



Global Environment Facility

MOHAMED T. EL-ASHRY
CHIEF EXECUTIVE OFFICER
AND CHAIRMAN

November 14, 2000

Dear Council Member:

I am writing to notify you that the World Bank, the Implementing Agency for the project entitled, *Bolivia: Sustainability of the National System of Protected Areas (SNAP)*, has submitted the proposed project document for CEO endorsement prior to final approval of the project in accordance with World Bank procedures.

Over the next four weeks, the Secretariat will be reviewing the project document to ascertain that it is consistent with the proposal included in the work program approved by the Council in May 1999, and with GEF policies and procedures. The Secretariat will also ascertain whether the proposed level of GEF financing is appropriate in light of the project's objectives.

If by December 12, 2000, I have not received requests from at least four Council Members to have the proposed project reviewed at a Council meeting because in the Member's view the project is not consistent with the Instrument or GEF policies and procedures, I will complete the Secretariat's assessment with a view to endorsing the proposed project document.

We have today posted the proposed project document on the GEE website at www.gefweb.org. If you do not have access to the Web, you may request the local field office of UNDP or the World Bank to download the document for you. Alternatively, you may request a copy of the document from the Secretariat. If you make such a request, please confirm for us your current mailing address.

Sincerely,

cc: Alternates, Implementing Agencies, STAP

OFFICE MEMORANDUM

DATE: November 1, 2000

TO: Mr. Mohamed El-Ashry, CEO/Chairman, GEF

FROM: Lars Vidaeus, GEF Executive Coordinator



EXTENSION: 34188

SUBJECT: ***Bolivia – Sustainability of the National System of Protected Areas***
Final GEF CEO Endorsement

1. Please find attached the electronic file of the Project Appraisal Document (PAD) for the above-mentioned project for review prior to circulation Council and your final endorsement. This project was approved for Work Program entry at the May 1999 Council meeting under non-streamlined Council review procedures.
2. The PAD is fully consistent with the objectives and content of the proposal endorsed by Council as part of the May 1999 Work Program. Some changes related to overall project costs and scope have been introduced during final project preparation and appraisal. GEFSEC, STAP and Council comments received at Work Program entry also have been addressed. The changes introduced and comments addressed are outlined below.

Changes in Project Costs and Scope

3. The overall project cost has decreased by US\$2.7 million, from \$46.4 million to \$43.7 million. This reduction is the net effect of two offsetting factors: (1) a reduction of US\$4.4 million in the expected transfer from the FONAMA endowment to the FUNDESNAP endowment and the resulting lower projections for disbursements from FUNDESNAP; and (2) an increase of US\$1.7 million in government financing and parallel financing.
4. The GEF total contribution to the project remains unchanged at \$15.0 million, with the result that the GEF share of total project costs has increased slightly (from 32% to 34%) due to the reduction in total project costs.
5. Since WP entry, project activities have been reorganized to better reflect the objectives and implementation arrangements for the various components. At the time of WP entry, there were four components in the project. During project preparation, the component "Sustainability of the SNAP" was divided into two components, one focusing on financial sustainability and another focusing on legal and regulatory sustainability. The final version of the PAD includes five results-oriented components, as summarized in Table 1.

Table 1
Re-clustering of Project Components

Work Program Entry		Final PAD
1. Development of a Medium and Long-term Vision for the SNAP	→	1. Institutional and Policy Development
2. Sustainability of the SNAP	↘ ↗	2. Management of Priority Protected Areas
3. Strengthening of the SNAP	↘ ↗	3. Legal and Regulatory Framework
4. To Establish a Biodiversity Monitoring Program and a System of Managerial Evaluation and Control in the SNAP	↘ ↗	4. Sustainable Financing
	↘ ↗	5. Biodiversity Management and Monitoring in Protected Areas

6. The scope of the project also has been streamlined to reduce the focus on studies and plans and to increase the emphasis on work at the field level and capacity building. In particular: (i) the sub-component 1.1 at WP entry on the "Preparation of a 25 year Strategic Development Plan" has been dropped and the remaining expenditures under the new component 1 are focused on capacity building; and (ii) many of the studies and plans in component 2 "Sustainability of the SNAP" have been consolidated or eliminated. Savings from this streamlining have been allocated to build management capacities, participatory approaches, basic infrastructure and conservation actions at the protected areas (especially in the current components 1 and 2). The shift in expenditure emphasis among components between WP entry and final project design is summarized in Table 2.

Table 2
Project Component Costs

Work Program Entry			Final PAD		
Component	Total Cost (US\$M)	GEF (US\$M)	Component	Total Cost (US\$M)	GEF (US\$M)
1. Development of a Medium and Long-term Vision for the SNAP	2.2	1.2	1. Institutional and Policy Development	6.59	2.79
2. Sustainability of the SNAP	20.1	8.0	3. Legal and Regulatory Framework	0.57	0.07
			4. Sustainable Financing	9.78	5.17
3. Strengthening of the SNAP	20.6	5.0	2. Management of Priority Protected Areas	21.92	6.11
4. To Establish a Biodiversity Monitoring Program and a System of Managerial Evaluation and Control in the SNAP	3.5	0.8	5. Biodiversity Management and Monitoring in Protected Areas	4.83	0.86
TOTAL	46.4	15.00	TOTAL	43.69	15.00

Comments by GEFSEC

7. *Clarification on how the threat of mining in protected areas will be addressed in the project.* The project will improve the capacity to control activities exploring natural resources in the PAs through: (i) increasing the number of rangers, and providing better infrastructure and equipment for enforcing the PA regulations; (ii) improving the legal framework for PAs and the Mining Code, and (iii) fostering participatory PA management with the local communities. These have been included respectively in Components 2 and 3 and have been detailed in Annex 2a.

8. *Clarification of the objectives of Component 2.* As recommended by GEFSEC, the specific objectives and activities of component 2 have been detailed in Annex 2a.
9. *Clarification of the priority protected areas.* As recommended by GEFSEC, additional information on the protected areas to be covered by the project (including parallel financing) and those financed by the GEF have been included in the PAD. Under the project (with parallel financing from the governments of Germany and the Netherlands as well as local NGOs), all 22 protected areas in the SNAP will be covered while GEF resources will be focused on 10 priority protected areas. General information on all 22 PAs and detailed information on the 10 priority protected areas is provided in Annex 2b of the PAD.

Comments by STAP:

10. *Development of medium and long-term vision.* As recommended by the STAP reviewer, a Master Plan will be prepared under component 1A of the project which will provide a medium- and long-term vision for the SNAP. The Master Plan will focus on long-term policies and strategies and identifying priority areas instead of developing a 25 year development plan. Additionally, component 2A will support the preparation of three protected area management plans for priority PAs. More details on the projects Master Plan and PA management plan activities are included in Annex 2a.
11. *Achieving sustainability.* As recommended by the STAP reviewer, final preparation activities gave added emphasis to achieving sustainability. Components 3 and 4 specifically target sustainability by strengthening the legal and regulatory framework (component 3) and supporting financial sustainability (component 4). Annex 2a provides descriptions of Components 3 and 4 and Annex 2c provides detailed information on FUNDESNAP which will administer the SNAP trust fund.
12. *Strengthening of the SNAP.* As recommended by the STAP reviewer, the project will provide significant resources to strengthen the SNAP through support to priority protected areas. Annex 2b provides detailed information on the priority protected areas and the investments and recurrent cost support to specific areas.
13. *Biodiversity monitoring program.* As recommended by the STAP reviewer, the biodiversity monitoring program has been focused on providing the information necessary to improve protected area management effectiveness. Details on the biodiversity monitoring activities are provided in the description of component 5B in Annex 2a and the methodology to be used to track PA management effectiveness is described in Annex 2b.

Comments by Council:

14. *Civil society role and benefits from PA management.* The council members from France and Germany requested clarification of how civil society will participate in protected area management and the benefits they will receive. Through component 2B, local *comités*

de gestión will be strengthened to ensure civil society participation in PA management (see Annex 2a). Furthermore, component 5A will develop pilot mechanisms for sharing the benefits of protected area management with local communities (see Annex 2a). Both the support to the *comités de gestión* 1 and the benefit sharing mechanisms will be based on the social assessment (including indigenous issues) conducted during project preparation (see Annex 12).

15. *Donor Coordination.* The council members from Switzerland and the Netherlands stressed the need for coordination among donors working with the SNAP. During project preparation, key SERNAP and FUNDESNAP donors were consulted and participated in final project design and financing plans. As a result of this coordinated effort, parallel financing arrangements with Germany and the Netherlands will complement the proposed GEF assistance, and local NGOs will support the project through their activities in the protected areas of the SNAP (see Annex 7). During project implementation, donor coordination will continue through two mechanisms: (1) quarterly meetings of a donor coordination group; and (2) joint donor supervision of the project at least once per year (see section C.4 of the PAD).
16. *Clarify the structure of FUNDESNAP and sustainability issues.* The council members from France, Germany, Switzerland, and the Netherlands all raised questions about the sustainability of the SNAP and the structure of FUNDESNAP. The process leading to closing of the FONAMA Protected Areas account in favor of FUNDESNAP, and a detailed description of FUNDESNAP structure and operating procedures are provided in section B.2 of the main text of the PAD and Annex 2c. In brief, FUNDESNAP has been established by a founding assembly of public and private members while policy making authority is vested in a 7 member Board (with private sector majority). FUNDESNAP staffing will be limited to reduce administrative overheads and to ensure that maximum interest earned from the endowment will reach priority protected areas. Additional information on activities to promote the sustainability of the SNAP are provided in the descriptions of components 3 and 4 in Annex 2a.
17. *Biodiversity monitoring program.* The council members from Germany, Switzerland and the Netherlands requested more information on the activities to be included in the biodiversity monitoring program. The description of component 5B in Annex 2a provides these details and Annex 2b provides details on the monitoring framework for PA management effectiveness, including the initial baseline as assessed at project start-up.
18. *Clarify the role of ecotourism.* The council members from Germany and the Netherlands requested clarification of how ecotourism activities will be incorporated in the project. Protected area management plans will be prepared under component 2A which will address how ecotourism will be managed in specific protected areas (see Annex 2a). Additionally, components 1A, Master Plan and Studies and 1C, Mechanisms for the Generation of Internal Revenues, will assess ecotourism opportunities at the level of the SNAP. Under

this sub-components, tourist management plans will be developed and staff and local operators will be trained in the provision of tourist services. The objective of these activities is to improve visiting conditions taking into consideration the occupation capacity of the protected area and their zoning characteristics, thereby generating internal funds to be used to manage the areas.

19. *Government policy commitments.* The council members from Switzerland and the Netherlands asked for clarification of GoB sectoral policy commitments. Annex 16 provides the translated text of the letter of sector policy signed by the Minister of Sustainable Development and Planning. As the Minister's letter indicates, the GOB is committed, *inter alia*, to: (1) passage of necessary legal and regulatory framework; (2) institutionalization of SERNAP; and (3) recognize the rights of communities living in and near protected areas. In addition, during preparation of the comprehensive development framework for Bolivia, the GoB committed to increasing annual support for SERNAP, starting at US\$500,000 in 1999 and increasing to US\$800,000 per year in 2002.
20. *Land titling and natural resource use.* The council members from Germany and the Netherlands requested greater information on how the project will address the issues of land titling and natural resources use in and around the protected areas in the SNAP. These issues will be addressed through a variety of mechanisms. First, the management plans of individual PAs will detail how these issues will be addressed. Second, the *comités de gestión* at each protected area will ensure that local communities participate in PA management decision making regarding these issues. Once management plans and *comités de gestión* have identified priorities and decided on a course of action, component 1A will provide resources for demarcation activities which may include land titling. See Annex 2a for more details.
21. We look forward to circulation of the final PAD to Council and to receiving your final endorsement.

Cc : Messrs./Mmes. Guerrero, Silverman (LCC6C); Redwood, Serra, Lovejoy, Monosowski, Muller, Kimes, Bradley (LCSES); Castro, Aryal, Khanna (ENVGC); Varela (LEGLA).

IRIS4
ENVGC ISC

**Document of
The World Bank**

Report No:

PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED
GRANT FROM THE GLOBAL ENVIRONMENT FACILITY
TRUST FUND OF **SDRXX.X** MILLION (US\$9.83 MILLION EQUIVALENT)
TO THE
REPUBLIC OF BOLIVIA
AND
A GRANT FROM THE GLOBAL ENVIRONMENT FACILITY
TRUST FUND OF **SDRXX.X** MILLION (US\$5.17 MILLION EQUIVALENT)
TO THE
FOUNDATION FOR THE DEVELOPMENT OF THE NATIONAL SYSTEM OF
PROTECTED AREAS
FOR THE
SUSTAINABILITY OF THE NATIONAL SYSTEM OF PROTECTED AREAS PROJECT
IN SUPPORT OF THE FIRST PHASE OF THE
SUSTAINABILITY OF THE NATIONAL SYSTEM OF PROTECTED AREAS PROGRAM
NOVEMBER 03, 2000

Environmentally and Socially Sustainable Development
Bolivia
Latin America and the Caribbean Regional Office

CURRENCY EQUIVALENTS

Currency Unit = Boliviano (Bs)
1 Bs = 0.16 US\$ 1 US\$ = 6.32 Bs
(Exchange Rate Effective November 1, 2000)

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

APL	Adjustable Program Loan
BZ	Buffer Zone
CAS	Country Assistance Strategy
CI	Conservation International
COSUDE	Swiss Cooperation Agency for Development
DFID	(British) Department for International Development
FONAMA	National Environment Fund
FUNDESNAF	Foundation for the Development of the SNAP (Fundación para el Desarrollo del Sistema Nacional de Areas Protegidas)
GEF	Global Environment Facility
GOB	Government of Bolivia
GTZ	German Agency for Technical Cooperation (<i>Gesellschaft für Technische Zusammenarbeit</i>)
KfW	German Development Loan Corporation (Kreditanstalt für Wiederaufbau)
LACI	Loan Administration Change Initiative
LCR	Latin America and the Caribbean Region
LCSES	Latin America and the Caribbean Environmentally and Socially Sustainable Development Unit
MDSMA	Ministry of Sustainable Development and Environment, Bolivia (1992)
MDSP	Ministry of Sustainable Development and Planning, Bolivia (current)
NGO	Non-Governmental Organization
PA	Protected Area
PASNAPH	Dutch Assistance Program for the National system of Protected areas (<i>Programa de Apoyo al Sistema de Areas Protegidas de Holanda</i>)
PCU	Project Coordination Unit
PMR	Project Management Report
SNAP	National System of Protected Areas (<i>Sistema Nacional de Areas Protegidas</i>)
SERNAP	National Service of Protected Areas (<i>Servicio Nacional de Areas Protegidas</i>)
TNC	The Nature Conservancy
WWF	World Wildlife Fund

Vice President: David de Ferranti Country Manager/Director: Isabel Guerrero Opportunity Pillar Leader: Andrea Silverman Sector Manager/Director: Teresa Serra Team Leader: Elizabeth Monosowski

Bolivia
Sustainability of the National System of Protected Areas

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Bolivia
Sustainability of the National System of Protected Areas

Project Appraisal Document

Latin America and the Caribbean Regional Office
Bolivia

Date: 11/03/2000 Country Director: Isabel Guerrero Opportunity Pillar Leader: Andrea Silverman Project ID: GE-P060474 Lending Instrument: APL	Team Leader: Elizabeth Monosowski Sector Manager/Director: Teresa Serra Sector: VY - Other Environment Theme(s): Environment Poverty Targeted Intervention: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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Program Financing Data (US\$ million)							
APL	Indicative Financing Plan				Estimated Implementation Period (Bank FY)		Recipient
	GEF US\$m	%	Others US\$m	Total US\$m	Commitment Date	Closing Date	
APL 1 (Grant)	15.0	34.3	28.69	43.69	01/01/01	07/01/96	Republic of Bolivia & FUNDESNA
APL 2 (Grant)							
APL 3 (Grant)							

Project Financing Data			
<input type="checkbox"/> Loan	<input type="checkbox"/> Credit	<input checked="" type="checkbox"/> GEF Grant	<input type="checkbox"/> Guarantee <input type="checkbox"/> Other [Specify]
Amount: SDRXX.X million (US\$15.0 million equivalent)			
Financing plan (US\$ millions):			
Source	Local	Foreign	Total
Republic of Bolivia (Treasury)	2.42	0.61	3.03
SNAP Revenues and Fees	1.18	0.30	1.47
FUNDESNA (SNAP Trust Fund) Disbursements	1.83	0.46	2.29
FUNDESNA Endowment Contribution from FONAMA	0.00	4.61	4.61
GEF (includes US\$5.0 million FUNDESNA capital endowment)	6.70	8.30	15.00
The Netherlands	3.22	2.15	5.37
Germany	6.82	4.55	11.37
Local NGOs	0.44	0.11	0.55
Total:	22.59	21.09	43.69
Recipients: The Republic of Bolivia and FUNDESNA (SNAP Trust Fund)			
Responsible agencies: National Protected Area Service (SERNAP) and FUNDESNA			

Estimated disbursements (Bank FY/US\$ millions):							
Calendar Year:	2001	2002	2003	2004	2005	2006	
GEF: Annual	6.57	2.60	2.18	1.83	1.25	0.57	
Cumulative	6.57	9.17	11.35	13.17	14.43	15.00	
Project implementation period: 5 years (phase 1)							
Expected effectiveness date: January 1, 2001				Expected closing date: June 30, 2006			
Implementing agencies: SERNAP and FUNDESNA							
Contact persons: Gabriel Baracatt (SERNAP) and Roberto Jordán (FUNDESNA)							
SERNAP Address: Av. 20 de Octubre No. 2782 esquina calle Campos							
Tel: (591-2) 434472 / 434420		Fax: (591-2) 434540		E-mail:			
FUNDESNA Address: Av. Arce, Edificio Illimani, planta baja, oficina 10							
Tel: (591-2) 435232		Fax: (591-2) 435232		E-mail:			

A: Program Purpose and Project Development Objective

1. Program purpose and program phasing: (see Annex 1)

The purpose of the proposed program is to ensure that representative ecosystems and biodiversity of Bolivia are conserved and sustainably managed through a national system of protected areas. The program adopts the integrated ecosystem management approach for the conservation and sustainable use of biodiversity, as well as equitable sharing of benefits arising from biodiversity use, with a special focus on mountain ecosystems of the Andean region (GEF OP4) and forest ecosystems (GEF OP3). By the end of the program, this system is expected to be self-sustained, transparent, decentralized, and managed through partnerships with local communities, government at various levels, NGOs and the private sector.

The proposed 15-year program is comprised of three phases:

- a) Phase I will consolidate core functions to allow for the long-term management and sustainability of the National System of Protected Areas (SNAP), including appropriate policies, regulations, incentive structures and institutional strengthening. Duration: 5 years.
- b) Phase II will expand the social and economic support to the SNAP through the implementation of market-based cost recovery mechanisms and community-based, conservation-related income generating activities in buffer areas; it will also complete the demarcation and address land tenure issues in the protected areas. Duration: 5 years
- c) Phase III will strengthen the autonomous management of protected areas, including the possibility of providing concessions for their operation and maintenance to communities, NGOs and the private sector. Duration: 5 years.

2. Project development objective: (see Annex 1)

The proposed project corresponds to Phase I of the program. The development objective of this project is to ensure the sustainable management of the National System of Protected Areas (SNAP) by establishing and strengthening: (a) the legal, institutional and policy frameworks; (b) the management capacity at the protected area and central levels; (c) the SNAP financing mechanisms. Phase I will also identify the gaps in representativity of Bolivian ecosystems within the current protected areas, and propose adjustments to SNAP to expand its coverage to all relevant ecosystems.

The project aims to contribute to this objective through: (i) improving the capacity of the National Service for Protected Areas (SERNAP) to plan, implement and monitor an effective system of national protected areas; (ii) strengthening the management capacity and infrastructure of individual protected areas; (iii) consolidating the legal and regulatory framework for protected areas; (iv) increasing the financial capacity of the SNAP through a Trust Fund managed by an independent foundation (FUNDESNAP); and (v) monitoring biodiversity and protected area management effectiveness and piloting sustainable, biodiversity-related, income generating activities within protected areas and their buffer zones.

3. Key performance indicators: (see Annex 1)

1. End of Program Impact (EOP):

- Sufficient financing is secured to sustain the full operation and maintenance costs of the protected areas (PAs) within the SNAP;
- All major ecosystems are represented in the SNAP with sufficient areas to ensure their sustainability;
- All PAs are under participatory management by active, multi-partner management committees (*Comités de Gestión*);
- Local communities within and around the PAs are actively involved on and committed to PA conservation.
- All existing protected areas, any new protected areas to be created during the 15-year program, and connecting biological corridors are managed according to national strategic priorities established by the Master Plan, and periodically revised

- Management effectiveness of the SNAP increases by an average of 2 points and no area has a score under 2 (based on the project's protected areas scorecard methodology).

2. *End of Phase Indicators:*

- An efficient management system is established for the SNAP;
- A long-term Master Plan is developed within an appropriate legal framework;
- The functionality of 10 protected areas has been achieved as measured by an increase in management effectiveness by 1.5 points on average and no PA less than 2 (based on the project's protected areas scorecard methodology);
- Operating Protected Area Management Committees have increased from 5 to 14;
- SNAP Trust Fund (FUNDESNAP) is fully operational and its capital endowment has increased to at least US\$ 15.0 million;
- Adequate legislation has been passed and is enforced to conserve biodiversity and protected areas within two years of project effectiveness.

B: Strategic Context

1. (a) Sector-related Country Assistance Strategy (CAS) goal supported by the program:

(see Annex 1)

Document number: 17890-BO

Date of latest CAS discussion: June 16, 1998

The 1997 Five-Year National Action Plan has adopted a single overarching objective: to reduce poverty through higher sustainable growth. This is to be achieved by working on four main pillars: opportunity, equity, institutionality and dignity. The 1998 CAS focuses its assistance in three of these pillars:

- opportunity: aims to attain higher sustainable private sector led growth with better distribution;
- equity: aims to raise the standards of living of the poor, and
- institutionality: aims to strengthen the institutional framework for greater justice and a corruption-free administration.

