PIF/Work Program Inclusion

10/15/2020

While the PIF has an implicit theory of change and an adequate graphical depiction at the concept stage, please ensure that by the time of CEO endorsement a more explicit discussion of the causal pathways of change is presented and that the assumptions underlying these causal pathways fully evaluated as the design is finalized.

Review Dates

	PIF Review	Agency Response
First Review	10/6/2020	
Additional Review (as necessary)	10/19/2020	
Additional Review (as necessary)	10/20/2020	
Additional Review (as necessary)		
Additional Review (as necessary)		

PIF Recommendation to CEO

Brief reasoning for recommendations to CEO for PIF Approval

The objective of the project is to improve protected areas management and promote access to inclusive and biodiversity-friendly economic opportunities in project areas. Biodiversity-friendly inclusive economic opportunities refer to those income-generation initiatives that do not degrade biodiversity and introduce practices to enhance the management and reduce biodiversity loss.

The project has two inter-related components with the following outcomes.

Component 1: Institutional strengthening for biodiversity conservation.

Outcomes:

- Improved capacities for participatory land-use awareness, planning, and monitoring
- Scientific biodiversity knowledge increased
- Connectivity of protected areas improved
- Management effectiveness of protected areas improved

Component 2: Support to promote biodiversity-friendly investments

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Outcomes:

- Improved management of land in key sector (agriculture and tourism) for the sustainable development of rural economy and areas.

Component 3: Monitoring and evaluation

- Improved capacities for participatory land-use awareness, planning, and monitoring

The proposed operation aims at building institutional capacity and leveraging the activities that drive the rural economy to ultimately improve the management of PAs containing biodiversity of vital importance. The project will promote sustainable and environmentally friendly investments to reduce biodiversity losses, particularly for the poorest households in the country, mostly located in Indigenous and Afro-descendants territories. As main driver of potential biodiversity losses, both agriculture and tourism and their linkages will be the main entry points for the operation's objective to contribute to a sustainable dynamization of Panama's rural economy. The operation will promote the early engagement with the private sector, local communities and governments as critical partner to embrace and co-finance the proposed approach to maximize the impact of the Global Environment Facility (GEF) allocation. The integration of biodiversity with the agricultural and tourism sectors will contribute to reduce biodiversity loss giving value to the natural capital and the reinforcement of the natural assets to value nature will be the focus.

The project would focus its interventions in 18 PAs and commit to improving the management effectiveness of 685, 132 hectares and mainstream biodiversity in productive landscapes totaling 1,000 hectares. Yet, the project activities within this geographical area will be grouped according to their nature, classifying them into two types: (i) capacity building to strengthen the management of prioritized protected areas (e.g., demarcation, biodiversity monitoring); and (ii) biodiversity-friendly investments to increase beneficiary's incomes and to reduce the ongoing pressure over protected areas and its buffer zones (e.g., ecological agriculture and ecotourism sub-projects). Income generating activities will be focused in the poorest rural, indigenous, and afro-descendant communities that are within and/or in the buffer zones of the selected conservation areas.