The 1998 CAS limits the Bank involvement in environment to non-lending services because of the availability of other external resources. However, the CAS identifies the need for a clearer definition of priorities and improved implementation capacity for the use of these resources. Moreover, biodiversity conservation is one of the priority areas identified for World Bank support under the Comprehensive Development Framework.

The proposed program aims to promote the sustainable and participatory management of Bolivia's protected areas, while creating incentives for the conservation and sustainable use of biodiversity resources by the local poor and indigenous communities. This goal is consistent with the CAS goals, namely:

- Opportunity:**
- the program creates a framework for the sustainable use and conservation of protected areas through partnerships among government, local communities, the private sector, NGOs and the donor community.
 - the program contributes to the design of a medium term financing strategy for environmental programs which would allow Bolivia to graduate from its current very high and unsustainable dependence on external funding.
- Equity:**
- the program involves local communities in the conservation of protected areas, by developing sustainable, biodiversity-based sources of income for the rural poor and indigenous communities.

- Institutionality:**
- the program increases the number of protected areas with decentralized, transparent and participatory on-site management
 - the program contributes to a clearer definition of conservation priorities and to improving the implementation capacity for the use of available resources
 - the program reduces opportunities for corruption through greater clarity in the legal and regulatory framework

1. (b) GEF operational strategy/program objectives addressed by the program:

The program's objective is consistent with the GEF operational strategy of promoting and integrating biodiversity conservation and sustainable use, through consolidating and improving conservation efforts in all 22 protected areas of Bolivia, of which 10 priority areas will be supported by GEF. It is particularly relevant to the conservation of areas of global significance and to the in-situ conservation of biodiversity at three levels: genetic resources; species; and ecosystems. It will also support the sustainable and equitable utilization of biodiversity through studies, pilots, and public/private sector initiatives. The program adopts a comprehensive, cross-sectoral approach involving intensive public participation and strategic partnerships. Moreover, a non-commercial trust fund will help to cover recurrent operation costs of integrated conservation management of SNAP in a sustainable basis.

In particular, the program responds to the objectives of the following GEF Operational Programs:

- Conservation and in-situ protection of biodiversity in mountain ecosystems of the Andean region, and sustainable use and management of these ecosystems (OP 4: Mountain Ecosystems)
- Conservation and in-situ protection of forest ecosystems in the Andean slopes, the Bolivian Amazon and in the Chaco areas. (OP 3 – Forest Ecosystems)

The proposed program is also consistent with Agenda 21 and the principles of the Convention on Biodiversity (CBD), to which Bolivia is a signatory, in that it supports: conservation of biodiversity; conservation of tropical forests; reduction of greenhouse gas emissions; maintenance of genetic resources; empowerment of main stakeholders; local participation in environmental management; strengthening of national capacity for establishing processes of sustainable development; and strengthening in-country scientific capacity in biological diversity issues.

2. Main sector issues and Government strategy:

Biodiversity Importance. Bolivia has one of the richest biological heritages worldwide. Both endemism and species richness are high in Bolivia, much of which is associated with the existence of numerous and varied ecoregions. Bolivia covers extensive areas of three out of five of South America's most important biogeographic regions: the Amazon; the Andean-Patagonian association; and the Chaco. Bolivia also hosts one of the world's biologically richest and most endangered terrestrial ecoregions: the Tropical Andes hotspot, a major center for the domestication of plants. Intact natural formations also form important corridors with neighboring countries, though there is little information on their importance.

Bolivia's biodiversity is one of the most diverse in the world, with 2,500 known species of vertebrates and approximately 18,000 vascular plants. However, the true numbers are likely higher, as Bolivia is one of the least studied countries in the neotropics. Endemism is also high, especially in the isolated valleys of the Yungas where bio-geographic islands have been formed. Based on data from Conservation International, Bolivia rates 8th worldwide for bird biodiversity, 10th for butterfly endemism, and 4th for butterfly biodiversity. In addition, natural ecosystems provide ecological services that are important to the national and regional economy. For example, the conservation of the Chaco watersheds has a major role in maintaining water flows in the La Plata basin.

Habitat Destruction and Degradation. Bolivia's ecoregions are under increasing pressure from land use changes that are not necessarily ecologically sustainable. These include the replacement of forestry agriculture, and the contamination and degradation of aquatic ecosystems as a result of mining and other extractive activities. One of the main threats to Bolivia's biodiversity is habitat destruction and degradation, primarily through deforestation. According to FAO (FRA 2000), the rate of deforestation in Bolivia has averaged 400,000 ha per annum between 1990 and 2000, or approximately 0.8% per year. It is estimated that

110 species are now endangered and 2,048 are threatened. Forests have been lost to the advance of the agricultural frontier (including coca cultivation) and uncontrolled fires with serious implications for biodiversity loss, the environment, poverty alleviation and tourism.

“Parks with People”: According to SERNAP records, the total estimated population living in and around the 22 protected areas of the SNAP is 40,000 people in 150 communities. Nearly all of these people live in conditions of poverty. The use of biodiversity is part of the survival strategies of poor rural communities and can lead to overexploitation and illegal wildlife trade. Also, land tenure disputes involving indigenous and other groups, and settlement pressures from marginal populations are not uncommon. Furthermore, overlaps between indigenous reserves and protected areas will require careful zoning based on agreements with these communities.

The GOB recognizes the communal rights of local people to the access and use of PA natural resources to support their traditional lifestyles and therefore adopted the principle of “parks with people.” In order to address conflicts of interest, protected areas will be demarcated, zoned and categorized through a participatory planning process closely involving these communities. Therefore, the management of protected areas becomes an opportunity to provide additional protection to traditional lifestyles.

Conflicting Government Policies: The strong orientation of development policies towards economic growth and the policies and strategies of productive sectors often contradict the objectives of biodiversity conservation. For example, the lack of effective management in many protected areas (e.g., the lack of management plans) prevents the proper regulation of high impact activities including mining, agriculture, hydrocarbon exploitation and logging.

Nevertheless, the GOB has taken steps to establish a policy framework to support biodiversity conservation and to closely link this to social development and poverty alleviation. The National System of Protected Areas (SNAP) was established by the Government of Bolivia in 1992, and presently includes 22 protected areas of national interest (representing 17 percent of the Bolivian territory). The SNAP is very ambitious, given the human and financial constraints faced by Bolivia. To date, 16 areas have been officially established and are administered by SERNAP, but with varying levels of management effectiveness. These areas represent about 12% of the country’s surface. During the first phase of the proposed program, an additional four protected areas will come under SERNAP management and by the end of the program, all the 22 protected areas should be established and under SERNAP management.

Bolivia is a signatory of the Convention on Biological Diversity (CBD) and ratified it through Law 1580 on 25th July 1994. The conservation of biodiversity has been identified as a priority by the GOB in its National Action Plan (1997-2002). It is to be addressed through the consolidation of the national system of protected areas with an emphasis on the utilization of market instruments to make management activities self financing and the decentralization of decision making and management of the PAs. With the support of the UNDP/GEF, the GOB is currently preparing a National Biodiversity Strategy (NBS), which prioritizes the strengthening of SNAP as one of its key activities. The NBS shall be completed by December 2000.

Evolving Legal Framework: Although major advances in recent legislation created a number of useful instruments for environmental management, further efforts are needed to establish a specific legal framework to support the conservation of biodiversity and the integrity of the protected areas.

The passing of the Environmental Law of 1992 and its associated regulation for protected areas has been an important step toward ensuring the effective management of protected areas. The GOB is also making attempts to remove the legal contradictions that undermine the integrity of protected areas. Notwithstanding the progress being made, there is still a need to strengthen specific regulations to accommodate the different management regimes of protected areas. A draft Biodiversity Law prepared under the first GEF project in Bolivia has been extensively debated at departmental and local levels (including local organizations, rural populations, and NGOs) and has been presented to Congress. However, this law was withdrawn from Congress and is being amended as part of the agreements reached between the GOB and social organizations in October 2000.

Key related legislation of interest for protected area management includes:

- Article 171 of the Bolivian Constitution, modified in 1994, recognizes “the social, economic and cultural rights of indigenous peoples that inhabit the national territory, especially to their communal lands of

origin, warranting their use and sustainable management of their natural resources, their identity, values, language and institutions.”

- The Popular Participation Law (1994) and the Administrative Decentralization Law of 1995 aim to increase the responsiveness of government to the needs of Bolivian society by promoting participation in the political process and the definition of the government’s social and economic development programs.
- The Agrarian Reform Law of October 1996 regulates land allocation and use, and human settlement issues.
- The Forestry Law and Forestry Regulations of December 1996 support the sustainable use of forestry resources through regulating forestry concessions and introducing Forestry Management Plans as a key element for sustainable management of forest resources. The preservation of ecosystems and the environment, including protection and rehabilitation of watersheds, eroded lands and degraded forests, are strongly emphasized.

Weak Institutional Capacity: Frequent changes within the leadership of the sector has led to numerous changes in the institutional framework for environmental management. This, and the limited capacity of the existing institutions, are major constraints to the sustainable management of biodiversity in Bolivia.

Since 1992, the management of protected areas has been under the mandate of the Ministry of Environment, a weak agency with a very extensive mandate. In August 1997, the Ministry of Environment was reorganized into the Ministry for Sustainable Development and Environment (MDSMA). In early 1998, the National Service of Protected Areas (SERNAP) was established as an autonomous entity in charge of the SNAP, responding directly to the Ministry of the Presidency. Currently, 16 out of the 22 protected areas are under SERNAP active management, representing about 12% of the Bolivian territory.¹

SERNAP is a young institution and has yet to fully establish itself with only 12% of its 326 staff (including staff in the protected areas and the central unit) being financed by the government budget and 78% financed by grants provided by bilateral and multilateral organizations. In the last two years, with the support of the donor community, SERNAP has implemented three new protected areas and four new Management Committees for PAs, has established a planning framework for its operational and management activities and has been successful in securing external funding for their activities.

However, its ability to manage the technical and administrative aspects of protected areas is constrained by the lack of qualified staff and budgetary resources and the absence of a long-term strategy for the management of the SNAP. An interesting feature of SERNAP is that it can delegate certain of its functions to the private sector and civil society, thus opening the possibility of expanded partnerships for the sustainable management of the protected areas.

Lack of Sustained Financing: A major bottleneck to ensure the sustainability of protected areas has been the shortage of funding for recurrent costs. Although external resources have been consistently available for environmental initiatives in Bolivia, poor donor coordination has led to a fragmented approach, duplication of activities and an emphasis on investment costs. Furthermore, the expansion of the number of protected areas was not accompanied by the government budgets and other resources necessary to ensure their operation and maintenance. In 1999 the government budget for SERNAP was only US\$170,000, or only 34% of the \$500,000 originally committed. In 2000, the government provided US\$396,000, or 66% of the US\$600,000 originally committed.

The National Environmental Fund (FONAMA) was created in 1993 and was intended to provide recurrent cost funding for the SNAP as a complement to GOB fiscal contributions and had a specific account for protected areas, called the Fiduciary Account or SNAP Account. Unfortunately, FONAMA became highly politicized, lacked transparency and was short on probity which caused it to quickly lost credibility. As a result, FONAMA failed to mobilize or disburse sufficient capital to adequately manage the SNAP and the SNAP

¹ These include: Kaa-Iya del Gran Chaco, Estacion Biologica del Beni, Pilon Lajas, Torotoro, San Matias, Apolobamba, Eduardo Avaroa, Isiboro Secure, Manupiri Heath, Tariquia, Cotapata, Carrasco, Noel Kempff Mercado, Sajama, Amboro and Madidi. The four new areas to be implemented under GEF Phase I include: Cordillera de Sama, El Palmar, Aguargue, Otuquis, and the areas to be considered under the Master Plan are Federico Roman and Madre de Dios.

became increasingly dependent on projects funded by the international donors and NGOs. In 1997, FONAMA's staff were dismissed and its effectiveness was further compromised.

In 1999, the GOB embarked on a restructuring program to address the shortcomings of the FONAMA. A design team of more than 20 representatives from the government of Bolivia, Bolivian and international NGOs, academic institutions, independent professionals, the private sector and donors was invited by SERNAP to propose a new financial management structure for the SNAP. As a result of this highly participatory process, a new and independent institution – the Foundation for the Development of the National System of Protected Areas (FUNDESNAP) – was created as a non-profit private foundation under Bolivian law. The Trust Fund contributions previously managed by FONAMA under the SNAP Account are being transferred to FUNDESNAP, which will administer these and other resources for the protected areas. It will also solicit and disburse contributions from donors, and manage funds from income-generating activities and visiting fees in the PAs.

3. Sector issues to be addressed by the program and strategic choices:

Ecosystem conservation: The program prioritizes the conservation of ecosystems rather than individual species and focuses on establishing protected areas of significance in every ecoregion of Bolivia. The proposed monitoring system will measure PA management effectiveness and collect biological information, thus providing feedback for policy- and decision-making.

Civil society partnerships: The program encourages partnerships with the civil society (NGOs, local and indigenous communities, the private sector) as a major constituency in biodiversity management, emphasizing the preservation of lifestyles and community rights over natural resources. Moreover, the project will explore opportunities for sustainable biodiversity-based income generation. However, land tenure and indigenous development are not specifically addressed since they are covered by other ongoing projects.

Decentralized protected areas management: The program adopts decentralized management of protected areas with planning and execution by local communities and stakeholders. Decentralized management will increase efficiency, transparency; and ensure that resources are directed to field activities rather than the central office. Establishing the PA's management capacity is a priority, through demarcation, provision of basic infrastructure, and development of PA management plans and annual work programs. The program also will explore models of contracting long-term PA management to NGOs and the private sector. SERNAP will remain a small, highly professional agency with regulatory, policy, coordination and controller functions. Additionally, SERNAP plans to create regional groups of PAs with more autonomous management and greater decision making power.

Professional fund management: The program promotes the professional management of funds through and independent, transparent, and accountable institution, by creating the SNAP Trust Fund under a private foundation, FUNDESNAP.

Harmonizing and complementing existing legislation: The program addresses conflicting development policies through harmonizing and complementing existing legislation and by developing a long-term strategic vision for the SNAP in the context of Bolivia's sustainable development objectives.

4. Program description and performance triggers for subsequent support:

The GEF Biodiversity Conservation Pilot Phase project showed that establishing an effective SNAP is a long-term process requiring the gradual development of the commitment and capacity of various constituencies. Achieving these long-term objectives will require sustained technical and financial support. Therefore, the program will last 15 years and be implemented in three 5-year phases which would be supported by GEF and other donors.² Phase 1 will require major GEF support. Phases 2 and 3 should involve less grant funding and increased use of GOB own resources and lending by multilateral institutions and other donors. The Government of Bolivia, in the agreed Comprehensive Development Framework, has committed to increasing funding to the program for the period 1999-2002; moreover, FUNDESNAP resources will be available from

² Some bilateral donors participating in this program have already made long-term commitments. In particular, the support from the Dutch cooperation (US\$20.0 million over 20 years) and German cooperation (DM 18.0 million from KfW and GTZ over 10 years) can be considered the foundations for funding phases II and III (during phase I, the Netherlands will provide US\$5.37 million and Germany will provide US\$11.37 million).

the second year of Phase I on. At the end of phase III, the system should be self-sustaining and independent of donor contributions.

The program provides a framework for a long-term, coordinated effort by Bolivian partners and international institutions, thus overcoming the current fragmentation of biodiversity conservation activities in the country. It allows for developing ideas and adapting approaches that are most effective in the Bolivian context. It also will help the government to formulate and implement a long term strategic vision for the SNAP.

Phase I (the proposed project) will develop the long-term strategic vision for the SNAP and establish the overall framework for the long-term management and sustainability of the SNAP. It will: (i) consolidate the core functions of SERNAP and PA administration; (ii) adopt participatory planning and management of PAs through support to local management committees; (iii) create financing sources for PA management through the SNAP Trust Fund and pilot revenue-generating actions to be expanded in subsequent phases; (iv) start building the knowledge base on PA biodiversity and management through continuous monitoring; and (v) consolidate the legal and regulatory framework.

Triggers for Phase II³: (i) laws on biodiversity and on protected areas approved within two years from effectiveness of Phase I and enforced by the relevant authorities;⁴ (ii) SERNAP status as an autonomous agency is ensured through appropriate legislation and administrative actions; (iii) SERNAP is strengthened and operating with adequate capacity, including the conversion to regular staff of at least 80% of the personnel in the field and on key management positions hired under the phase I of the program; (iv) management committees are fully operational in at least 14 areas; (v) achieving and sustaining GOB financing for SERNAP and the SNAP according to the targets established in the Comprehensive Development Framework for Bolivia and the GEF grant agreement.

Phase II will focus on expanding the social and economic support to the SNAP through: (i) strengthening the commitment of local stakeholders for PA conservation by supporting community-based income generating activities related to PA conservation and building their managerial capacities; (ii) designing and implementing programs for the sustainable use of biodiversity in the PAs and buffer areas, such as wildlife-based products (e.g. vicuña wool), ecotourism, carbon offsets and the use of genetic resources; (iii) implementing market-based cost recovery mechanisms, such as user fees, entry fees, operation licensing, leases and concessions, taxes, surcharges, sales of goods and services, cause-related marketing, biodiversity prospecting; and (iv) consolidating the protected areas through full demarcation and zoning, and resolution of pending land tenure issues. This phase should also ensure the full capitalization of FUNDESNAP through fund-raising and SNAP revenues.

Triggers for phase III: (i) partners identified with the necessary characteristics (e.g., management and planning capacity, entrepreneurial orientation, social cohesion) to move to autonomous PA management in at least 5 PAs; (ii) full capitalization of FUNDESNAP (i.e., all recurrent costs of the 22 PAs covered plus minimal investment capacity) estimated at US\$30 million; (iii) adequate environment for investments in biodiversity-based industries created, through establishing and enforcing an adequate regulatory and fiscal framework, to be developed in phases I and II; and (iv) achieving and sustaining GOB financing for SERNAP and the SNAP according to the targets established in the Comprehensive Development Framework for Bolivia.

Phase III will focus on consolidating the sustainability of the SNAP through: (i) strengthening the autonomous management of protected areas, including the possibility of providing concessions for their operation and maintenance to communities, NGOs and the private sector; (ii) investing in biodiversity-based industries (including ecotourism); and (iii) consolidating SERNAP as a regulatory, policy-making, controller and monitoring agency.

C. Project Description Summary

1. Project components:

(see Annex 2a for a detailed description and Annex 3 for a detailed cost breakdown)

³ These triggers will be reconfirmed and refined at the mid-term review of Phase I. The preparation of Phase II should also start after the mid-term review.

⁴ Although it applies to Phase II, this trigger reflects one of the GOB key commitments in the Letter of Sector Policy (Annex 16) and will be verified at the mid-term review.

The proposed project corresponds to Phase I of the Program described above. The project will include five components: (1) Institutional and Policy Development; (2) Management of Priority Protected Areas; (3) Legal and Regulatory Framework (4) Sustainable Financing; and (5) Biodiversity Management and Monitoring in Protected Areas.

Component 1: Institutional and Policy Development (total component cost: US\$6.59 million; GEF contribution: US\$2.79 million)

This component aims to consolidate SERNAP role as the regulatory agency of the SNAP through strengthening its policy, planning and management capacities and its ability to operate as an autonomous institution. It also will articulate a long-term, national strategy for protected area management taking into account Bolivia's national policies and sustainable development objectives. Main sub-components include:

1. developing a Master Plan to coordinate SERNAP long-term actions through an analysis of the representativity gaps. The Master Plan will propose some or all of the following activities: resetting PA boundaries, re-categorizing PAs, demarcation of PA boundaries, final legal declaration of PAs, and the abandonment⁵ of existing protected areas, implementation of mechanisms for generating internal revenues;
2. preparing a strategic institutional and financial plan for SERNAP, including a medium-term financial strategy;
3. identifying mechanisms for generating internal revenues, including: service fees collection (primarily from ecotourism); income from the sale of carbon offsets; and environmental easements and concessions.
4. strengthening SERNAP technical, managerial and operational capacity; and
5. setting up a project coordination function to support all project activities.

Component 2 : Management of Priority Protected Areas (total component cost: US\$21.92 million; GEF contribution: US\$6.11 million)

This component aims to strengthen the planning and management capacities of all 22 protected areas, including the 10 priority areas supported by GEF. The GEF areas were chosen using a decision-making matrix that took into account the following factors: financing needs, long-term funding potential, planning needs, presence of significant biodiversity, potential for participatory management, and potential for sustainable use of natural resources. Other donors will support the remaining 12 areas of the SNAP, thus ensuring coverage of the entire SNAP. The criteria for selection of the 10 priority areas and the list of all 22 protected areas is presented in Annex 2b.

The precise activities to be supported within each priority area were defined through an in-depth analysis of existing capacities, threats, and minimum needs to ensure effective management over the next 5 years. In addition, activities will strengthen management sustainability through enhanced participation of local communities in decision-making and PA management. GEF support will focus on two main sub-components:

1. Strengthening the operational capacity at the 10 priority protected areas. Specific activities include: incremental salary costs; recurrent operational costs; minimum infrastructure and equipment to ensure effective management and the proper operation of each area; preparation and enforcement of PA management plans (for three areas); capacity strengthening, training, and environmental education in communities neighboring PAs.
2. Strengthening of local participation and inter-institutional coordination at the 10 priority PAs. This will be achieved by the establishment of PA management committees and providing the support necessary to ensure the proper operation of these committees and to ensure coordination among relevant local institutions.

Component 3: Legal and Regulatory Framework (total component cost: US\$0.57 million; GEF contribution: US\$0.07 million)

⁵ Abandonment of part or all of a specific protected area may result from the analysis of critical conservation areas.

This component aims to establish an adequate legal and regulatory framework for biodiversity conservation and the management of the SNAP. Main tasks include:

1. prepare and approve the Protected Areas law and support the approval of the Biodiversity Law;
2. review and propose amendments, as needed, to cross-sectoral laws and regulations,
3. prepare specific SNAP regulations for PA management, such as: PA zoning, environmental impacts, environmental services, tourism, concession framework and other activities within PAs.

Component 4: Sustainable Financing (total component cost: US\$9.78 million; GEF contribution: US\$5.17 million)

This component aims to strengthen the financial capacity of the SNAP and identify the mechanisms to ensure its long-term sustainability. The key mechanism will be a dedicated trust fund to provide recurrent cost financing for protected areas. During project preparation, FUNDESNAP has been established through a public-private partnership to manage trust funds and other donations to finance protected areas. FUNDESNAP is a private non-profit organization with transparent procedures and an elected Board of Directors representing donors, protected areas, local communities, NGOs, private sector and the government. It's main role is to mobilize and disburse funds to support the SNAP.

The project will establish and capitalize a Trust Fund account under FUNDESNAP to finance recurrent costs of managing protected areas. The initial focus will be to cover the needs of the 10 priority areas supported by the GEF for the program's first phase. The recurrent costs of the remaining protected areas would be financed as resources become available, thus allowing to shift resources from the other donors' contributions to further investment and technical assistance to the SNAP. The initial capital for this trust fund will come from the transfer of donor funds (US, Switzerland and UK) currently held under FONAMA (US\$4.61 million) and from a GEF endowment of US\$5.0 million provided through the project and. The Trust Fund will be established abroad and will be managed by a professional asset manager following investment guidelines approved by its Board of Directors. The income generated from the trust fund will finance the recurrent costs of the protected areas, under annual work programs prepared and executed by SERNAP, in partnership with PA management committees, NGOs and other local organizations. Further details on the establishment of FUNDESNAP, its capitalization, strategic and operational approaches are available in Annex 2C. FUNDESNAP bylaws and regulations, and its operational manual are available in project files.

Component 5: Biodiversity Management and Monitoring in Protected Areas (total component cost: US\$4.83 million; GEF contribution: US\$0.86 million)

This component will consolidate and complement ongoing efforts in resource management and monitoring in protected areas and their buffer zones. With the support of the GEF grant, SERNAP will work closely with those organizations (GTZ, FAN, WWF, WCS, CARE, Conservation International and others) carrying out activities directly related to this component in order to broaden the information available and develop models that are consistent with specific country conditions. Natural resource management subprojects will be prepared and financed by the GEF grant as well as by other institutions working in the selected protected areas. This component includes two sub-components:

1. Development of models for biodiversity and natural resources management in PAs, based on the ongoing work by the MAPZA/GTZ team in the buffer zones of three protected areas. The GEF funding will allow for: the systematization of ongoing experiences; the development of models specific to each protected area; piloting of the models in the PAs for their validation; and sharing of the results. The participation of the selected communities will be crucial to the success of this component.
2. Monitoring and evaluation of biodiversity conservation involving the design, piloting and implementation of a SNAP monitoring system. The system will be designed to evaluate the efficiency of conservation programs in place and will provide SERNAP with guidelines for decision-making. The scorecard method developed by the Nature Conservancy will be used as a point of departure. The outcome should be a system that can be applied at low cost as part of PA staff daily duties and provide key information to support biodiversity conservation and PA management.

A summary of the project's financing by component is presented below:

Component	Sector	Indicative Costs (US\$M)	% of Total	GEF-financing (US\$M)	% of GEF-financing
Component 1: Policy and Institutional Development	VY	6.59	15.1	2.79	18.6
Component 2: Management of Priority Protected Areas	VY	21.92	50.2	6.11	40.7
Component 3: Legal and regulatory framework	VY	0.57	1.3	0.07	0.5
Component 4: Financial mechanisms	VY	9.78	22.4	5.17	34.5
Component 5: Biodiversity Management and Monitoring	VY	4.83	11.1	0.86	5.7
Total Project Costs		43.69	100.0	15.0	100.0

2. Key policy and institutional reforms supported by the project:

The project would support the following key policy and institutional reforms:

1. The development of a long-term strategy for the National System of Protected Areas based on national development plans and including cross-sectoral biodiversity management through the development of the Master Plan.
2. The decentralization of management and decision-making for protected areas.
3. Increased participation of local communities in protected areas management and the sustainable use of natural resources, through the PA Management Committees.
4. Establishment of strategic partnerships with civil society and the private sector.
5. Development of sustainable financial mechanisms, including innovative public/private sector partnerships, which should reduce in government's fiscal commitments.
6. Passage of specific laws for protected areas and for biodiversity.
7. Harmonization of national regulations that affect biodiversity conservation and the establishment of benefit sharing mechanisms.
8. Increased financial and institutional autonomy of SERNAP, including the absorption of local long-term consultants as SERNAP professional staff.
9. SNAP funds from FONAMA are transferred to an independent, private foundation for Protected Areas (FUNDESNAP) aiming to provide financial sustainability for the SNAP and ensure transparency in the management of the SNAP Trust Fund.

3. Benefits and target population:

The global benefit of the project will be the improved conservation of Bolivia's biodiversity, through the conservation of significant areas with high levels of endemism and species richness. Bolivian biodiversity is widely accepted to be a top priority from a global perspective. This will be complemented by the creation of biological corridors and the sustainable use of biodiversity, to be further developed in the second phase of this program. The project also benefits current and future generations of Bolivian society as a whole, since it will allow the GOB to conserve the natural heritage of the country and with it, the multiple cultural, environmental, social, and economic benefits that derive from a properly functioning system of protected areas.

The total estimated population inhabiting the 22 protected areas of the SNAP and their buffer zones, according to SERNAP records, is about 40,000 people in 150 communities. Nearly all of these people belong to indigenous groups and live in conditions of poverty. The GOB recognizes the communal rights of these populations to the use of natural resources to support their traditional lifestyles, and therefore will foster their

active participation in the management of the protected areas, through the “*comités de gestión*” (management committees).

There is substantial experience both internationally and in Bolivia demonstrating the effectiveness of local management committees as useful tools to facilitate the participation of local communities in protected area management. This direct participation allows protected areas to play important social and economic roles locally, as well as to increase their long term local acceptance and therefore social sustainability. Therefore, the PA communities, as well as those living in the buffer zones, are key constituencies to ensure PA conservation and therefore will be targeted for the potential benefits generated by the SNAP under the program. About 400 low-skilled jobs will be created for the management of the 10 priority areas supported by GEF, under this project. There is also a potential for revenues to local communities through services provided to the PA administration and visitors. The project also will identify and pilot income-generating activities based on the sustainable use of natural resources by local communities. For example, WWF is currently working with SERNAP in biological corridors and the proposed project will complement this work. Finally, SERNAP has adopted a policy of revenue sharing, where part of the income generated by the PAs will be used in providing basic infrastructure and services for local communities.

Bolivia adopted the principle of “parks with people” and therefore has no intention to resettle people living within protected areas. However, in exceptional cases, in areas zoned for strict conservation, there might eventually be the need for limited relocation of people. Also, there might be limitations to the access to certain areas and to the use of PA resources. In these cases, a Resettlement Policy Framework was established which complies with OD 4.30 requirements.⁶ Any restrictions on access to resources will be defined jointly with the affected communities in the preparation of the PA's management plan. Alternative revenue-generating activities will be developed as part of the management of these areas, and targeted to affected people. In case resettlement is needed, both the affected people and the host populations will be actively involved in the decision-making process.

4. Institutional and implementation arrangements:

Overall project management: The project will be implemented over a five year period by two institutions: SERNAP and FUNDESAP. The National Service for Protected Areas (SERNAP) is an autonomous government agency under the guidance of the Vice-Ministry of Environment within the Ministry of Sustainable Development and Planning. SERNAP has responsibility for developing and implementing the national system of protected areas. The SNAP Trust Fund (financed through component 4) will be managed by the Foundation for the Development of the National Protected Areas System (FUNDESAP). FUNDESAP is a private foundation created through a partnership among the government, NGOs, private sector and the donor community and will be the recipient of an associated Trust Fund grant. The operational manuals for SERNAP and FUNDESAP have been reviewed and found satisfactory (the manuals are available in project files).

Project coordination: SERNAP will nominate a project coordinator under its Director of Planning operating from its central offices in La Paz. This coordinator will provide overall project management, and will act as the interface between SERNAP and FUNDESAP. S/he will be supported by SERNAP administrative services for procurement and financial management activities. Each component (except component 4) will be headed by a Technical Leader selected from SERNAP staff and consultants. SERNAP will be responsible for executing most of the work under the project, with the exception of component 4 which will be executed by FUNDESAP and headed by its Executive Director. Ministerial oversight of the project will be provided by the Vice-Ministry of Environment, Natural Resources and Forestry Development within the Ministry of Sustainable Development and Planning. One of the Project Coordinator first tasks will be to prepare the project work program for the five years, and consolidate the detailed work plan for the first year of project implementation.

The project staff of SERNAP will be provided technical assistance from a team of national and international consultants (both short- and long-term). Subject matter specialists will likely include ecologists, community participation specialists, protected area management specialists, an environmental law specialist, a sustainable

⁶ See section E.5 and Annex 17 for details.

finance specialist and a monitoring and evaluation specialist. Budget resources will be provided for other short-term specialists on an as-needed basis. Flexibility in the final use of short-term technical assistance is expected.

The management of individual protected areas will be executed by PA directors and supported by park rangers and administrative personnel. A management committee will be established for each PA, comprising representatives of SERNAP (the PA director), key staff from local and provincial governments, NGOs (such as environmental groups, indigenous associations and trade unions), local communities living within and around the area, and the local private sector. These Committees will participate in the preparation of the PA management plan and will prepare the annual operational plans (POAs: *planos operativos anuales*) for the PA. They also provide a mechanism for assisting in the resolution of PA management conflicts.

The PAs will present their POAs to SERNAP for their review and consolidation. SERNAP will allocate the funds for each PA and also present these plans to FUNDESAP for the coverage of recurrent costs, as described in annex 2C. The funding will be allocated in an annual basis to the PAs, and the Park Directors will have full budgetary and procurement authority and accountability over these funds, following Bank rules for the different thresholds. Larger procurement activities (e.g. acquisition of vehicles) will be conducted by SERNAP central office.

Donor coordination: A donor coordination group has been established by SERNAP as a mechanism to provide advice and coordinate technical and financial cooperation related to the SNAP. It is composed of representatives of all donors actively supporting the SNAP under the leadership of the Director of SERNAP. The donor coordination group will meet quarterly to review program progress and ad-hoc meetings will be held as necessary. In addition, joint supervision of this project will be undertaken by the World Bank, GTZ/KfW and the Dutch Cooperation whenever feasible, and at least once a year. A donor coordination protocol was agreed upon and is available in project files.

Financial management: Two separate grant agreements will be prepared for SERNAP and FUNDESAP. SERNAP will be responsible for the financial management, reporting, and auditing related to the project, except for Component 4 which will be managed by FUNDESAP. The Bank has supported installation of a uniform accounting system (LACI) in Bolivia for all Bank projects. SERNAP is in the process of being LACI certified and therefore will be eligible for PMR based disbursement; as an interim arrangement, SERNAP will use traditional Bank disbursement procedures. SERNAP will administer its GEF grant funds directly and will be responsible for disbursement of these funds.

FUNDESAP will be responsible for the financial management, reporting, and auditing related to Component 4 of the project (component 4 includes both the US\$5.0 million contribution to the FUNDESAP trust fund endowment as well as the US\$0.17 million allocated for consultant services, goods and operating expenses for FUNDESAP in the first year of the project). FUNDESAP will retain a professional asset manager to invest the endowment of the Trust Fund account following international selection procedures. FUNDESAP will disburse the income generated from these investments under procedures defined by the Board of FUNDESAP and according to the GEF Grant Agreement. FUNDESAP will be responsible for financial management, reporting, and auditing of GEF proceeds, following procedures acceptable to the Bank.

SERNAP and FUNDESAP shall both appoint independent auditors acceptable to the Bank. The auditors shall be responsible for the annual audit of the financial statements and provide an opinion on the eligibility of expenses on the basis of statement of expenses (SOEs) and transactions of the Special Accounts. The audited financial statements, together with audit reports, SOEs and the Special Accounts statements shall be submitted to IDA within four months of the end of the Project's fiscal year. The audits shall be conducted within auditing standards acceptable to the Bank and under terms of reference acceptable to the Bank. Appointment of an auditor will be a condition of effectiveness for each grant agreement.

Monitoring and evaluation arrangements: The project coordination unit will establish a project monitoring and evaluation (M&E) system to routinely track and report on project performance through quarterly, and semi-annual reports. Annual work plans will be formulated each year with specific milestones and deliverables. At the local level, the PA management committees will assist in the formulation of annual work plans and will provide feedback on the overall activities of PA management.

Procedures and M&E reports will be guided by: (a) the project design summary (Annex 1); and (b) the monitoring plan as detailed in the Project's Implementation Manual. M&E is to be conducted through: (a)

semi-annual technical progress reports; (b) quarterly financial reports (LACI); (c) progress review during Bank supervision missions; (d) mid-term review of project implementation to be carried out jointly by GOB, the Bank and partner donors; (e) periodic beneficiary assessments and other special studies; (f) analysis of the results of the biodiversity management and monitoring Component carried out by the DGB (General Biodiversity Directorate) and qualified third parties (e.g. academic and scientific institutions or NGOs).

A single joint ICR (Implementation Completion Report) will be prepared within the six months preceding the closing date of the two grants and will include an overall performance evaluation to be contracted to an independent organization familiar with protected areas management. The ICR will include measures of the performance indicators and determination of the occurrence of the triggers for the program's second phase.

D: Project Rationale

1. Project alternatives considered and reasons for rejection:

The project preparation process considered the following alternatives:

1. ***A self-standing project, instead of an Adjustable Program Loan.*** This option was rejected because the establishment of an integrated national system of protected areas is an ambitious goal that will require a sustained, long-term support to build the necessary capacity and institutions. Moreover, a 15-year program provides a common framework for initiatives previously implemented in a fragmented and uncoordinated manner. Finally, given the weakness of the present institutions, a single operation will involve a higher risk of failure, while an APL allows for more flexibility in the progressive fulfillment of the program's goals.
2. ***Use of FONAMA as the host institution for the trust fund for protected areas:*** The experience with FONAMA showed serious administrative problems, lack of transparency, and the inappropriate use of funds. Currently FONAMA lacks both the capacity and the credibility to raise and manage funds.
3. ***A series of GEF mid-size grant applications:*** Such funding would be relatively small, slow in coming on stream, have gaps in timing, and not be capable of meeting the needs of an integrated program which would cover national issues. Moreover, a number of GEF mid-sized projects could not address the trust fund capitalization needs. However, mid-size applications could be an effective complement to the proposed integrated SNAP sustainability program.
4. ***Increased individual grants to specific areas by bilateral donors.*** The bilateral projects to individual areas are invaluable and a logical supplement to an integrated national program. They tend, however, to be of short duration, focused on select specific areas, and operate under differing standards. To establish a unified national system requires a more general program of support to provide the framework for additional funding.
5. ***Use of IDB instead of GEF funds:*** While the IDB has as yet unallocated funds committed in principle to environment, there has been no commitment to "green" issues and investments related to protected areas. They also have limited experience with biodiversity conservation projects in Bolivia.

2. Major related projects financed by the Bank and/or other development agencies:
(completed, ongoing and planned)

Sector issue	Project	Latest Supervision (Form 590) Ratings (Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
Bank-financed			
<ul style="list-style-type: none"> Loss of biodiversity 	Biodiversity Conservation Project (Completed)	S	S
<ul style="list-style-type: none"> Environmental management 	Environmental Technical Assistance Project (Completed)	S	S
<ul style="list-style-type: none"> Indigenous development 	Indigenous Peoples Development Project (preparation)	N/A	N/A
Other development agencies			
<ul style="list-style-type: none"> Loss of biodiversity 	<ul style="list-style-type: none"> Assistance to Biodiversity Trust Fund within FONAMA (USAID, DFID, CIDA, Swiss Development Agency) National Biodiversity strategy (UNDP) 		
<ul style="list-style-type: none"> PA community development Environmental management 	<ul style="list-style-type: none"> Assistance to Communities in Chaco Park (USAID, WCS) Assistance to Buffer Zone Management in Amboro (CARE, DFID) Assistance to PA and Buffer Zone Management, Madidi (CARE, Danida, EU) Assistance to Selected National Protected Areas (GTZ, The Netherlands) 		
<ul style="list-style-type: none"> Forestry 	<ul style="list-style-type: none"> Sustainable Forestry Development (USAID) Forest management and agroforestry in Cochabamba (FAO, UNDCP) 		

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory).

3. Lessons learned and reflected in the project design:

The project builds on the experience of the first GEF Biodiversity Conservation Project (Pilot Phase), which came to a satisfactory conclusion in 1998 and on the preliminary recommendations of the National Biodiversity Strategy (see Annex 14). The main lessons learned and applied in the current project design include:

- (i) A realistic time frame must be adopted when working towards achieving long-term financial and social sustainability of protected areas. A traditional 5-year project would not have been sufficient to achieve this. Therefore, an APL format has been adopted.
- (ii) Protected area systems must reflect national realities in terms of the number of areas, ecoregion coverage, and balance of management categories. By prioritizing and rationalizing the number of national protected areas, better long range budgeting and control can be expected. The Master Plan will provide this guidance.
- (iii) Before promoting the expansion of a national system of protected areas, a core of well run, adequately functioning areas should be in place. In order to be sustainable, the expansion should be based on an

ecosystem representativity analysis, the identification of financial resource gaps and limitations, and the capacity to enforce protection. Capacity building and institutional strengthening are crucially important and are explicitly addressed.

- (d) The probability of success is much improved if there is substantive local participation in the definition of objectives and the management of protected areas and mechanisms are included to ensure that local communities benefit from protected areas. Community participation and benefit sharing are fundamental features of this project.
- (e) National ownership, if it is to be independent of government change, must be based on a long-term vision of the protected area system is shared by civil society. Preparation workshops, protected area management committees, partnership programs, environmental education and promotion campaigns will increase such ownership.
- (f) There is a need to ensure the autonomy and professionalism of SERNAP as the agency responsible for the SNAP. Therefore, it should be shielded whenever possible from direct political interference. The institutionalization of the SNAP and of SERNAP is essential. Personnel appointments, particularly of key management staff, should be based on professional criteria and qualifications, rather than on political networks.

4. Indications of borrower commitment and ownership: The creation of a sustainable national system for protected areas has been the main focus of GOB environmental policy in the last few years. Bolivia has about 17% of its national territory under some level of protection; one of the highest rates worldwide. The GOB has consistently pursued its goal of creating a sustainable, autonomous and participatory SNAP and significant steps were recently undertaken. SERNAP has been linked directly to the Ministry of the Presidency through a 1998 presidential decree, thus allowing for more autonomy in decision-making and managing funds. A biodiversity law has been prepared and presented to the legislature and specific regulations were issued for protected areas. The GOB endorses the proposed program as a high priority and has committed to provide US\$3.3 million of counterpart funds for its first phase of five-years (through a combination of MOE budget allocations and SNAP revenues). This represents a four-fold increase in SERNAP budgetary resources.

On October 2000, the GOB signed an agreement with the leaderships of farmers', indigenous and colonizers' organizations reaffirming the participation of such organizations in the Management Committees of the protected areas. Moreover, the agreement specifies that these Committees should be composed by 50% of representatives of these organizations and 50% from the Government, and that these Committees will have full decision-making powers. Further details on the current GOB policies are spelled out in Annex 16 (Letter of Sector Policy).

5. Value added of Bank/GEF support in this project:

The World Bank brings to this project its experience of similar programs both regionally and worldwide, as well as the ability to provide a comprehensive framework for coordinating the efforts of the national and international partners working to conserve Bolivia's biodiversity. The value-added of Bank support includes the ability to mobilize international experts, supervision capacity, technical support for preparation of subsequent phases, coordination with similar efforts in other countries, networking with other sources of expertise and financing, and a continuous policy dialogue on sustainable development. The Bank procurement, contracting, disbursement, and disclosure procedures provide a framework for transparency and accountability in project activities.

GEF funding provides a permanent endowment capital for FUNDESAP that will help to cover recurrent operational costs of integrated conservation management of the SNAP, in addition to GOB resources. This is a critical catalyst for other donors' contributions. Also, the GEF support provides credibility and creates a framework for other donors' activities.

E: Summary Project Analysis:

(detailed assessments are in the project file, see Annex 8)

1. Economic: (supported by Annex 4)

[] Cost-Benefit Analysis

[] Cost Effectiveness Analysis

[X] Other: Incremental Cost Analysis

The project's general objective is to contribute to the conservation of Bolivia's highly diverse biota by generating a long-term development strategy and establishing a reliable basis for sustainability of its protected area system. The GEF alternative would achieve these outputs at a total incremental cost of \$15.0 million. Under the Baseline scenario, Bolivia will be able to manage a sub-set of its protected areas, (mostly those that received support through the GEF Pilot Phase Project) as well as to maintain an adequate level of central support to the system. Total expenditures under the Baseline Scenario are estimated at US\$ 28.69 million. Under the *GEF Alternative* scenario, Bolivia will be able to set the basis for sustainability of its SNAP based on long-term planning and social and financial tools. This will result in an organic system of protected areas with presence of SERNAP and with mechanisms in place to achieve effective management. Specific outcomes will include:

- (i) Integrated approach for SNAP that responds to social, economic, and political realities; clear long-term "State Vision" for the SNAP;
- (ii) Ecoregional representation within the SNAP, and greater coverage of globally significant areas.
- (iii) Establishment of financial mechanisms that will stabilize the fiscal burden on the state;
- (iv) Increased community participation, system ownership, and poverty alleviation in areas in and around protected areas; (v) Established basis for sustainability at all levels (social, financial, and ecological);
- (v) Definition of long-term management needs for the entire system and identification of funding gaps; and (vii) Development of biological monitoring and evaluation systems.

Total expenditures under the GEF Alternative scenario are estimated at US\$ 43.69 million.

2. Financial (see Annexes 5 and 7)

The total project costs of US\$43.69 million are divided between investment (US\$31.95 million) and recurrent (US\$11.74 million) costs. The resources to fund these costs will be provided by a variety of sources: Government of Bolivia (US\$4.50 million); FUNDESNA (US\$2.29 million); FONAMA Trust Fund (US\$4.61 million); GEF (US\$15.00 million); Government of Germany (US\$11.37 million); Government of the Netherlands (US\$5.37 million); and local NGOs (US\$0.55 million). During the operational period, US\$2.08 million will be required to cover recurrent and investment costs in the 10 priority areas supported by GEF and in the central unit of SERNAP. These resources will be provided by government, international and NGO sources. An estimated US\$30 million are needed to cover the recurrent costs for all the 22 protected areas; this will be a trigger for phase III.

FUNDESNA income is estimated based on an investment plan contemplating a 6.5% annual net return and additional endowment resources of US\$1.0 million per year during the five years of the project. FUNDESNA disbursements from the Trust Fund income will be used to finance primarily the recurrent costs of the management of the 10 priority PAs supported by GEF. The recurrent costs for other areas would be progressively covered, as additional funds are raised by FUNDESNA; this would allow for shifting other donors' resources to additional investment and technical assistance, as needed.

It is assumed that FUNDESNA will raise \$5 million in capital contributions during the 5 year project, and \$15 million in endowment capital is a trigger for Phase II. However, given the uncertainty about the flow of these contributions over time, it is difficult at this stage to estimate the potential income generated by them during the first phase. The additional endowment income generated would be distributed by the Board following the endowment management rules, with the non-objection of the Bank.

Fiscal impact:

The total Government of Bolivia contribution to the project is projected to be US\$3.3 million over five years. In July 2000, under the Comprehensive Development Framework, the GOB has committed increasing amounts to SERNAP: US\$600,000 for the year 2000, US\$700,000 for 2001, and US\$800,000 for 2002. For the

following years, these contributions will come from resources generated from the national system of protected areas with additional funds provided by the central budget to ensure a minimum total contribution of US\$0.6 million annually. The SNAP is projected to generate US\$1.5 million over the five years of the project implying an additional US\$1.5 million allocation from the central budget. These resources will be used to support both protected area and central unit recurrent and investment costs. In addition, the GOB will provide counterpart resources necessary to cover any taxes on goods purchased through the project (estimated at US\$0.1 million over the five years of the project).

3. Technical:

An investment strategy for the Trust Fund endowment has been adopted by the FUNDESNAP Board and the selection of the asset manager will be based on the candidates' response to it, among other criteria. The investment strategy aims to promote growth in income without putting the endowment at undue risk. Net income projections from Trust Fund investments and from alternative revenue sources will be developed to assist SNAP annual planning. A crucial challenge for FUNDESNAP will be to raise additional endowment contributions for the SNAP trust fund. Technical assistance by the project is intended to increase the success of FUNDESNAP fund raising activities. Delaying FUNDESNAP disbursements until the second year of the project will create reserves, thus reducing the risk of invading the TF capital.

Both biodiversity friendly income generating activities and effective biodiversity monitoring are considered as necessary elements for successful protected area management. However, effective examples of these two activities are limited. Component 5 of the proposed project will support pilot activities to develop models for biodiversity friendly income generating activities and effective biodiversity monitoring.

4. Institutional:

Basic information on institutional arrangements is provided in section C.4 above.

SERNAP and FUNDESNAP are independent equals, and the working relationship between them will be regulated by an implementation agreement establishing the responsibilities and duties of both institutions, the annual funding cycle, the expenditure categories, and reporting requirements. In addition, special legal documents will spell out the specific conditions and procedures for every donation and other sources of funding mobilized by FUNDESNAP. For the purposes of this project, a GEF Trust Fund Annex has been prepared establishing the policy and operational procedures for the use of the GEF funds and their income. These have also been incorporated in FUNDESNAP Operational Manual. These documents are available in Project Files.

During the project, key management positions in SERNAP and in the PAs currently filled by consultants will be progressively converted to civil service positions. In addition, by the end of project all PA rangers will have been converted to regular positions. Presently there is no legal constraint for funding these civil servant positions, partially or fully, through private resources to be transferred by FUNDESNAP.

According to current regulations, SERNAP can delegate legal authority to other agencies (including NGOs and private sector) to enforce protected area regulations in the areas they are managing; however, the legal basis for this approach should be refined and reinforced through the passage of the Protected Areas Law.

5. Social:

The project's field activities are implemented in areas occupied by a diverse range of social groups including indigenous people. An estimated 40,000 people currently live within the boundaries of Bolivia's protected areas. Even though revenue sharing and income-generating activities should provide benefits to local communities, there would be potential negative impacts affecting them in the short-term. These would include both the local poor who presently engage in clandestine exploitation of protected area resources and influential business interests who also benefit from these activities. Key potential negative impacts on these social groups may involve: (a) the relocation of a limited number of families from areas eventually to be zoned as of strict preservation, and (b) restrictions on the use of natural resources within the protected areas.

In accordance with OD 4.30 and OD 4.20, a social assessment has been carried out in six representative protected areas with community presence. The study, undertaken by a team of Bolivian experts, concluded

that there are potential synergies between the development objectives of local/indigenous communities and the conservation objectives of protected areas. This commonality of interests between the State, civil society organizations and local and indigenous populations could generate alliances supporting the project objectives and provides the framework for the proposed “Sustainable Development with Identity Plans”, basically equivalent to IPDPs in their scope and objectives.

Extensive and systematic consultations were undertaken with key social actors and institutions in Santa Cruz, Cochabamba, Tarija, La Paz and in selected PAs. These identified a high acceptance and support to the project among the various social groups, and a general willingness to participate actively in PA management. Issues identified by this study include: (i) although land tenure by communities is generally compatible with the PAs, conflicts of interest may arise with restrictions on land use by private owners in some areas; (ii) enforcement of PA management could represent an additional restriction on customary rights, as well as a restriction on new settlers within the PAs; (iii) restricting the use of natural resources for subsistence could impose constraints on community development; (iv) fires, overgrazing and illegal logging are serious environmental hazards, encouraged by the lack of economic alternatives for local communities; and (v) alternative income generating activities would require better access to credit, specific training in natural resource use and strong environmental education campaigns. The findings of the social assessment, the consultations and the Sustainable Development with Identity Plans have been incorporated in the overall project design; these reports are available on project files and a summary is presented in Annex 12.

The project itself is designed as a process framework for incorporating the needs and aspirations of local and indigenous communities into the SNAP Master Plan as well as in the planning and management of PAs and buffer zones. Their participation through the PA management committees in both the preparation of the PA management plans and the annual action plans is key to ensure that these communities will benefit from protected areas. In particular, the project targets specifically these communities in developing and piloting models for income generation within the PAs and buffer zones. The Sustainable Development with Identity Plans already prepared for four PAs will serve as a reference for these activities. The preparation of the annual PA action plans will specifically contemplate the specific issues of indigenous development in the protected areas and buffer zones.

Even though revenue sharing and income-generating activities should provide benefits to local communities, it is recognized that, in attempting to bring order to protected areas management, there may be adversely affected individuals over the short term. The GOB adopted the principle of “parks with people” and therefore no major resettlement is expected to take place. However, if the PAs zoning eventually indicates the need for limited relocation of people and/or the need to restrain the access to certain natural resources within the PAs, these issues will be addressed in accordance with the framework Policy for Involuntary Resettlement/ Human Settlements within PAs adopted by the GOB; this policy framework is presented in Annex 17.

6. Environmental assessment:

Environmental Category: A B C

The project aims to achieve the sustainable management of the National System of Protected areas. The project components are not expected to have any significant negative impacts on the environment. Field construction activities are small scale, involving the construction of guard posts, small buildings and trails. However, there may be impacts from induced activities related to tourism development in buffer zones, the construction of ecotourism lodges, access roads and interpretation trails. Sustainable economic activities planned within buffer zones (e.g., agro-ecological production, sustainable harvesting of non-timber products and bio-prospecting activities) may also have minor impacts.

To address these impacts, an EA framework was developed and is presented in Annex 13 to ensure that the impacts of these activities are fully prevented or mitigated. The SERNAP Environmental Assessment Unit will implement EA in protected areas in coordination with the MDSP and in accordance with the MDSP Guidelines for Environmental Assessment.

7. Participatory approach:

SERNAP has clearly established participatory mechanisms and instruments for the management of protected areas and this project has been prepared through intensive consultations with NGOs, PA communities, local authorities, and the private sector⁷. The project will improve participation by strengthening local PA management committees and by including participatory social evaluations supported by updated information from the SNAP Monitoring System (strengthened under component 5). This system will aim to better assess the positive and negative social impacts of conservation in protected areas and buffer zones. Such mechanisms will make it possible to identify and resolve conflicts related to protected areas management and will allow for the timely adjustment of activities based on established participation policies. The monitoring system should facilitate a quick and effective response to any social conflicts that may arise. The evaluations will include the participation of Government institutions, NGOs, academic institutions, existing participatory bodies (management committees and partnership institutions), local governments (*municipios* and *prefecturas*), local communities, and other related institutions.

a. Primary beneficiaries and other affected groups:

The primary beneficiaries of this project would be rural people in local communities living within the national protected areas and their buffer zones. As mentioned above, these communities live under conditions of extreme poverty and would be expected to benefit from the project by being involved in protected area management, by assistance to develop alternative sources of income and by participating in revenue sharing activities.

Secondary beneficiaries include resource users who depend on environmental services, tourists and workers in the tourism sector, and the scientific community.

b. Other key stakeholders:

Other key stakeholders include municipalities, regional authorities, NGOs, and civil society organizations. In particular, the following institutions have been identified as key stakeholders: Academia Nacional de Ciencias; Museo de Historia Natural Noel Kempf Mercado; IUCN–Bolivia; WWF-Bolivia, LIDEMA (Liga de Defensa del Medio Ambiente); Dirección General de Biodiversidad; CIDOB (Central de Indígenas del Oriente Boliviano); and Federación Sindical Unica de Trabajadores Campesinos de Bolivia (FSUTCB).

F: Sustainability and Risks

1. Sustainability:

The proposed program would contribute to the sustainability of biodiversity conservation in Bolivia through establishing a national protected areas system and also ensuring the sustainability of each PA within the system. Sustainability is the ultimate goal of this program and most components are designed to help achieve environmental, financial, institutional and social sustainability.

Environmental sustainability will be achieved by ensuring that the system includes PAs of adequate dimensions and characteristics to maintain ecological and evolutionary processes, biological corridors and the sustainable use of natural resources and biodiversity. The project will identify any gaps in typology of the SNAP and propose a strategy to cover them within the capacity of the system.

Financial sustainability will be achieved, in the long-term, by expanding cost recovery and other financing mechanisms that complement the GOB's budgetary allocations for protected area management (including investment and operational costs of the SNAP). The establishment of an independent, transparent and accountable private trust fund (FUNDESNAP) is the cornerstone of sustainable financial management for the SNAP.

Institutional sustainability will be achieved through the full institutionalization of the SNAP and SERNAP. This involves ensuring SERNAP's autonomy and mandate through an appropriate legal framework, building a strong management capacity at the national and local levels and building partnerships with civil society and other national and international institutions.

⁷ The report on these consultations and analysis of their results is available in project files

Social sustainability will be achieved through strengthening the constituencies that would support the SNAP and the effective management of the PAs. For this purpose, the project adopts: participatory planning and management of PAs; strategic partnerships and coordination with key stakeholders; and distributing PA benefits to local and indigenous communities through revenue-sharing and income-generating activities.

2. Critical Risks:

(reflecting assumptions in the fourth column of Annex 1)

Risk	Risk Rating	Risk Minimization Measure
From Objective to Purpose		
<ul style="list-style-type: none"> Environmental issues stop being a priority for GOB. Donors do not engage in the long-term financing arrangements for SNAP. Donors reduce financing of alternative rural development projects in PAs and buffer zones. External pressures on the PA resources increase (in particular in the low lands). 	M	Project supports sustained public awareness of environmental issues.
	M	Bank and donor partners to raise subject periodically in CAS and CG meetings.
	M	Bank and donor partners to raise subject in CAS and CG meetings, as needed.
	S	Ministry of Environment and Sustainable Development to enforce EA regulations. Additional funds to counter impacts of development on PAs must be budgeted within projects.
From Outputs to Objective		
<ul style="list-style-type: none"> GOB development policies are not compatible with conservation of protected areas and sustainable development. GOB abandons decentralization policy. SERNAP staff at the central unit and/or at the field level rotates often for political reasons. Participation policies are not supported by national and local authorities. Biodiversity law is not approved. Controls by local communities and patrolling are not effective and sustained. Investment returns on FUNDESNAP trust fund less than projected Insufficient additional endowment capital is raised to ensure full coverage of PA recurrent costs. 	M	Recent policy statements indicate increased understanding of the need for PA management (see Annex 16). GOB plans to introduce changes in the mining code to make it more environmentally friendly.
	N	The current cabinet is deeply committed to decentralization and decentralization is supported by strong social pressures.
	S	Project will support technical capacity in place under stable contracts.
	M	Project creates specific mechanisms for their participation in the PA management committees.
	M	Project will support raising the awareness of decision-makers and the public on the issues at stake through workshops and education campaigns.
	S	Project creates park ranger jobs with priority to local community members. It also creates economic incentives for communities and recognizes their rights to sustainable use of PA resources.
	M	Investment strategy designed to ensure constant funding level. Professional asset manager will be hired.
	M	Project will support FUNDESNAP fund-raising activities.
From Components to Outputs		
<ul style="list-style-type: none"> Political commitment to SNAP weakened. Willingness of stakeholders to participate in field activities. Availability of counterpart funds and staff. Timely procurement of goods and services. 	N	Political change could affect commitment.
	M	Project creates several incentives to foster participation and share benefits with local communities
	M	GOB has committed to provide counterpart funds from Ministry budget resources.
	M	Large procurement packages to be ready by effectiveness. Project will train staff on Bank procurement procedures.
Overall Risk Rating	S	Continuous coordination among donor partners; regular briefings with project teams, NGOs and other stakeholders; joint supervision.

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)

3. Possible Controversial Aspects:

Some of the wildlife resources used by local and indigenous communities in the PAs are listed in the CITES Appendix II, which implies their trade is subject to strict regulation. The project might not be able to limit the scale of trading of wildlife products in Bolivia in the short-term, thus posing a reputational risk for SERNAP and the Bank. Given the complexity of this subject, no sustainable use activities directly targeting CITES Appendix II species will be supported by this operation.

Decisions to realign PA boundaries and restrictions on current resource use practices through zoning could reduce local commitment to PA management plans unless these decisions are taken with local stakeholders input and support. A Policy Framework for Involuntary Resttlement has been agreed which should mitigate this potential area of controversy.

G: Main Grant Conditions

1. Negotiations Conditions:

The conditions for negotiations include the following:

1. "Notas reversales" signed by the governments of Switzerland and the United Kingdom authorizing the transfer of their respective funds from the FONAMA SNAP Trust Fund (CF/SNAP) to FUNDESNAP.
2. Act signed by the Administrative Council of the CF/SNAP authorizing the breaking of the trust fund deposited in the JP Morgan Bank in New York, USA.
3. Draft of the tri-ministerial resolution that will regulate the budget transfer from FONAMA to SERNAP and the subsidiary agreement between SERNAP and FUNDESNAP.
4. Receipt by the GOB of the first steps of the extinction of the trust funds deposited in the JP Morgan Bank in New York, USA, including the final agreement with JP Morgan on the transaction costs and the total amount to be transferred to FUNDESNAP.
5. Transfer agreement for the PL-480 funds to the financial account to be administered by FUNDESNAP.
6. Investment plan for the FUNDESNAP Trust Fund approved by the FUNDESNAP Board of Directors.

2. Board Presentation Conditions:

The board presentation conditions include:

1. Contract negotiated for the asset manager of the FUNDESNAP GEF Trust Fund.
2. Signed tri-ministerial resolution that regulates the budget transfer from FONAMA to SERNAP.
3. Signing of the Implementation Agreement between SERNAP and FUNDESNAP.

3. Effectiveness Conditions:

Conditions for effectiveness for the grant agreements with SERNAP and FUNDESNAP include the completion of the following actions, respectively:

SERNAP:

1. SERNAP has established the project coordination mechanism according to the terms of reference.
2. SERNAP has employed the key project personnel with terms of reference acceptable to the Bank.
3. The Government of Bolivia has appointed an independent auditor acceptable to the Bank

FUNDESNAP:

1. FUNDESNAP has signed the contract with the Asset Manager for the SNAP Trust Fund.
2. The FUNDESNAP Trust Fund financial account has been opened.

3. The Government of Bolivia has effectively transferred the funds in the current FONAMA CF/SNAP account (British and Swiss grants) to FUNDESNAF.
4. The Government of Bolivia has effectively transferred the funds under the USAID PL-480 project to FUNDESNAF.
5. FUNDESNAF has employed the key project personnel with terms of reference acceptable to the Bank.
6. FUNDESNAF has appointed an independent auditor acceptable to the Bank.

H: Readiness for Implementation

[] 1. a) The engineering design documents for the first year's activities are complete and ready for the start of project implementation. [X] 1. b) Not applicable.

[X] 2. The procurement documents for the first six months activities are complete and ready for the start of project implementation.

[X] 3. The Project Implementation Plan has been appraised and found to be realistic and of satisfactory quality.

I: Compliance with Bank Policies

[X] 1. This project complies with all applicable Bank policies.

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Sector Manager/Director: Teresa Serra/John Redwood

Country Manager/Director: Isabel Guerrero

Annex 1: Project Design Summary (Phase I, 2001-2005)
Bolivia: Sustainability of the National System of Protected Areas

I. GLOBAL OBJECTIVES	KEY PERFORMANCE INDICATORS	MONITORING AND EVALUATION	ASSUMPTIONS
<p>CAS Goal Promote rural/agricultural sustainable development and protection of natural resources in Bolivia through the increase of protected areas with adequate on-site management to improve environmental quality.</p> <p>GEF Goal Promoting and integrating sustainable biodiversity conservation through integrated ecosystem management (OP 12), with special focus on mountain ecosystems of the Andean region (OP 4) and forest ecosystems (OP3)</p>	<ul style="list-style-type: none"> • Increased effectiveness of biodiversity protection inside protected areas • Increased social support for protected areas as cost-effective tools to achieve sustainable natural resources management. • Enhanced local participation in revenue-generating activities deriving from protected area management 	<ul style="list-style-type: none"> • PA scorecards applying the WWF protected areas scorecard methodology • Analysis of available socio-economic data in districts with protected areas • Biological indicator sections of the scorecards • Beneficiary assessment 	
DEVELOPMENT OBJECTIVE	KEY PERFORMANCE INDICATORS	MONITORING AND EVALUATION	ASSUMPTIONS
<p>APL Development objective</p> <p>Representative ecosystems and biodiversity conserved and sustainably managed through a national system of protected areas in Bolivia which is self-sustained, transparent, decentralized and managed through partnerships.</p> <p>Phase I Development objective</p> <p>Policy, financial, legal, and institutional frameworks and knowledge base established and strengthened for the long-term management and sustainability of the National System of Protected Areas.</p>	<p>End of Program Impact (EOPI)</p> <ul style="list-style-type: none"> • Sufficient financing is secured to continuously sustain the full operation and maintenance costs of protected areas (PAs) within SNAP • All major ecosystems are represented in the SNAP with sizable areas that can ensure their sustainability; • All PAs are under participatory management by active, multi-partner management committees (<i>Comités de Gestión</i>); • Local communities within and around the PAs are actively involved and committed to PA conservation; • All existing and new protected areas to be created during the 15-year program and the biodiversity corridors are managed according to national strategic priorities established by the Master Plan, and periodically revised; • Management effectiveness of SNAP increases by an average of 2 points and no area has a score under 2 (based on the project's protected areas scorecard methodology) <p>End of Phase Indicators</p> <ul style="list-style-type: none"> • An efficient management system is established for the SNAP. • A long-term Master plan is developed within an appropriate legal framework. • The functionality of 10 PAs has been achieved as measured by an increase in management effectiveness by 1.5 points on average and no PA less than 2.0. • Operating PA Management Committees have increased from 5 to 14. • SNAP Trust Fund (FUNDESAP) is fully operational and its capital endowment has increased to at least US\$ 15 million. • Adequate legislation has been passed and is enforced to conserve biodiversity and protected areas within two years of project effectiveness. 	<ul style="list-style-type: none"> • SERNAP progress reports • FUNDESAP annual reports • Master Plan • # of PA management plans prepared and implemented • # of PA annual work plans prepared every year • # of <i>Comités de Gestión</i> operating satisfactorily • PA scorecards applying the WWF protected areas scorecard methodology • Independent project/program evaluations • Beneficiary assessment 	<ul style="list-style-type: none"> • Environmental issues continue to be a priority for the GOB • Donors engage in the long-term financing arrangements for SNAP. • Donors continue to finance alternative rural development projects in PAs and buffer zones. • External pressures on the PA resources do not significantly increase;

PROJECT COMPONENTS	KEY PERFORMANCE INDICATORS	MONITORING AND EVALUATION	ASSUMPTIONS
<p>This Phase Project Components</p> <p>Component 1: SERNAP policy, planning and management capacities strengthened</p> <p>Component 2 Planning and management capacities of 10 protected areas strengthened</p> <p>Component 3 Adequate legal and regulatory framework established</p> <p>Component 4 Financial capacity of SNAP strengthened</p> <p>Component 5 Models for biodiversity management and monitoring in PAs developed and tested</p>	<ul style="list-style-type: none"> • Long term Master Plan developed. • Institutional development/business plan prepared and adopted • Coordination strategy with government, NGOs, CBOs and private sector adopted. • Inter-institutional coordination and partnerships established • Income-revenue mechanisms identified and implemented • PCU created and operating • Phase-II project prepared <ul style="list-style-type: none"> • The functionality of 10 PAs has been achieved as measured by an increase in management effectiveness by an average of 1.5 points in the scorecards and no PA with a score of less than 2.0. • Management system strengthened. • Management plans for 3 protected areas prepared and under implementation (8 of 10 priority PAs have management plans). • PA Management Committees operational for 15 protected areas <ul style="list-style-type: none"> • Protected Areas law prepared and presented for approval by Congress • Sector regulations reviewed, adapted for protected areas, and issued. <ul style="list-style-type: none"> • FUNDESAP established as a capitalized trust fund to support recurrent costs of the SNAP • Annual disbursement to 10 priority areas covers recurrent costs. • FUNDESAP mobilizes a total capital endowment of US\$15 million <ul style="list-style-type: none"> • Models for biodiversity management developed and piloted at 3 PAs (MAPZA/GTZ) • Monitoring and evaluation system of biodiversity conservation established and operating 	<ul style="list-style-type: none"> • Project reports • Agreements, minutes of meetings • M&E system • Partnership evaluations and agreements • Institutional assessment studies <ul style="list-style-type: none"> • Project reports • Management Plans and implementation reports • Reports and minutes from the <i>Comités de Gestión</i> <ul style="list-style-type: none"> • Official publication of laws and regulations <ul style="list-style-type: none"> • FUNDESAP Trust Fund financial reports • FUNDESAP annual reports • SERNAP financial reports • PA annual work plans and budgets <ul style="list-style-type: none"> • Beneficiary assessments • Scorecards • Technical and evaluation reports 	<ul style="list-style-type: none"> • GOB development policies are compatible with conservation of protected areas and sustainable development • GOB continues to support decentralization. • SERNAP staff of Central Unit and at field level is stable, i.e. not removed for political reasons • Participation policies keep in place and are supported by national and local authorities. • Government supports the approval of biodiversity law • Sufficient additional endowment capital is raised to ensure full coverage of PA recurrent costs • Controls by local communities and patrolling are effective and sustained

VII. PROJECT COMPONENTS (including key sub-components)	INPUTS (US\$ million) Mid-term review (FY 2001-2003)	MONITORING AND EVALUATION	PRECONDITION (for Inputs performance)
Component 1: Policy and Institutional Development. <ul style="list-style-type: none"> • Master Plan and related studies • Strategic Institutional & Financial plan • Mechanisms for revenue generation • Institutional strengthening • Project Coordination Unit. 	<ul style="list-style-type: none"> • US\$6.59 million (GEF component cost: US\$2.79 million) 	<ul style="list-style-type: none"> • Technical reports • Progress reports • Protected area scorecards • Local participation agreements • Copies of contracts • Copies of agreements • Financial reports • Evaluation reports • Project supervision reports • GTZ/KfW reports 	<ul style="list-style-type: none"> • Political commitment to SNAP maintained • GEF/WB disbursements on time
Component 2: Management of Priority Protected Areas <ul style="list-style-type: none"> • Strengthening of SNAP's operational capacity at specific protected areas • Strengthening of local participation at the SNAP 	<ul style="list-style-type: none"> • US\$21.92 million (GEF component cost: US\$6.11 million) 		
Component 3: Legal and Regulatory Framework <ul style="list-style-type: none"> • Law on protected areas • Cross-sector and specific regulations 	<ul style="list-style-type: none"> • US\$0.57 million (GEF component cost: US\$0.07 million) 		
Component 4: Sustainable financing <ul style="list-style-type: none"> • FUNDESNAP Trust Fund 	<ul style="list-style-type: none"> • US\$9.78 million (GEF component cost: US\$5.17 million) 		
Component 5: Biodiversity Management and Monitoring. <ul style="list-style-type: none"> • Models for biodiversity resources management • Monitoring and Evaluation of biodiversity conservation 	<ul style="list-style-type: none"> • US\$4.83 million (GEF component cost: US\$0.86 million) 		
TOTAL¹	<ul style="list-style-type: none"> • US\$43.69 million (GEF total cost: US\$15.0 million) 		

¹ Costs in the logical framework include contingencies and the GEF Grant contribution of US\$5.0 million in 2001 to the Trust Fund administered by FUNDESNAP (Component 4).

Annex 2a: Project Description

Bolivia: Sustainability of the National System of Protected Areas

Component 1: Institutional and Policy Development

(total component cost: US\$6.59 million; GEF contribution: US\$2.79 million)

This component is aimed to strengthen SERNAP's technical and knowledge base by developing planning tools and policies. It includes the preparation of a Master Plan to orient SERNAP's long-term actions. The Master Plan will include an analysis of the representativity gaps and a proposal to reset the boundaries of protected areas (PAs), re-categorize protected areas, final legal declaration of PAs and possible abandon of PAs in the National System of Protected Areas. The Master Plan will be complemented by a strategic institutional plan including a medium-term financial strategy. Mechanisms for generating internal resources also will be developed by strengthening the system used to collect service fees (mainly from tourism) and exploring the possibility of generating income from the sale of carbon offsets, environmental easements and concessions. The strengthening of SERNAP's technical and operational capacity is also included in this component and a project coordination unit will be set up to support all project activities.

A. Master Plan and Studies

Preparing the Master Plan for the National System of Protected Areas: SERNAP long-term Master Plan will set forth policies, strategies and priority actions to manage the country's protected areas. It will identify ecological representativity and complementarity needs based on an analysis of representativity gaps.

The proposed Master Plan (MP) will be prepared through a consultative and participatory process to ensure that they reflect the current social and institutional conditions in Bolivia. Social groups, local and indigenous communities, scientific and governmental institutions and NGOs will be invited to establish the detailed TORs for the MP and follow up on its preparation. Major studies financed by the project will support the MP, namely: (i) the analysis of representativity gaps; (ii) re-categorization, boundary demarcation and eventual abandonment, and final legal declaration of protected areas; (iii) mechanisms for generation of internal revenues.

The Master Plan will propose protected area management policies which take into consideration the interests of national, departmental, municipal and private stakeholders. It will determine protection priorities and specify the relationship between the various units and categories of protected areas. It will also identify the current and potential threats to protected areas and their buffer zones.

The Plan will give due consideration to the political, strategic and regulatory context in which the protected areas are to be managed. This includes categories of protected areas serving the needs of specific groups and taking into account the agricultural, forestry, fishing and other sectors related to the use of resources from protected areas.

Analysis of representativity gaps: The analysis of representativity gaps will determine whether or not the SNAP is based on relevant biological criteria, landscape diversity and wilderness areas, human pressure on wilderness areas, habitat representativity within the system and management efficiency.

The analysis will study cartographic models and the distribution patterns of the country's principal vegetation types, including quality characteristics and conservation status. It will also incorporate risk and efficiency criteria, including ecoregional and biogeographic parameters in addition to considering archeological, anthropological and landscape-related characteristics.

The analysis also will identify, evaluate, systematize and generate information about biodiversity. It will assess biological risk characteristics and determine geographic priorities for conservation to support the selection of new protected areas.

Studies of re-categorization, boundary demarcation, abandonment and final legal declaration of protected areas: As many of the protected areas were created with no conservation criteria whatsoever, a re-categorization, boundary demarcation, abandonment and finalization of PA legal status process must be put in place to rationalize the National System of Protected Areas.

Re-categorization will be based on current intervention conditions and natural resource utilization patterns since these may have changed since the areas were created. This is an important step because the category determines how resource utilization and occupation levels are regulated.

Boundary demarcation will consider the administrative viability of the area as well as the space needed to meet conservation objectives. This process will determine the expansion of the area or its partial or total abandonment. Abandonment occurs as a result of the combined process of boundary demarcation and analysis of the critical conservation areas, which may determine the abandonment of part or all of the protected area.

Final legal declaration of protected areas is achieved by documenting the revised protected area boundaries and category. Protected area categories will be based on international categories (such as the Biosphere Reserve) which enables the utilization of the national categorization system in the final legal declaration of the protected areas.

B. Strategic Institutional and Financial Plan

The Strategic Institutional Plan will aim to insert the National Service of Protected Areas within the governmental structure, both operatively as well as functionally. This will facilitate SERNAP's mission of managing protected areas based on the strategic analysis of internal organization and external factors influencing SERNAP's institutional behavior. The Plan will include staff management systems, management monitoring systems, inter-institutional coordination principles and guidelines to increase coordination with local stakeholders in the protected areas. Additionally, the Plan will include financial planning focused on setting priorities for activities and needs based on the institution's projected funding, existing funding and potential fund providers for the National System of Protected Areas. Strategies to attract and allocate resources will be designed as a result of the financial planning.

This plan will basically follow the approach adopted by the Institutional Reform Project, i.e. the institutional and financial sustainability studies will provide a framework for restructuring SERNAP and establishing adequate legislation to support its functions. The project consultants to be eventually converted into SERNAP staff are being selected on a merit basis, following Bank standards. The incremental salaries will be paid by the project in its first two years of execution, and will be progressively taken in charge by the GOB.

C. Mechanisms for the Generation of Internal Revenues

These studies, to be executed by SERNAP Directorate of Planning, will define (i) the potential sources to increase revenue generation throughout the system and (ii) the best management alternatives for the SNAP revenues at its various levels. The distribution of revenues throughout the system will focus on decentralizing the management of PA budgets; taking into consideration the needs of the different PAs vis-a-vis their capacity to generate own revenues.

Strengthening of the SNAP Financial Collection and Distribution System

In view of SERNAP weak financial structure, this sub-component seeks to reduce the institution's high level of dependency on external financing by generating funds internally. The aim is to strengthen SERNAP collection system and increase income from tourist activities in the protected areas. To achieve this goal, tourist management plans will be developed and staff and local operators will be trained in the provision of tourist services. The objective of these activities is to improve visiting conditions taking into consideration the occupation capacity of the protected area and their zoning characteristics, thereby generating internal funds to be used to manage the areas.

Revenue Generation Mechanisms

Three types of studies will be undertaken in selected protected areas to identify revenue generation mechanisms: (i) studies to determine the possibility of providing services related to carbon sinks and climate change; (ii) studies to identify conservation objectives that may be the subject of conservation easements (e.g., watersheds); and (iii) studies focused on granting concessions in protected areas, mainly for tourism, research, bioprospecting. These studies will be complemented with regulatory guidelines to orient the appropriate legal framework for the activities.

D. Institutional Strengthening

SERNAP's institutional strengthening includes specialized technical assistance, training, operational support and the provision of equipment. Technical assistance will be provided by consultants specializing in: planning, monitoring, evaluation, financial planning and management, operational programming, cash generation, asset management, biodiversity monitoring, natural resource management and environmental legal issues. In order to maintain specialized support to SERNAP, the Government of Bolivia will gradually convert the consultants to regular staff, utilizing part of the income generated by FUNDESAP. Priority for conversion will be given to the field personnel, including PA managers and rangers.

In addition to technical assistance, the project will allocate resources to train SERNAP personnel in priority issues. Other institutional strengthening activities include setting up offices, installing a computer network and purchasing a vehicle to carry out monitoring and coordination activities in the protected areas.

E. Project Coordination

A project coordination function will be integrated to SERNAP central unit located in the city of La Paz. A project coordinator and a support secretary will be hired under the Directorate of Planning, and a project assistant will be hired to support the administrative department specifically on procurement, financial management and progress monitoring issues related to the project. The project coordinator will be responsible for the project's planning, programming, monitoring and evaluation activities, and will leave implementation activities to SERNAP technical directorates. The project coordinator and project assistant will both ensure the efficient functioning of the management and financial systems, procurement procedures and independent and transparent disbursements within the project, according to Bank procedures. The project coordinator will also serve as advisor to SERNAP's Director.

The project will be launched with a presentation/discussion/dissemination event orientated toward both decision-makers and the general public. The aim is to produce awareness and promote positive attitudes toward biodiversity conservation through protected area management. The project coordinator will also be responsible for organizing annual financial and technical audits and coordinating the preparation of the second phase of the fifteen-year program in coordination with SERNAP's technical directorates and with the participation of institutional and social stakeholders.

Component 2: Management of Priority Protected Areas

(total component cost: US\$21.92 million; GEF contribution: US\$6.11 million)

This component provides financial and technical assistance to ensure the effective management of all the 22 protected areas covered by the SNAP, of which GEF funds will support 10 priority protected areas. Under Component 4, FUNDESAP will also prioritize financing the recurrent costs of these 10 priority protected areas. Meanwhile, government and parallel financing will focus on the remaining 12 protected areas in the SNAP.

These priority areas were chosen using a decision-making matrix that took into account the following variables: financing needs, long-term funding potential, planning needs, biodiversity representativity, participatory management potential, and sustainable use potential. A full description of the criteria utilized, as well as the decision-making matrix, is included in Annex 2b. The inclusion of financing needs in the decision-

making process ensures that overlap between GEF financing and government and parallel financing is minimized.

The GEF set of 10 protected areas provides a representative sample of various ecoregions, altitudes and geomorphologies, management categories, biodiversity characteristics, threats, and social and ethnic characteristics. A summary description of each of the 10 areas to be supported with GEF funds is included in Annex 2b.

The precise activities to be supported within each area were defined through an in-depth analysis of existing capacities, threats, and minimum needs to ensure effective management over the next 5 years. In addition, these activities will strengthen management sustainability through enhanced participation of local communities in decision-making by the development of local management committees. Annex 2b also summarizes the information in the project files which supported the choice of activities to be financed within each area. These activities include strengthening the SNAP's operational capacity at specific protected areas and strengthening local participation in the SNAP. More detailed information on GEF supported activities is presented below:

A. Strengthening of SNAP's Operational Capacity at Specific Protected Areas

Operational Capacity Strengthening: This sub-component will finance the incremental salary costs of staff at each of the 10 areas, including, where appropriate, park directors, heads of protection, park guards, administrators, and administrative assistants (for details, see Annex 2b). It will also fund recurrent operational costs over the five-years of the project. These costs will be financed on a declining basis from the GEF grant (85 percent in year one, 70 percent in years two and three, and 40 percent in years four and five). As GEF financing declines, these recurrent costs will be covered by disbursements from the FUNDESINAP trust fund and government counterpart (see component 4).

Infrastructure: This sub-component will finance park buildings (*campamentos principales* and *secundarios*), lodges, interpretation centers, vehicles, motorcycles, radios, and signs. These infrastructure needs are considered the minimum necessary to ensure effective management and the proper operation of each area.

Management Plans: Eight protected areas have either draft or final management plans (draft plans are already under consideration for Ministry approval based on SERNAP recommendations): Noel Kempf, Amboro, Torotoro, Apolobamba, and Estacion Biologica del Beni have final plans while Kaa Iya del Gran Chaco, Tariquia, and Pilon Lajas have draft plans. Under this sub-component, the GEF will finance 3 new management plans and the remaining management plans will be prepared with support from GTZ, CARE, WWF and other donors.

In addition to the activities supported by the GEF in the 10 priority protected areas, government and parallel financing will cover improved management in the remaining 12 protected areas. Furthermore, programs supported by government and parallel financing will also cover specific activities within the 10 priority protected areas supported by the GEF, in particular PA boundary demarcation for selected PAs (e.g. Estación Biológica del Beni and the PAs in the area of influence of the planned Santa Cruz - Puerto Suarez road). Demarcation and land titling of all the remaining areas will take place in phase II of the program, after all areas have been re-categorized and zoned.

B. Strengthening of Local Participation in the SNAP

There is substantial experience both internationally and in Bolivia demonstrating the effectiveness of local management committees to facilitate the participation of local communities in protected area management. This direct participation allows protected areas to play important social and economic roles locally, as well as to increase their long term acceptance and therefore social sustainability. Most costs to implement this sub-component are covered under the operational capacity strengthening and training activities described above, since activities to engage local communities will be executed via community-awareness and coordination activities implemented by properly-trained protected area staff. In addition, and as a result of the lessons-learned from prior experiences in Bolivia, the project will finance the following activities:

1. Management Committees: recurrent operational costs will be supported to ensure the proper functioning of these committees.
2. Inter-institutional coordination: these funds will support the costs to ensure full coordination with relevant local institutions.

Component 3: Legal and Regulatory Framework

(total component cost: US\$0.57 million; GEF contribution: US\$0.07 million)

SERNAP will be the executing agency for both sub-components: (a) law on protected areas and (b) development of cross-sectoral and specific regulations.

Law on Protected Areas

The current regulatory situation governing the exploration and development of renewable and non-renewable natural resources has weakened the suitability of the legal framework of protected areas. The legal foundation of the National System of Protected Areas is made up of the Environmental Law and the General Regulations for Protected Areas, which complement each other and regulate a series of important issues. Nonetheless, because of its generality, the Environmental Law does not provide specific rules for protected areas. On the other hand, the General Regulations for Protected Areas were approved as a "supreme decree" which means that any piece of legislation of higher authority takes precedence.

As a result, there is an urgent need to address the regulation of protected areas at the highest legislative level. This will provide the juridical hierarchy needed for the effective protection of the country's biodiversity. The passing of appropriate laws would also close gaps in legislation, correct current legal overlaps, provide for a consistent and coordinated treatment of the development of renewable and non-renewable natural resources and promote respect for the limitations imposed by protected areas.

In this sub-component, a relatively short period of time will be dedicated to the preparation of a draft law on protected areas. A legal and technical diagnosis will be carried out prior to drafting the law on protected areas in order to ensure that all relevant objectives are met. The drafting process will be based on the work of a small team of consultants with the active participation of SERNAP authorities and consultation with civil society and other stakeholders. The project will also support the presentation of the law to the competent authorities and the approval of the law by Congress. The project will also provide support as needed for the approval of the biodiversity law by Congress.

Development of Cross-Sector and Specific Regulations

Identification of gaps and inconsistencies in legislation

In addition to the previous sub-component, all gaps, contradictions and inconsistencies of the legal framework regulating the development of renewable and non-renewable natural resources will be identified. The process will include all technical and legal norms, from administrative resolutions to national laws, issued by all governmental agencies and bodies (including regulation system, ministries, services, prefectures and municipalities).

The SNAP legal sustainability is founded on the consistency of the technical and legal treatment given to resource development and conservation. The diagnosis described above will help SERNAP obtain information which is currently unavailable. This information will be systematized to facilitate decision-making to: (i) coordinate with public and private stakeholders directly or indirectly involved with the SNAP; (ii) regulate technical and legal issues through supreme decrees, ministerial resolutions or administrative resolutions; and (iii) identify key stakeholders for training and/or sharing of information.

Review of Cross-Sector legislation

SERNAP will review and provide support to draft amendments, with the assistance of consultant studies, to related laws and regulations. These laws and regulations may include, among others: the Environmental Law,

the Forestry Law, the Decree of Utilization of Wildlife, the Popular Participation Law, the Decentralization Law, the Organic Law of Municipalities, the INRA Law, and the Mining Code.

Specific PA regulations

The National System of Protected Areas includes different management categories, ranging from national parks to natural areas of integrated management. Each of these categories responds to a different zoning system, generally as a result of the management plan.

Both the category of protected area and the zoning are based on a series of factors, mostly biological, but including social and cultural aspects as well. The category and the zoning determine, among other things, the possibility of sustainable resource development which must be permitted once the technical and legal conditions are approved. There is therefore the need for a legislative framework covering protected area categories and zoning. Additionally, the SNAP must be provided with specific regulations regarding environmental impact, tourism, and environmental services.

Component 4: Sustainable Financing

(total component cost: US\$9.78 million; GEF contribution: US\$5.17 million)

Based on previous experiences with GEF-supported endowment funds, SERNAP initiated a process to set up a private organization that would manage the system's funding in collaboration with the Ministry of Sustainable Development and Planning and the Ministry of the Presidency. This participatory process brought together more than 20 representatives from different sectors of Bolivian society (including local non-governmental organizations, donors and governmental agencies) with the aim of establishing a fund management model for protected areas through the creation of a private non-profit foundation. The foundation would be responsible for managing SNAP endowment funds (both permanent and sinking) and ensuring its long-term financial sustainability.

The Foundation for the Development of the National System of Protected Areas (FUNDESNAP) was created to support SNAP's development by attracting and managing funds destined to the implementation of programs, projects and activities involving a variety of Bolivian stakeholders. In addition to managing the GEF Trust Fund, FUNDESNAP will solicit and disburse contributions from donors, and manage funds from income-generating activities and visiting fees in the PAs.

FUNDESNAP has a Founding Assembly composed of 9 members, and a 7-member Board of Directors representing these stakeholders. Details on the functions and responsibilities of the Board and Founding Assembly are provided in Annex 2c.

This component will allocate US\$5.0 million of GEF funds to establish a non-commercial trust fund to be managed by FUNDESNAP. Additionally, US\$4.61 million from a J.P. Morgan trust fund, currently managed by FONAMA, will also be transferred to the FUNDESNAP trust fund. In addition to endowment capital, this component will also provide financial support (\$0.17 million) to cover the operating expenses of FUNDESNAP for the first year of operation of the trust fund so that these expenditures do not need to be financed out of the endowment capital.

Specific component activities include:

1. consolidating the trust fund's legal, financial and operating structure;
2. providing incremental staff, management and office support to enable FUNDESNAP to assume its additional financial, administrative and technical oversight responsibilities for the operation of the TF account; and
3. operating the TF under rules established in an Annex to the Operational Manual of FUNDESNAP, satisfactory to the Bank.

The Board of Directors of FUNDESNAP will be responsible for component oversight. Only proceeds from investment income would be used to fund PA conservation and FUNDESNAP administrative programs. FUNDESNAP will focus on funding the recurrent costs of protected areas based on the annual operational

plans submitted by SERNAP. An internal monitoring and evaluation system will be put in place, including technical and financial audits to ensure transparent resource management.

Further details on the establishment of FUNDESNAPE, its capitalization, strategic and operational approaches are available in Annex 2C. FUNDESNAPE bylaws and regulations, its operational manual, the governing rules for the GEF Trust Fund and the operational agreement between SERNAP and FUNDESNAPE are all available in project files.

Component 5: Biodiversity Management and Monitoring in Protected Areas

(total component cost: US\$4.83 million; GEF contribution: US\$0.86 million)

This component will develop models for managing resources and a system for monitoring conservation efficiency for the protected areas. It will take into account on-going activities carried out by other institutions whether directly or through local organizations. SERNAP will work closely with those organizations (GTZ, FAN, WWF, WCS, CARE and others) carrying out activities directly related with this component, in order to broaden the information available and design a program that is consistent with country conditions. The participation of social actors will be crucial to this component as the program must be accepted socially to ensure its implementation. SERNAP will assume the role of facilitator with regard to resource management issues as some projects may be implemented by other institutions working in the selected protected area.

Development of models for biodiversity and natural resources management

Sustainable biodiversity and natural resources management models for the PAs and their buffer zones will be designed based on pilot experiences with users, government and private institutions and other social actors in the selected protected areas. The work will be coordinated closely with the MAPZA/GTZ project currently implemented in three pilot protected areas so that experiences may be validated and shared. The MAPZA/GTZ has focused on buffer zones while the GEF funding will allow for the development of models for the protected areas themselves. Once models have been developed, they will be piloted through natural resource management subprojects.

The component will begin with the systematization of experiences. Studies, surveys and other tools will be utilized to support the development of the biodiversity and natural resources management models. Protected areas will also be selected for the pilot phase, according to eligibility criteria defined below.

Once relevant approaches are identified, natural resource management subprojects will be piloted in the selected protected areas. Eligibility criteria for the target communities to be considered include: (i) demonstrated interest and willingness of communities to participate in the pilot initiatives; and (ii) value of the use of the biodiversity and natural resources. Key criteria to be considered in evaluating the success of these models will include: (i) the capacity to adapt to the PA communities' livelihood practices, natural resource use patterns, cultural values and other socio-economic conditions; (ii) consistency with PA management goals; (iii) responsiveness to communities' priorities; and (iv) ease of replication. Natural resource management subprojects will be financed by both the project and national and international donors.

The biodiversity conservation monitoring and evaluation system

This sub-component will develop a system for monitoring the conservation of biodiversity within the PAs to be operated by SERNAP's monitoring and evaluation unit. The model will be applied in selected protected areas; lessons from these pilot experiences will provide the necessary feedback for expanding the monitoring system to the whole SNAP. The monitoring will not only include biological variables, but socio-economic ones as well. The system will be designed to evaluate the efficiency of the conservation programs in place and will provide SERNAP with inputs for planning and decision-making. The Nature Conservancy Scorecard will be used as a point of departure, and modified according to the project needs (see Annex 2b).

The information system developed during the implementation of the GEF Pilot Phase project will provide input for the monitoring system. However, the aim of this component is to design a monitoring system based on the day-to-day practices of PA staff. A system of this type can be applied at low cost and implemented as

part of the staff's daily duties. The possibility of generating information for a small and standardized set of indicators that would provide monitoring for decision making on biodiversity conservation will be explored.

Annex 2b: Priority Protected Areas Supported by the GEF
Bolivia: Sustainability of the National System of Protected Areas

Part I: Criteria for Selection of Priority Protected Areas

Ten protected areas were chosen to be financed by the GEF using criteria related to biodiversity characteristics and SNAP priorities. All of the protected areas in the national system was ranked based on each of the following criteria:

- (i) Financing needs: from low need (several funding sources) to very high need (no funding available).
- (ii) Long-term funding potential: from low (very high potential) to very high (unlikely).
- (iii) Planning needs: from low (there is a management plan) to very high (no management plan and no funding available to prepare a management plan).
- (iv) Biodiversity representativity: from low (ecosystems widely represented in SNAP) to very high (unique values that are not represented elsewhere).
- (v) Participatory management potential: from low (little interest and weak institutions) to very high (strong interest, participation experience, and strong local capacity).
- (vi) Sustainable use potential: from low (unlikely) to very high (very likely).

Table 1 is a decision matrix which shows the results of the application of these criteria. The first 10 protected areas (in bold) were chosen for GEF support.

Table 1: Criteria Utilized and Decision-Making Matrix for Area Selection

Criteria#:	Financing Need		Long-term Funding Potential	Planning Needs		Complementarity Value for the SNAP	Participatory Management Potential			Sustainable Use Potential	Total
	Operations	Investments		Implementing management Plans	Zoning		Co-administration	Management Committee	Other Local Actors		
	1	2	3	4	5	6	7	8	9	10	
Kaa – Iya del Gran Chaco	2	4	3	3	1	4	4	4	4	4	33
El Palmar	4	4	2	-	4	4	3	4	4	3	32
Estación Biológica del Beni	4	4	3	4	1	3	2	4	2	4	31
Pilón Lajas	4	4	3	3	1	2	2	4	4	4	31
Torotoro	4	4	3	4	-	4	2	4	3	3	31
San Matías	4	4	2	-	4	3	2	3	4	3	29
Otuquis	4	4	2	-	4	3	4	2	3	2	28
Eduardo Avaroa	4	3	3	4	2	4	1	1	3	3	28
Cordillera de Sama	4	4	2	-	3	2	3	3	2	2	25
Apolobamba	4	4	3	4	-	2	1	1	1	4	24
Aguarague	3	3	2	-	2	3	3	2	3	2	23
Isiboro Sécore	3	3	2	-	1	2	4	2	2	4	23
Manuripi Heath	3	3	2	-	2	4	2	2	2	2	22
Tariquíá	2	2	2	3	1	3	4	1	1	2	21
Cotapata	2	3	3	-	1	2	1	1	4	3	20
Carrasco	3	3	2	-	4	2	1	2	1	2	20
Noel Kempff Mercado	2	2	3	2	-	2	4	1	1	2	19
Sajama	2	3	3	2	1	2	1	1	1	3	19
Amboró	3	3	2	2	-	2	1	1	1	2	17
Madidi	2	2	3	-	1	2	1	1	1	2	15

Note: a score of "1" represents a low ranking while a score of "4" represents a high ranking.

The resulting set of 10 protected areas includes 3 areas that received some support from the GEF during the Pilot GEF project. These areas were included for the following reasons: (i) Chaco: this area was created with GEF financing but did not receive management support; (ii) Apolobamba: previously Ulla-Ulla, this area has increased in size as a result of previous GEF support and thus its needs have increased; and (iii) Estacion Biologica del Beni: this area is highly consolidated, with clear titling, boundaries, and buffer zone defined. It has the best potential for strengthening local management mechanisms and therefore will generate important lessons applicable to the entire system. The resulting set included a wide ecoregional representation as well as diverse management categories.

Table 2 presents a summary diagnosis of current efforts, existence or lack of funding, and future needs to consolidate management effectiveness for the entire National System of Protected Areas.

Summary Characteristics of Protected Areas to be Supported by the Project

A summary of key features of the areas to be supported by the GEF is presented in Table 3. A full description of these 10 areas is in the project files and includes the following fields: legal foundation, management category, date of creation, limits, infrastructure and equipment, personnel, population and social diagnosis, administration, status of management committees, geomorphologic characteristics, climate, flora and vegetation, fauna, unique biodiversity characteristics, threats, and list of organizations working in the area.

Financial Needs Diagnosis of the National System of Protected Areas

Table 4 presents a diagnosis of financial needs of the National System of Protected Areas during the project period (2001-2005). Table 5 provides information on the GEF support provided to the 10 selected protected areas. The figures presented in both Tables 4 and 5 represent base costs (excluding price and physical contingencies) and therefore do not equal the figures presented in Annex 3 which represent total costs (including price and physical contingencies).

Specific Activities within the SNAP to be financed by the Project

GEF funding under the Sustainability National System of Protected Areas Project will support and strengthen 10 protected areas by financing their recurrent costs as well as their investment costs. The following 10 management areas were defined:

- Natural Area of Integrated Management Apolobamba;
- National Park and Natural Area of Integrated Management Kaa-Iya from Gran Chaco;
- El Palmar Natural Area of Integrated Management;
- Otuquis National Park and Zone of Integrated Management;
- San Matias Integrated Management of Natural Areas;
- Toro Toro National Park;
- Pilon Lajas Biosphere Natural Reserve and Indigenous Territory;
- Sama Cordillera Biological Reserve;
- Eduardo Avaroa National Park; and
- Beni Biological Reserve.

The selected areas will be strengthened through the construction of camping grounds, translation centers, transportation, boats and radio communications as per the attached tables (Tables 6 and 7). Operational costs will be covered by the Project in the selected protected areas and in the Central Unit. Again, the figures presented in Tables 6 and 7 represent base and not total costs.

Table 2

GAP ANALYSIS OF FINANCIAL SUPPORT, MANAGEMENT CAPACITY, AND CURRENT NEEDS

- 1 Administrative Support
- 2 Protection
- 3 Education and Interpretation
- 4 Infrastructure Equipment and Maintenance
- 5 Tourism
- 6 Research
- 7 Resource Management
- 8 Management Plan

Nº	ÁREAS	Years																								
		1999				2001				2002				2003				2004								
1	Huasteca National Park	A ₁ B	A ₂ B	A ₃ X B	B	A	B	A	X _P	A	A ₂ C	A ₃ C	P	A	A ₂ C	A ₃ C	P _C	A	A ₂ C	A ₃ C	C _P	A	A	A	C _P	
2	Gran Chaco National Park	N ₁ B	N ₂ B	N ₃ B	X	N	N	X	N	N	X	N	N	X	N	N	X	N	N	X	N	N	X	N	N	X
3	Azuero National Park	A	A	C _X	G	A	A	A ₃	X _P	A	A	A ₃	X	A	A	A	X	A	A	A	X	A	A	A	X	
4	Neel Kempff Mercado National Park	A ₁ O	A ₂ O	X ₃ E	E	M ₁ O	M ₂ O	S	E _X	M ₁ O	M ₂ O	S	E	M ₁ O	M ₂ O	S	E	M ₁ O	M ₂ O	S	E	M ₁ O	M ₂ O	S	E	
5	Llanos National Park	A ₁ B	A ₂ B	X ₃ E	E	A ₁ R	A ₂ R	S	E _X	A ₁ R	A ₂ R	S	E	A ₁ R	A ₂ R	S	E	A ₁ R	A ₂ R	S	E	A ₁ R	A ₂ R	S	E	
6	Bani Biological Station	A ₁ T	A ₂ T	X ₃ E	E	O ₁	O ₂	S ₃	X _P	O ₁	O ₂	S ₃	X _P	O ₁	O ₂	S ₃	X _P	O ₁	O ₂	S ₃	X _P	O ₁	O ₂	S ₃	X _P	
7	Apokimán	A ₁ B	B	F _X	D	D	F	X	F	F	F	X	F	F	F	X	F	F	F	X	F	F	F	X	F	
8	Eduardo Avaroa Wild Life Reserve	O ₁ E	O ₂ E	F ₃ J	E ₁ J	E ₂ J	J	J	E ₁	E ₂	E	J	E ₁	E ₂	E	J	E ₁	E ₂	E	J	E ₁	E ₂	E	J	E ₁	
9	Isaburo Solimón Park	I ₁ E	I ₂ E	O ₃ P	O ₄ P	B	B	P	O ₄ P	B	B	P	O ₄ P	B	B	P	O ₄ P	B	B	P	O ₄ P	B	B	P	O ₄ P	
10	Carapá National Park	A	S ₂ P	S ₃ X	P	A	A	A	X	A	A	A	A _P	A	A	A	P	A	A	A	X	A	A	A	X	
11	Isaburo Secura National Park	A ₁ B	A ₂ B	X ₃ E	V	V	A ₃ S	X	V	V	A ₃ S	X	V	V	A ₃ S	X	V	V	A ₃ S	X	V	V	A ₃ S	X		
12	Plan Lagan Biosphere Reserve	H	H	X ₃	H	H	X ₃	X	H	H	X ₃	X	H	H	X ₃	X	H	H	X ₃	X	H	H	X ₃	X		
13	Turquesa National Reserve	O ₁ P	O ₂ P	X ₃ E	O ₄ P	P	P	P	X _P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
14	Taraco National Park	I	I	X ₃	I	I	X	I	I	X	I	I	X	I	I	X	I	I	X	I	I	X	I	I	X	
15	Morupia Flech. Amazonian Reserve	A	A	X ₃	A	A	A	X	A	A	A	X	A	A	A	X	A	A	A	X	A	A	A	X		
16	San Matías Reserven	G	G	X ₃	G	G	X	G	G	X	G	G	X	G	G	X	G	G	X	G	G	X	G	G	X	
17	Palmar Securo Natural Reserven	I	I	X ₃	I	I	X	I	I	X	I	I	X	I	I	X	I	I	X	I	I	X	I	I	X	
18	Otuquis National Park	I	I	X ₃	I	I	X	I	I	X	I	I	X	I	I	X	I	I	X	I	I	X	I	I	X	
19	Sama National Park	I	I	X ₃	I	I	X	I	I	X	I	I	X	I	I	X	I	I	X	I	I	X	I	I	X	

- A = PASNAPH Dutch Project to Support Protected Areas
- B = German Trust Fund
- C = CARE
- D = General Treasury of the Nation
- E = Own Resources
- F = Araucaria
- G = San Matías Trust Fund
- H = VSF
- I = PL 800
- J = Park in Park
- K = BIC

- L = USAID
- M = SERMAP Trust Fund
- N = Chaco Trust Fund
- O = GTZ (German Technical Cooperation)
- P = KFW
- Q = Kempff Mercado Trust Fund
- S = Other Resources
- T = Beni Biological Station Trust Fund
- V = Isaburo Secura Trust Fund
- X = Canada



Table 3: Summary of Key Features of the 10 Priority Protected Areas receiving GEF support.

Name and Category	Area (ha)	Key Biological Features	Social Characteristics
Kaa-Iya del Gran Chaco (National Park and Integrated Natural Area Management)	3,441,115	Only area protecting the Gran Chaco ecoregion, including dry xerophytic forests, transitional seasonal Chaco forests, and Chiquitano forests. Estimated 1,500 species of plants (878 registered). Typical fauna of the Chaco (350 registered species).	Very few inhabitants inside the area but important human settlements in the periphery, including indigenous groups (Guarani, Chiquitano). Large populations in the buffer zone include Camiri (28,240), San Jose de Chiquitos (8,600), Charagua (2,500), Boyuibe (2,415), and Cabezas (924).
Beni Biological Station (Biosphere Reserve)	135,274	Seasonal floodplains, lakes and lagoons, with important relict populations of caoba. 815 registered species of plants and 852 of fauna (many more estimated).	80 families inside the area (Chimanes), and 20 Cambas communities. The buffer zone includes 13,000 people.
Apolobamba (Integrated Natural Area Management)	560,000	From 800 to 6,200 meters above sea level, including transitional Andean ecosystems up to snow-covered peaks, high altitude lagoons, and puna. Estimated 1,500 species of plants and 275 registered of fauna (more estimated), including Vicuña.	Aproximately 8,500 people inside the area in 34 communities (Aymara and Quechua)
Eduardo Avaroa (Wildlife Reserve)	714,745	Very high Andean ecosystems (puna and high-altitude andean desert) between 4,200 and 6,000 meters above sea level. Noteworthy species include the Yareta and other plants adapted to very high altitude, Vicuña and 3 species of Flamingoes.	2,300 inhabitants of which 600 are located in San Pablo de Lipez (Quechua)
Pilón Lajas (Biosphere Reserve including Integrated Natural Area Management and Indigenous Lands)	400,000	Andean Yungas between 250 and 3,000 meters above sea level. Includes a series of highly diverse ecosystems with very high endemism levels and biological richness.	5,950 inhabitants in 9 centers of colonization, including 27 indigenous communities (Tsiman, Tacana, Mosenen, Esse Eja). Strong colonization pressure in the buffer zone.
Cordillera de Sama (Wildlife Reserve)	108,500	Altitude gradient from 1,800 to 4,700 meters above sea level. Andean ecosystems including semi-arid Puna with transitional zones to sub-humid forests. Numerous species of conservation concern including Condor, Puma, and Andean Cat.	3,715 inhabitants inside the reserve in 21 communities (Quechua and Aymara)
Torotoro (National Park)	16,447	Mountainous with deep canyons, in the dry deciduous forest ecoregion (pre-puna). Despite its threatened status, there are important populations of endemic species, including several birds and mammals.	The local population is Charcas in origin (Quechua), although there is a growing migration from the Cochabamba region. There are 1,200 people inside the reserve (250 families) including the Torotoro community.
San Matías (Integrated Natural Area Management)	2,918,500	It is in the confluence of the Chiquitindo Shield and the Chaco-Pantanal plains, including flooded areas and seasonal and permanent wetlands. There are 20 different vegetation units, with very high levels of species richness because of the convergence of biogeographic provinces.	There are 3,000 people inside the area (500 families) in small farms and communities.

Otuquis (National Park and Integrated Natural Area Management)	1,005,950	The only formation of the Pantanal ecoregion in Bolivia, with complex seasonally flooded forests and permanent wetlands. It is the best conserved example of the Pantanal, with numerous species of global concern.	There are 18 small farms inside the area (approximately 400 people). Due to the strong seasonal flooding, the area of influence is little settled.
El Palmar (Integrated Natural Area Management)	59,484	Dry meso-thermic valleys with dry humid mountainous forests, with 3 ecological floors (seasonal drought areas, shrubs, and kewinha). Altitude between 1,000 and 3,200 meters above sea level. Very high species richness and beta diversity, including six CITES annex 1 species, and 2 relicts of the endemic palm <i>Parajubae torallvi</i> .	Over 2,500 people inside the area, with small and dispersed settlements in the buffer zone (1,300 people in Zudañez)

Table 4. Financial Needs (2001 to 2005) of the National System of Protected Areas (base costs).

Protected Area	Personnel Costs	Operating Costs	Investment	Management Plans	Comité de Gestión	Total
Estación Biológica Beni	580,310	311,103	481,950	30,000	25,000	1,428,363
Apolobamba	755,206	255,619	364,641	0	16,000	1,391,466
Kaa-Iya del Chaco	775,950	294,733	550,439	0	12,000	1,633,122
Eduardo Avaroa	576,965	258,155	1,286,100	40,000	10,000	2,171,220
Torotoro	385,996	101,588	535,890	40,000	2,500	1,065,974
Pilón Lajas	600,050	293,548	542,244	0	5,500	1,441,342
San Matías	330,941	81,893	528,640	70,000	10,000	1,021,474
Sama	331,441	81,893	395,760	60,000	6,000	875,094
Otuquis	302,467	108,813	389,550	70,000	5,500	876,330
El Palmar	295,337	99,965	311,650	60,000	4,200	771,152
Isiboro Sécure	679,896	327,112	423,860	80,000	7,500	1,518,368
Madidi	707,655	413,232	1,006,260	80,000	22,500	2,229,647
Noel Kempff Mercado	1,587,280	291,354	1,063,710	0	0	2,942,344
Amboró	678,185	244,138	604,290	60,000	5,000	1,591,613
Cotapata	362,801	168,559	1,070,100	50,000	2,500	1,653,960
Carrasco	574,851	290,143	1,027,080	60,000	5,500	1,957,574
Tariquía	461,416	172,742	1,555,450	0	7,500	2,197,108
Manuripi Heath	482,985	165,559	472,980	60,000	4,900	1,186,424
Sajama	362,801	114,977	706,260	60,000	5,000	1,249,038
Aguarague	275,478	99,965	311,650	60,000	4,900	751,993
TOTAL	11,108,015	4,175,091	13,628,504	880,000	162,000	29,953,610

Table 5. GEF Support to be Provided to the 10 Selected Protected Areas (base costs).

Protected Area	Personnel Costs	Operating Costs	Investment	Management Plans	Comité de Gestión	Total
E.B. Beni						
Total Requirements	580,310	311,103	481,950	30,000	25,000	1,428,363
Financed by GEF	135,936	243,793	205,150	0	16,550	601,429
percent financed by GEF	23%	78%	43%	0%	66%	42%
Apolobamba						
Total Requirements	755,206	255,619	364,641	0	16,000	1,391,466
Financed by GEF	229,392	255,619	200,300	0	11,000	696,311
percent financed by GEF	30%	100%	55%	n.a.	69%	50%
Chaco						
Total Requirements	775,950	294,733	550,439	0	12,000	1,633,122
Financed by GEF	273,144	294,733	222,900	0	10,000	800,777
percent financed by GEF	35%	100%	40%	n.a.	83%	49%
Eduardo Avaroa						
Total Requirements	576,965	258,155	1,286,100	40,000	10,000	2,171,220
Financed by GEF	192,432	258,155	115,050	0	10,000	575,637
percent financed by GEF	33%	100%	9%	0%	100%	27%
Toro Toro						
Total Requirements	385,996	101,588	535,890	40,000	2,500	1,065,974
Financed by GEF	132,792	101,588	156,750	0	2,500	393,630
percent financed by GEF	34%	100%	29%	0%	100%	37%
Pilon Lajas						
Total Requirements	600,050	293,548	542,244	0	5,500	1,441,342
Financed by GEF	257,256	293,548	169,850	0	5,500	726,154
percent financed by GEF	43%	100%	31%	0%	100%	50%
San Matías						
Total Requirements	330,941	81,893	528,640	70,000	10,000	1,021,474
Financed by GEF	132,792	81,893	173,350	0	10,000	398,035
percent financed by GEF	40%	100%	33%	0%	100%	39%
Sama						
Total Requirements	331,441	81,893	395,760	60,000	6,000	875,094
Financed by GEF	115,800	81,893	149,700	60,000	6,000	413,393
percent financed by GEF	35%	100%	38%	100%	100%	47%
Otuquis						
Total Requirements	302,467	108,813	389,550	70,000	5,500	876,330
Financed by GEF	132,792	108,813	194,100	60,000	5,500	501,205
percent financed by GEF	44%	100%	50%	86%	100%	57%
El Palmar						
Total Requirements	295,337	99,965	311,650	60,000	4,200	771,152
Financed by GEF	115,800	99,965	111,700	60,000	4,200	391,665
percent financed by GEF	39%	100%	36%	100%	100%	51%
TOTAL REQUIRED	4,934,664	1,887,310	5,386,864	370,000	96,700	12,675,538
TOTAL GEF	1,718,136	1,820,000	1,698,850	180,000	81,250	5,498,236
PERCENT GEF	35%	96%	32%	49%	84%	43%

Table 6: Investments in the 10 Selected Protected Areas and the SERNAP central unit (US\$ base costs).

Protected area	Camps	Interpretation Centers	Trucks	Motorcycles	Boats	Radio Equipment	Computers and Faxes	GPS	Generators (solar & elec.)	Pumps	Signs	TOTAL
E.B. Beni	72,000	55,000	20,000	27,000	10,400	6,000	5,000	600	3,600	3,000	2,550	205,150
Apolobamba	61,000	55,000	20,000	31,500	5,200	11,800	8,000	0	6,000	0	1,800	200,300
Chaco	78,000	55,000	20,000	31,500	0	19,600	7,500	1,800	6,600	500	2,400	222,900
Eduardo Avaroa	3,000	55,000	20,000	27,000	0	0	3,000	1,200	3,600	0	2,250	115,050
Torotoro	61,000	55,000	20,000	9,000	0	7,000	2,500	600	0	0	1,650	156,750
Pilón Lajas	36,000	55,000	20,000	27,000	15,600	5,400	5,000	1,200	2,400	0	2,250	169,850
San Matías	97,000	0	20,000	18,000	15,600	7,400	5,500	1,200	5,400	1,000	2,250	173,350
Sama	78,000	0	20,000	18,000	0	12,800	7,500	600	9,600	2,000	1,200	149,700
Otuquis	97,000	0	40,000	18,000	15,600	7,400	5,500	1,200	5,400	1,000	3,000	194,100
El Palmar	61,000	0	20,000	13,500	0	4,000	5,500	600	3,600	500	3,000	111,700
Central Unit			70,000				41,500					111,500
TOTAL	644,000	330,000	290,000	220,500	62,400	81,400	55,000	9,000	46,200	8,000	22,350	1,810,350

Table 7: Personnel and Operating Expenses Covered by the Project (total person years and US\$ base costs).

Protected Area	Director	Head of Protection	Park Guards	Administrators	Administrative Assistants	Total Personnel Costs	Operating Expenses	TOTAL
cost per person year:	20,064	9,600	4,248	9,600	3,600	-	-	-
E.B. Beni	1	4	14	0	5	135,936	243,793	373,680
Apolobamba	1	4	36	0	5	229,392	255,619	388,680
Chaco	1	4	35	5	5	273,144	294,733	431,680
Eduardo Avaroa	1	4	16	5	5	192,432	258,155	375,928
Torotoro	1	5	11	0	5	132,792	101,588	302,528
Pilón Lajas	1	5	29	5	5	257,256	293,548	420,528
San Matías	1	5	11	0	5	132,792	81,893	337,528
Sama	1	5	7	0	5	115,800	81,893	297,528
Otuquis	1	5	11	0	5	132,792	108,813	327,528
El Palmar	1	5	7	0	5	115,800	99,965	282,528
Central Unit	0	0	0	0	0	0	250,000	250,000
UCP	0	0	0	0	0	0	125,000	125,000
TOTAL PERSON YEARS	10	46	177	15	50	-	-	-
TOTAL COSTS	200,640	441,600	751,896	144,000	180,000	1,718,136	2,195,000	3,913,136

Part II: Management Effectiveness and Biodiversity Scorecard (Methodology and Baseline)

I. Introduction

The project for Sustainability of Protected Areas in Bolivia financed by the World Bank/Global Environment Facility (GEF) needs a mechanism to evaluate the appropriate management status of the protected areas that will receive financial support.

With this purpose, an evaluation method has been applied with the aim to assess the current quality of the management of the protected areas that will be supported by the project. This method will be applied every year to measure the achievements reached by the project in terms of attaining certain management standards. The methodological concept was taken from the Parks in Peril Program of The Nature Conservancy, based on which the management indicators were prepared and especially adapted to the Bolivian reality.

Four main management issues have been identified to assess the current quality of the management of the protected areas that will be supported by the project. These administration issues are:

1. Basic biological diversity protection activities
2. Long-term management capacity
3. Funding
4. Social support

For these four issues, some indicators were identified in order to help evaluate the current level of management of the protected areas that will be supported by the project.

II. Methodology

The indicators that were used to measure the management quality are the following:

- A. Basic biological diversity protection activities
 1. Infrastructure and equipment
 2. Institutional capacity
 3. Training
 4. Land tenure
 5. Threat analysis
 6. Legal status
- B. Long-term management
 1. Biological diversity protection plan
 2. Inventory of biological diversity
 3. Biological diversity monitoring plan
- C. Long-term funding
 - Long-term financial plan for the protected area
- D. Participation of social groups
 1. Management Committee established and working
 2. Community participation in the compatible use of the resources

3. Environmental education programs implemented

The scorecard is composed of five points that reflect a quality level for each indicator. The scorecard is the following:

- 5 = Excellent
- 4 = Very good
- 3 = Good
- 2 = Fair
- 1 = Poor

The result of this evaluation shows the level of the management quality of protected areas in Bolivia at the beginning of the GEF/World Bank project “Achieving the Sustainability of Protected Areas in Bolivia.” The method will be applied again later in the project in order to measure the progress achieved.

III. Scorecard

A. BASIC BIOLOGICAL DIVERSITY PROTECTION ACTIVITIES

Indicator A1: Infrastructure and equipment

Description of the Indicator: Infrastructure refers to the buildings and equipment within the protected area (including park ranger posts, radio systems, vehicles, demarcation of limits, signaling system, etc.), which are necessary for the appropriate management of the protected area.

Score Reference:

5 =	The area has the complete infrastructure and necessary equipment for its basic management.
4 =	The area has most of the infrastructure and necessary equipment for its basic management.
3 =	The area has some infrastructure and equipment for its basic management, but there are considerable gaps.
2 =	The area has little infrastructure and equipment for its basic management.
1 =	The area does not have Infrastructure for its basic management.

Indicator A2: Institutional capacity

Description of the indicator: The institutional capacity of the protected area refers to the existence of a manager and operative staff that executes management actions in the protected area.

Score Reference:

5 =	There is a Manager and enough operative staff to cover all the management needs of the protected area.
4 =	There is a Manager and some operative staff, but it is insufficient to cover all the management needs of the protected area.
3 =	There is a Manager and appropriate operative staff to cover only some management activities.
2 =	There is a Manager with little operative staff that is unable to execute even basic

	management actions.
1 =	There are no personnel.

Indicator A3: Training

Description of the Indicator: The personnel's presence in the protected area is not enough by itself. The personnel of a protected area should also have the necessary capacity to fulfill his or her management responsibilities.

Score Reference:

5 =	Training needs have been identified and a regular training program has begun.
4 =	Training needs have been identified and some basic courses have been imparted.
3 =	Training needs have been identified, but the courses have not yet begun.
2 =	Training needs are in the process of being identified.
1 =	There are not indications of the personnel's training needs.

Indicator A4: Land tenure

Description of the Indicator: Appropriate and correct information about the land tenure is crucial for the effective management of protected areas.

Score Reference:

5 =	The Manager has complete information about the land tenure and makes use of it.
4 =	The Manager has some information about the land tenure and makes use of it.
3 =	The Manager has some information about the land tenure, but does not make use of it.
2 =	There is inadequate access to the information about the land tenure.
1 =	It is not possible to obtain information about the land tenure from any source.

Indicator A5: Threat analysis

Description of the Indicator: A systematic analysis that identifies the threats to the resources, and also points out their origins and proposes strategies to overcome them, is an essential management tool for the conservation of a protected area.

Score Reference:

5 =	Threats are identified, classified and faced through management actions.
4 =	Threats are identified and classified and specific strategies are elaborated to approach the most destructive threats.
3 =	A threat analysis has been carried out, but specific strategies have not yet been elaborated to face them.
2 =	A threat analysis is in process.
1 =	A threat analysis does not exist.

Indicator A6: Legal status

Description of the Indicator: An official ordinance is a fundamental component of the long-term security of most of protected areas, but many of the oldest ordinances contain vague information that weakens their capacity to protect an area. Also, many times the “correct” borders of a protected area have not been officially

approved or registered. Some ordinances demarcate open polygons that do not accurately reflect the geographical area that needs to be protected.

Score Reference:

5 =	The official declaration of the protected area was obtained at an appropriate level and its borders are correctly demarcated.
4 =	The proposal for the official declaration of the protected area, including the correct demarcation of its borders, was presented to pertinent authorities but a declaration has not still been obtained.
3 =	The proposal for the declaration of the protected area, including the correct demarcation of its borders, is being prepared.
2 =	There is an ordinance for the protected area, but its borders are not correctly demarcated.
1 =	There is no ordinance for the protected area.

B. LONG-TERM MANAGEMENT

Indicator B1: Biological diversity protection plan

Description of the Indicator: The preparation and implementation of a biological diversity protection plan are management decisions of great importance. This plan is a document that guides the medium-term protection of the biological diversity of a protected area.

Score Reference:

5 =	A plan has been prepared and is being implemented.
4 =	A plan has been prepared but is not being implemented.
3 =	The preparation of a plan is well advanced.
2 =	The preparation of a plan has begun.
1 =	The preparation of a plan has not yet begun.

Indicator B2: Inventory of biological diversity

Description of the Indicator: The management of protected areas must be based on an inventory of biological diversity. However, there is often not enough available information for an efficient management of the protected area.

Score Reference:

5 =	Scientific/research organizations, as well as scientists and researchers are coordinated to develop an inventory of biological diversity based on conservation priorities.
4 =	The conservation objectives and the priorities for an inventory of biological diversity have been identified, categorized and distributed; contact has been made with scientific/research organizations to establish these priorities.
3 =	The conservation objectives and the priorities for an inventory of biological diversity are in the process of being identified and categorized.
2 =	The conservation objectives and the priorities for an inventory of biological diversity are known in general terms.
1 =	The conservation objectives and the priorities for an inventory of biological diversity are unknown.

Indicator B3: Biological diversity monitoring plan

Description of the Indicator: The monitoring of biological diversity has as a main objective to have a better understanding of the evolution of natural communities and species that receive protection due to their biological importance in the protected area.

Score Reference:

5 =	There is timely information as a result of the monitoring analysis; this information is used regularly for protection purposes.
4 =	The plan has been concluded and some variables related with the protection priorities are being monitored.
3 =	Monitoring variables related with protection were identified.
2 =	Some basic information was gathered, but without a clear relation with the protection priorities.
1 =	There is no biological monitoring activity.

C. LONG-TERM FUNDING

Indicator C1: Long-term financial plan for the protected area

Description of the Indicator: A long-term financial plan is a determinant component of a successful management strategy for a protected area. The plan should identify a diverse funding basis that covers the activities of the basic management of the area.

Score Reference:

5 =	The long-term financial plan has been completed; there are diverse financing sources and mechanisms to cover the costs of the basic management of the protected area.
4 =	The long-term financial plan has been completed; recurrent and/or sustainable sources and mechanisms to cover the costs of the basic management of the protected area are being implemented.
3 =	The draft of the financial plan has been completed; recurrent and/or sustainable sources and mechanisms to cover the costs of the basic management of the protected area have been identified.
2 =	A financial plan is being prepared.
1 =	There are no indications neither of a financial plan nor of the diversification of financing sources.

D. PARTICIPATION OF SOCIAL GROUPS

Indicator D1: Management Committee established and working

Description of the Indicator: The Management Committees allow social groups interested in the protected area, including the local communities, to participate in the management process of the protected area. The presence of a Management Committee indicates an openness of the area's management to incorporate and to approach the concerns of those people interested and their relation with the management.

Score Reference:

5 =	The Management Committee is established and is an active participant in the management decisions of the protected area.
4 =	The Management Committee includes the main people interested and occasionally participates in management decisions of the area.
3 =	The main people interested have been identified; a Management Committee has been formed.
2 =	The Management Committee is being created; an analysis is being carried of the main people interested in the area.
1 =	The Management Committee does not exist.

Indicator D2: Community participation in the compatible use of the resources

Description of the Indicator: In those protected areas with communities inside their boundaries or immediately adjacent to them, the conservation of biological diversity depends on the communities' use of natural resources in a way that is compatible with the biological diversity conservation goals for the protected area.

Score Reference:

5 =	Pilot projects for the compatible use of the resources are being implemented in cooperation with community organizations.
4 =	Future pilot projects for the compatible use of the resources include community organizations (or other interested people). These projects have been prepared, but are not yet being implemented.
3 =	Pilot projects for the compatible use of the resources that are under preparation include communities or individual residents.
2 =	The development of pilot projects for the compatible use of the resources is in process, but it has not included the communities.
1 =	There is no development of pilot projects for the compatible use of the resources.

Indicator D3: Environmental education programs implemented

Description of the Indicator: Environmental education is a fundamental component of the management of protected areas. The local support to the conservation objectives can depend on the communities' understanding of these objectives. The environmental education program includes a wide range of activities. Many times, the common denominator is a systematic explanation about the importance of the protected area and the rules and regulations related with it.

Score Reference:

5 =	There is a fully implemented environmental education plan.
4 =	An environmental education plan has been prepared but is not yet being implemented.
3 =	An environmental education plan is being prepared.
2 =	Necessary information is being gathered to prepare an environmental education plan.
1 =	There are no indicators of a preparation of an environmental education plan.

IV. PA Management Effectiveness: Baseline during project preparation.

Indicator	Protected Area	ISIBORO SECURE	MADIDI	ESTACION BIOL. BENI	NOEL KEMPF	AMBORO	CHACO	COTAPATA	CARRASCO	PILON LAJAS	TARIQUIA	SAN MATEAS	MANURUPI - HEATH	SAJAMA	ULLA ULLA	EDUARDO ABAROA	TORO TORO	EL PALMAR	CORDILLERA DE SAMA	OTUQUIS	
A	Basic Biological diversity protection activities																				
A1	Infrastructure and equipment	2	2	2	4	4	3	2	3	3	3	1	1	3	3	2	1	1	1	1	1
A2	Institutional capacity	2	3	3	4	2	3	3	2	3	4	2	2	3	3	3	1	1	2	2	1
A3	Training	3	4	4	4	4	4		2	4	3	2	2	4	2	4	2	2	2	2	2
A4	Land tenure	2	1	5	5	2	4	2	2	2	4	2	2	4	3	2	2	2	2	2	2
A5	Threat analysis	3	2	4	5	3	4	1	3	3	3	2	2	4	3	4	1	2	3	2	2
A6	Legal status	2	4	5	5	2	5	2	2	2	4	2	2	2	3	3	2	5	5	5	5
B	Long-term management																				
B1	Biological diversity protection plan	1	1	4	5	3	3	1	2	2	3	1	1	3	2	2	3	1	2	2	1
B2	Inventory of biological diversity	2	2	4	5	2	3	2	2	3	3	2	2	3	2	3	2	2	3	2	2
B3	Biological diversity monitoring plan	1	1	4	4	3	2	1	1	2	2	1	1	2	2	2	2	1	2	2	1
C	Long-term funding																				
C1	Long-term financial plan for protected areas	1	1	1	4	2	2	1	2	1	3	1	1	2	2	3	2	1	2	2	1
D	Participation of social groups																				
D1	Management Committee established and working	1	3	2	5	3	3	4	2	2	5	1	2	5	4	3	2	3	2	2	1
D2	Community participation in the compatible use of the resources	1	1	3	5	3	3	3	1	1	4	1	1	5	3	3	2	1	3	2	1
D3	Environmental education programs implemented	1	2	2	3	1	3	2	1	1	3	1	1	2	2	2	1	1	2	2	1
	TOTAL SCORE	22	27	43	58	34	42	24	25	29	44	19	20	42	34	36	23	23	31	21	
	MANAGEMENT EFFECTIVENESS SCORE	1.7	2.1	3.3	4.5	2.6	3.2	1.8	1.9	2.2	3.4	1.5	1.5	3.2	2.6	2.8	1.8	1.8	2.4	1.6	

Scores: 5= Excellent; 4= Very good; 3= Good; 2= Fair; 1= Poor

Annex 2C: Description of FUNDESAP

Bolivia: Sustainability of the National System of Protected Areas

A: Background

In 1992 the National Environmental Fund (*Fondo Nacional para el Medio Ambiente* -- FONAMA) initiated the establishment of the Fiduciary Account for the National Protected Areas System (*Cuenta Fiduciaria para el Sistema Nacional de Areas Protegidas* - CF/SNAP). This account was created by FONAMA as an irrevocable grant or trust under United States law, and its balance as at December 1999 was approximately US\$5.6 million.¹ In late 1998, the fiduciary account obtained tax-exempt status under section (501) (c) (4) of the United States Internal Revenue Service Code.

The account's Trustees are currently FONAMA and JP Morgan (also the asset manager). The interest income generated by this account was intended to provide financial stability for the national system of protected areas by financing the recurrent costs of individual protected areas. Unfortunately, because of administrative deficiencies in FONAMA, the account has not disbursed funds as expected.

In mid-1999 the GOB decided to transform FONAMA into an intermediary between the demand and supply of external financing. The accounts administered by FONAMA gradually are being transferred to different individual managers, in close coordination with donors.

FONAMA's institutional transition, together with the creation of the National Protected Areas Service (SERNAP) provided an opportunity to design a new management structure to allow the funds deposited at the CF/SNAP to meet their original objectives.

B: Design and establishment of a financial management structure

SERNAP initiated a participatory process for the design and creation of a new financial management structure for the national system of protected areas (SNAP).² A design team of more than 20 representatives from the Government of Bolivia, Bolivian and international non-governmental organizations, academic institutions, independent professionals, the private sector and donors were invited to discuss the fundamental features of an instrument that could strengthen the financial sustainability of the national system of protected areas.

The design team held intensive discussions during the months of May and June 1999, which started out by reviewing the experience gained through FONAMA, and the lessons learned and best practice identified in the GEF Trust Fund Evaluation. After several meetings, consultations and reviews, the Design Team came up with a final draft of the By-laws and regulations of the Foundation for the Development of the National System of Protected Areas (*Fundación para el Desarrollo del Sistema Nacional de Areas Protegidas* -- FUNDESAP). The main features of this institution are summarized below.

1. FUNDESAP Status and Purpose

FUNDESAP is a private non-profit organization legally established in La Paz, Bolivia since December 02, 1999. Its by-laws and other internal regulations (*Estatutos, Reglamento* and *Manual Operativo*) are governed by the Bolivian Civil Code and other applicable national legislation.

The main purpose of FUNDESAP is to contribute to the development and sustainability of the SNAP through fund raising and financial management of resources aimed at executing SNAP programs, projects and activities, with the involvement of various sectors of Bolivian society. The beneficiaries of FUNDESAP are the projects and activities set forth by the authority for the administration of protected areas (SERNAP) and other entities that implement projects and programs in the framework of the policies and priorities of the SNAP.

¹ This account was funded by four donors: Canada, Switzerland, the United Kingdom, and the United States (through the PL-480 Program).

² While SERNAP played a key role in this process, it participated in the Design Team on equal terms with other members.

FUNDESNAPE is operationally linked to SERNAP, but as a private foundation it is not subsidiary to the Government. Moreover, FUNDESNAPE is not a policy-making organization. Finally, the relations between FUNDESNAPE and SERNAP are governed by an agreement which clearly establishes their respective roles and responsibilities, and transparent procedures for the disbursement of SNAP funds. These features should contribute to reduce FUNDESNAPE exposure to the risk of political interference.

3. Governance

FUNDESNAPE is governed by an Assembly of Founders and a Board of Directors. The Assembly , meets annually to elect Board members, receive and approve the annual report, and hear reports from the internal auditor. This is a representative body of 9 members, 3 of which from government agencies, 2 from the donor community, and 4 members representing respectively the NGO community, the academia, the PA management committees, and the business community

FUNDESNAPE Board of Directors is the normative body in charge of defining the general policies of the Foundation and, as its maximum authority, controls, manages and represents the Foundation. The Board is composed by 7 members serving in their personal capacity. Only one member of the Board can be a civil servant or public officer, at any time, with the exception of university docents.

The Executive Director is responsible for the administration, legal representation and executive operation of FUNDESNAPE, and serves as the Secretary to the Board of Directors.

4. Capitalization

FUNDESNAPE has been designed to manage several accounts simultaneously, one of which is a Trust Fund (TF) to finance the recurrent costs of the protected areas of Bolivia. As a result of the preparation of this project, the GOB agreed to transfer the CF/SNAP currently managed by FONAMA to the TF account administered by FUNDESNAPE.

The Governments of Switzerland and the United Kingdom, together with the Bolivia and United States Governments acting through the PL-480 Secretariat, have agreed to break the CF/SNAP established at JP Morgan and transfer the funds to the protected areas TF (approximately US\$4.6 million)³. The TF will have sub-accounts for each donor (including the GEF contribution) but will have a common Asset Manager and common rules for the use of these funds. To this purpose, donors have agreed to be bound by common clauses established in the FUNDESNAPE-GEF Trust Agreement through separate Memoranda of Understanding.

In addition to the TF account, FUNDESNAPE can also manage other types of funds for donors who might be unable to devote resources to endowment funds, but who are willing to finance recurrent costs and/or investments in the protected areas of Bolivia. In these cases, FUNDESNAPE provides the administrative services and charges cost-based fees.

FUNDESNAPE TF income is estimated based on an investment plan contemplating a 6.5% annual net return and additional endowment resources of US\$1.0 million per year during the five years of the project. FUNDESNAPE disbursements from the Trust Fund income will be used to finance primarily the recurrent costs of the management of the 10 priority PAs supported by GEF. The recurrent costs for other areas would be progressively covered, as additional funds are raised by FUNDESNAPE.

5. Funding the SNAP

FUNDESNAPE is responsible for managing and disbursing financial resources to cover SNAP programs, projects and activities, with a primary focus on the management of protected areas. These disbursements will be based on an agreed annual work program, and in accordance with FUNDESNAPE funding procedures, described in detail in its Operational Manual (available in Project files). SERNAP will be responsible for executing the agreed protection and conservation work programs within protected areas, either directly or through partner executing agents such as NGOs, local community organizations, and management committees. To ensure smooth and flexible administration of recurrent cost funding, the rules governing the public—private

³ The Government of Canada has chosen to withdraw its contribution to the CF/SNAP (about US\$1.0 million in principal and accrued interest).

partnership between SERNAP and FUNDESAP were developed during project preparation and defined in an “umbrella” agreement (*Acuerdo de Implementación*- available in Project Files)

C: Project Implementation: the SNAP Trust Fund

Under the proposed program, FUNDESAP will manage the SNAP Trust Fund (TF), increase its principal through fund-raising initiatives, and disburse the income generated from the Trust Fund and other endowments to support the SNAP. The initial priority for the TF will be to cover the recurrent costs of the 10 priority areas supported by GEF for the program’s first phase; the remaining protected areas will be financed as resources become available.

FUNDESAP will be responsible for establishing the TF account, ensure sound investment of the TF endowment, disburse funds for eligible activities, establish reliable accounting procedures and financial controls for recipients of TF resources, and evaluate the performance of the Asset Manager.

The Board will be responsible for the general oversight of the TF, including the following activities:

- Approving an Operational Manual with an annex for TF Operations
- Developing and implementing a fundraising strategy for TF
- Approving the TF annual spending plan,
- Overseeing the implementation of TF-funded activities
- Selecting and supervising the TF external Asset Manager
- Approving and revising periodically the TF investment policy guidelines
- Selecting external auditors to evaluate the TF financial accounts and to conduct annual performance audits of the TF Asset Manager

D: Investment and Endowment Management

The financing plan assumes that TF income would be managed prudently to ensure a stable flow of funding for TF activities. To this end, sound investment and endowment management techniques would be employed, including:

1. Investment Management. To avoid low or negative investment returns on TF capital, FUNDESAP has adopted sound investment guidelines based on investment research drawn from current market information and from other GEF-financed environmental funds. These guidelines have been developed with the support of an expert financial advisor, and approved by the FUNDESAP Board (available in project files).
2. Endowment Management. The annual amount of the TF income available for spending on project activities would be determined by several endowment management rules designed to protect the endowment capital and cope with potential shortfalls of investment income.

In order to minimize the risk and to benefit from a competitive selection process, FUNDESAP will recruit a professional Asset Manager to manage the TF principal. The Asset Manager will make day-to-day investment decisions within the investment guidelines established by the Board. The selection and hiring of an Asset Manager following IDA procurement requirements is a condition for project effectiveness.

E: FUNDESAP Operations Management

FUNDESAP management of the TF will be guided by the FUNDESAP Operational Manual and the Trust Fund Annex to the Operational Manual, which will specifically address TF operations. A maximum of 10% of the annual income of the TF will be allocated for FUNDESAP administrative expenses, according to an annual budget to be approved by the Board of Directors and submitted to IDA for non-objection.

FUNDESNAPE personnel will be kept to a minimum, including: (i) the Executive Director; (ii) Administration and Finances Director; (iii) Controller; (iv) Legal Advisor; (v) Technical Specialist (environmental planning and management); and (vi) Administrative Assistant.

The Operational Manual and the Trust Fund Annex are available in Project Files and include

1. TF objectives
2. Description of FUNDESNAPE operational structure;
3. Funding sources;
4. Definition of eligible expenditures and detailed spending rules;
5. Description of the project/funding cycle and institutional responsibilities;
6. Operating procedures for disbursements;
7. Procurement rules;
8. Guidelines for contracting an Asset Manager as well as detailed investment guidelines for the TF;
9. Auditing, financial recording and reporting procedures; and
10. Guidelines on monitoring and evaluation of TF supported activities.

F: TF Funding Cycle

Funding for annual work programs (*Planes Operativos Anuales* -- POAs) in protected areas will be provided by the TF in accordance with an agreed funding cycle, for eligible expenses approved by the FUNDESNAPE Board of Directors. The main steps of this annual cycle include: (i) communication in July by FUNDESNAPE to SERNAP of the financial envelope available for PA recurrent cost funding for the next calendar year; (ii) the presentation of the POAs for the next calendar year and justification of current year expenditures⁴ by SERNAP to the FUNDESNAPE Board of Directors by September; (iii) the preparation of FUNDESNAPE annual operational budget by October; (iv) obtaining IDA non-objection to these proposals by late November; (v) disbursement to SERNAP of the total annual allocation by early January. The funding provided by FUNDESNAPE for the recurrent costs will be allocated by SERNAP in an annual basis to the PAs, and the Park directors will have full budgetary and procurement authority and accountability over these funds, following Bank rules for the different thresholds.

⁴ Except for the first year of the cycle, when only the POA will be required..

Annex 3: Estimated Project Costs

Bolivia: Sustainability of the National System of Protected Areas

<u>Project Component</u>	Local	Foreign	Total
	-----US \$ million-----		
A. Policy & Institutional Development			
1. Studies and Plans	-	0.47	0.47
2. Strengthening Financing Mechanisms	-	0.13	0.13
3. Institutional Development	3.15	2.16	5.31
4. Project Coordination Unit	0.06	0.59	0.66
B. Management of Protected Areas			
1. Strengthening of Protected Areas	16.71	5.01	21.72
2. Strengthening Local Participation	0.04	0.06	0.10
C. Legal & Regulatory Framework			
1. Protected Areas Law	-	0.04	0.04
2. Specific Regulations	0.30	0.23	0.53
D. Strengthening FUNDESNA	-	9.78	9.78
E. Biodiversity Monitoring & Natural Resource Management			
1. Natural Resource Management	2.38	2.17	4.55
2. Biodiversity Conservation Monitoring	0.03	0.24	0.27
TOTAL BASELINE COST	22.67	20.88	43.56
Contingencies			
Physical Contingencies	0.09	0.01	0.10
Price Contingencies	-0.17	0.20	0.03
TOTAL PROJECT COSTS	22.59	21.09	43.69

Note: rows and columns may not sum to totals due to rounding.

Annex 4: Incremental Cost Analysis

Bolivia: Sustainability of the National System of Protected Areas

Overview

The project's general objective is to contribute to the conservation of Bolivia's highly diverse biota by generating a long-term development strategy and establishing a reliable basis for sustainability of its protected area system. The GEF alternative would achieve these outputs at a total incremental cost of \$15.0 million.

Context and Broad Development Goals

As a response to the serious shortcomings of the protected area system, in 1998 Congress created the National Service of Protected Areas (SERNAP), an autonomous government agency in charge of the management of SNAP. SERNAP is able to generate its own resources from a variety of sources, including fees for services and fines. SERNAP can also directly access funds from the international donor community. Under law, SERNAP is designed as a small, efficient entity in charge of developing and enforcing policies related to the management of the SNAP, but has the capacity to delegate management to local governments, municipalities, and NGOs.

Baseline

Due to the serious administrative deficiencies and loss of credibility of FONAMA, the GOB has decided to transform this entity into an intermediary between demand and supply of external cooperation. The accounts administered by FONAMA are being gradually transferred to different individual managers, in close coordination with donors. In the case of the protected area system, and as a result of the preparation of this project, the government has agreed to transfer the Trust Fund managed by FONAMA to a new, private and independent non-profit institution (Fundación para el Desarrollo del Sistema Nacional de Areas Protegidas de Bolivia- FUNDESNAP). FUNDESNAP was designed by a committee representing diverse sectors of the Bolivian society and its operating principles will be based on the key lessons learned through the GEF Evaluation of Trust Funds Study. FUNDESNAP will manage a specific Trust Fund with the objective of financing the recurrent costs of SNAP.

Under the *Baseline* scenario, Bolivia will be able to manage a sub-set of its protected areas, (mostly those that received support through the GEF Pilot Phase Project) as well as to maintain an adequate level of central support to the system. Total expenditures under the Baseline Scenario are estimated at US\$ 28.69 million.

Implementation of the Baseline Scenario will result in:

1. Development of basic planning tools for management of the system and some short-term protection of biodiversity of global significance.
2. Some level of community work and limited levels of revenue generation from protected areas.
3. Raising some funds from donors to finance a portion of recurrent costs.
4. Development of M&E systems at the project level.

Global Environmental Objectives

Bolivia is one of the most important countries in Latin America for the conservation of biodiversity, not only because the ecosystems in many areas are still pristine, but because it contains about 18,000 species of plants, 2,500 known species of vertebrates, and 1,274 species of birds (very high for a landlocked country). It has a high index of endemism. These numbers are likely to increase because Bolivia is one of the least surveyed

countries in the Neotropics. Moreover, many of the forest and natural grassland habitats which have been greatly reduced in neighboring countries (particularly Brazil and Argentina) are still relatively extensive. The importance of Bolivian biodiversity is not derived only from the absolute number of species present in the country. Three out of five Biogeographic Domains (Amazonian, Andean-Patagonian, and Chacoan) described for South America are present in Bolivia, and within these, seven provinces. The provinces cover a variety of ecological conditions that range from those of a tropical humid forest to those found in high mountain deserts. Large areas of wetlands in the two main Neotropical basins, Amazonian and Paraguay-Parana, and the largest tropical deciduous remaining forests in the world, in the Gran Chaco, are part of this extent.

Due to its geographic location and rugged mountainous terrain, a large area of Bolivia is still in a nearly pristine condition. Forty-eight percent of the country is still covered by forests. Bolivia is also home to over 3 million indigenous people whose native communities maintain one of the largest reservoirs of genetic resources in the world for Potato, Peanut, Squashes, Peppers, Beans, Quinine, Cacao, Papaw, and Pineapple. Their importance for agriculture and medicine is closely linked to the traditional knowledge accumulated over the centuries by these cultures. Bolivia is also one of the world's major centers for domestication of plants.

A consolidated and sustainable protected area system will help conserve a large proportion of this biodiversity and to maintain ecological and evolutionary processes of unique global importance.

GEF Alternative

Under the *GEF Alternative* scenario, Bolivia will be able to set the basis for sustainability of its SNAP based on long-term planning and social and financial tools. This will result in an organic system of protected areas with presence of SERNAP and with mechanisms in place to achieve effective management. Specific outcomes will include:

- (vi) Integrated approach for SNAP that responds to social, economic, and political realities; clear long-term "State Vision" for the SNAP;
- (vii) Ecoregional representation within the SNAP, and greater coverage of globally significant areas.
- (viii) Establishment of financial mechanisms that will stabilize the fiscal burden on the state;
- (ix) Increased community participation, system ownership, and poverty alleviation in areas in and around protected areas; (v) Established basis for sustainability at all levels (social, financial, and ecological);
- (x) Definition of long-term management needs for the entire system and identification of funding gaps; and (vii) Development of biological monitoring and evaluation systems.

Total expenditures under the GEF Alternative scenario are estimated at US\$ 43.69 million.

Incremental Costs

The difference between the cost of the Baseline Scenario (US\$ 28.69 million) and the cost of the GEF Alternative (US\$ 43.69 million) is estimated at US\$15.0 million. This represents the incremental cost for achieving global environmental benefits and is the amount requested from the GEF.

Incremental Cost Matrix for GEF Funding

Component	Cost Category	Cost US\$ million	Domestic Benefit	Global Benefit
1. Policy and Institutional Development	Baseline	3.80	Basic planning tools for management of the system	Some short-term protection of biodiversity of global importance
	GEF Alternative	6.59	Integrated approach for SNAP that responds to social, economic, and political realities	Ecoregional representation within the SNAP and clear long-term "State Vision" for the SNAP
	Incremental	2.79		
2. Management of Protected Areas	Baseline	15.81	Management needs only defined and financed for specific protected areas.	Short-term protection of biodiversity of global importance
	GEF Alternative	21.92	Definition of long-term management needs for the entire system, identification of funding gaps, and greater community involvement in management.	Greater financial coverage of globally significant areas
	Incremental	6.11		
3. Legal and Regulatory Framework	Baseline	0.50		
	GEF Alternative	0.57	Clarification of the legal and regulatory framework.	Basis for sustainable management of protected areas established.
	Incremental	0.07		
4. Strengthening Financial Capacity	Baseline	4.61	Some level of community work, minimum level of revenue generation	Short-term protection of biodiversity of global importance
	GEF Alternative	9.78	Establishment of financial mechanisms that will stabilize the fiscal burden; increased community participation, system ownership and poverty alleviation.	Established basis for sustainability at all three levels (social, financial, and ecological)
	Incremental	5.17		
5. Natural Resource Management and Biodiversity Monitoring	Baseline	3.97	Development of monitoring and evaluation systems	
	GEF Alternative	4.83	Development of natural resource management and biological monitoring systems	Improved natural resource management and biodiversity monitoring
	Incremental	0.86		
TOTAL	Baseline	28.69	Management of a sub-set of protected areas, and maintenance of adequate level of support to the central unit	Short-term protection of biodiversity of global importance
	GEF Alternative	43.69	Setting the basis for sustainability based on long-term planning and social and financial tools	An organic system of protected areas with presence of SNAP and with mechanisms in place to achieve effective management
	Incremental	15.00		

Annex 5: Financial Summary
Bolivia: Sustainability of the National System of Protected Areas

(US\$ millions)

	Implementation Period						Operational Period				
	2001	2002	2003	2004	2005	Total	2006	2007	2008	2009	2010
Project Costs											
Investment Costs	14.73	5.37	5.38	3.46	3.01	31.95	-	-	-	-	-
Recurrent Costs	2.11	2.29	2.42	2.39	2.53	11.74	2.08	2.08	2.08	2.08	2.08
Total	16.84	7.66	7.81	5.85	5.54	43.69	2.08	2.08	2.08	2.08	2.08
Financing Sources											
Government	0.70	0.80	0.90	1.00	1.10	4.50					
FUNDESNAF	0.00	0.42	0.42	0.72	0.73	2.29					
FONAMA Endowment	4.61					4.61					
GEF	8.17	1.90	2.10	1.53	1.28	15.00					
Germany Parallel	2.11	3.11	3.06	1.66	1.44	11.37					
Netherlands Parallel	1.18	1.17	1.02	1.00	1.00	5.37					
Other Parallel	0.10	0.11	0.11	0.12	0.12	0.55					
Total	16.87	6.50	7.61	6.03	6.67	43.69					

Note: rows and columns may not sum to totals due to rounding.

Operational Period Assumptions

During the operational period (2006 to 2010), financing will be required to cover two sets of expenses: (1) the recurring costs of managing the 10 priority protected areas and (2) the recurring costs of SERNAP. The annual recurrent costs for managing the 10 priority protected areas covered by the GEF is estimated at US\$1,364,395 (this is the average over the five years of the project; see Annex 2b for details). The average, annual recurrent costs for SERNAP are estimated at US\$713,549.

Annex 6: Procurement and Disbursement Arrangements
Bolivia: Sustainability of the National System of Protected Areas

PROCUREMENT

A. Procurement Arrangements

All procurement of goods under the Project would be carried out in accordance with the “*Guidelines, Procurement under IBRD Loans and IDA Credits*” dated January 1995 and revised in January and August 1996, September 1997, and January 1999. Consultants would be employed in accordance with the “*Guidelines, Selection and Employment of Consultants by World Bank Borrowers*,” dated January 1997 and revised in September 1997 and January 1999.

Procurement methods: The procurement methods to be used, and the estimated amounts for each method, are summarized in Table A. The threshold contract values for each method are specified in Table B.

Procurement of Works

Works procured under this project would include construction of a total of thirty eight camps (5 principal camps, 28 secondary camps, and 5 rustic camps) and six interpretation centers totaling US\$1.05 million. These will be small works contracts for construction of camps and interpretation centers scattered across the parks, estimated to cost less than US\$0.2 million each. These works will be procured on the basis of at least three quotations received in response to a written invitation, which will include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable.

Procurement of Goods

Goods procured under this project would include vehicles, boats, radio equipment, computer equipment, electricity generator and water pumps, and office equipment totaling US\$0.93 million. To the extent possible, contracts for these goods will be grouped into bidding packages of more than US\$200,000 and procured following International Competitive Bidding (ICB) procedures, using Bank-issued Standard Bidding Documents (SBDs). Contracts with estimated values below this threshold per contract and up to an aggregate amount of US\$750,000 may be procured using National Competitive Bidding (NCB) procedures and standard bidding documents agreed with the Bank. Contracts for goods which cannot be grouped into larger bidding packages and estimated to cost less than US\$50,000 per contract, up to an aggregate amount of US\$200,000 may be procured using shopping (National or International) procedures based on a model request for quotations satisfactory to the Bank.

Selection of Consultants

Consulting services will be contracted under this project in the following areas of expertise: park management, institutional strengthening, capacity building, planning and programming, biodiversity conservation, legal and social, financial management. The services to be financed by the grant are estimated to cost US\$3.20 million and would be procured using Bank Standard Request for Proposals.

Firms: All contracts for firms would be procured using QCBS and QBS except for small and simple contracts estimated to cost US\$50,000 equivalent or less that would be procured using LCS, up to an aggregate amount of US\$870,000 equivalent

Individuals: Specialized advisory services would be provided by individual consultants selected by comparison of qualifications of three candidates and hired in accordance with the provisions of

paragraphs 5.1 through 5.3 of the Consultant Guidelines, up to an aggregate amount of US\$2.33 million equivalent.

Prior review thresholds

The proposed thresholds for prior review are based on the procurement capacity assessment of the project implementing unit and are summarized in Table B.

B) Assessment of the agency's capacity to implement procurement

Procurement activities will be carried out mostly by SERNAP; under this project, FUNDESNAP procurement is limited to the selection of a few consultants and key staff personnel. The procurement procedures for FUNDESNAP have been incorporated in its Operational Manual.

The SERNAP Operations Manual will include, in addition to the procurement procedures, the Standard Bidding Documents to be used for each procurement method, as well as model contracts for works and goods procured on the basis of three quotations or shopping.

An assessment of the capacity of SERNAP to implement procurement actions for the project has been carried out in July 1999 and was approved by the Regional Procurement Advisor (RPA) on (date). The assessment reviewed the organizational structure of SERNAP and the interaction between the project's procurement officer, the project manager and the financial officer.

The risks identified in the assessment include: (i) the possibility of changes in the procurement capacity by the time the project starts; and (ii) no experience on Bank procurement procedures. SERNAP has already presented a detailed plan to address these risks which involves preparing a training program for less experienced staff.

Monitoring of procurement actions and evaluation of contracts awarded under this project are key activities envisaged in the action plan, with a specific allocation of human and financial resources. Document filing is acceptable and complies with the Bank's requirements.

The overall project risk for procurement is average.

Although the overall risk assessment resulting from SERNAP capacity assessment was average, the agency has in place a satisfactory system for filing, monitoring, and reporting procurement actions. Consequently SERNAP is eligible for PMR-based disbursements on procurement reporting grounds.

C) Procurement Plan

At appraisal, the Borrower developed a procurement plan for project implementation which provided the basis for the aggregate amounts for the procurement methods (see Tables A and A1). This plan was approved by the RPA and is in the project files. At the beginning of each calendar year, the GEF grant recipient through SERNAP will update the Procurement Plan with a detailed procurement schedule for the coming year.

D) Frequency of Procurement Supervision

In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of SERNAP has recommended one full supervision mission to visit the field to carry out post review of procurement actions. Based on the overall risk assessment (average) the post-review field analysis should cover a sample of not less than 1 in 10 contracts signed.

DISBURSEMENT

A. Allocation of grant proceeds (Table C)

The proposed GEF grants (one to SERNAP and one to FUNDESNAF) would be disbursed over the project's implementation period, from January 1, 2001 to December 31, 2005, plus six months to disburse on outstanding commitments. Disbursements would be made against the following categories:

GEF Grant to SERNAP

1. *Works*: consisting of 38 camps and 6 interpretation centers, financed 90% by the Grant.
2. *Goods*: consisting essentially of vehicles, boats, radio equipment, computer equipment, electricity generator, water pumps, and office equipment; financed 90% by the Grant.
3. *Services*: consisting consultant services and training, land demarcation and related activities, financed 100% by the Grant.
4. *Incremental Recurrent Costs*: comprises the operating expenses of the Project unit in SERNAP as well as the cost of the external audit of SERNAP and FUNDESNAF. Financing will be on a declining basis: 85% in year 1 of the project; 70% in years 2 and 3; and 40% in years 4 and 5.

GEF Grant to FUNDESNAF

1. *Trust Fund Endowment*: comprises a \$5,000,000 contribution to the FUNDESNAF Trust Fund, financed 100% by the Grant;
2. *Goods*: consisting essentially of computer and office equipment; financed 90% by the Grant.
3. *Services*: comprises US\$170,000 for technical assistance, financed 100% by the Grant.
4. *Incremental Recurrent Costs*: comprises operating expenses of FUNDESNAF during the first year of the project; financed 85% by the project.

B. Special Account

For the purposes of carrying out all project components but component 4, a Special Account will be opened in the name of SERNAP and maintained in US Dollars at the Banco Central de Bolivia on terms and conditions satisfactory to IDA. Deposits into the Special Account and the replenishments will be made through traditional disbursement procedures using SOEs until SERNAP gets its LACI certification. Thresholds will follow the procurement prior review thresholds. Afterwards, disbursements will be made on the basis of Applications for Withdrawals (Form 1903) accompanied by the Project Management Report (PMR) for the corresponding period, as described in the Project Financial Management Manual. The PMRs will indicate the amount of funds required to finance project operations for the following six months. All PMRs, except the report for the initial period which will contain only the report forecasts (reports 1-f-1 and 1-f-2) will show: (i) actual sources and applications of funds for the project, both cumulatively and for the period, and projected sources and applications of funds for the project for the following six-months; (ii) list separately expenditures financed out of the credit during the period covered by the report and expenditures proposed to be financed during the following six-month; (iii) describe physical progress in project implementation, both cumulatively and for the period covered, and explain variances between the actual and previously forecast implementation targets; and (iv) set forth the status of procurement under the project and expenditures under contracts financed from the credit, for the period covered.

For Component 4, a Special Account will be opened in the name of FUNDESNAF and maintained in US Dollars in a commercial bank on terms and conditions satisfactory to IDA. Deposits into the Special Account

and its replenishments will be made on the basis of traditional Bank disbursement procedures using SOEs. The capital contribution of US\$ 5 million to FUNDESNAPE will be paid in lump sum directly to the FUNDESNAPE Trust Fund Account once the conditions for release have been met. This capital contribution is available for FUNDESNAPE's use as investment resources to generate revenue for contribution to the project, under the supervision of an Asset Manager, acceptable to the Bank and operating under terms of reference acceptable to the Bank.

C. Accounting and Financial Reporting

The Financial Management Specialist for Bolivia conducted an assessment of the accounting, controls over disbursements and resources, planning and budgeting as well as the level of administrative staff. It was determined that the SERNAP has in place accounting and internal control systems compliant with the requirements of the Bank expressed in OP 10.02 and that provide adequate reporting of the financial position of the entity as well as of all financial transactions of the project including those transactions involving the use of Bank funds; and provide sufficient financial information for managing and monitoring project activities. Similarly it was determined that the systems provide the historical cost accumulation by loan category and component and support the production of timely PMRs required for PMR based disbursements. Accordingly a certificate was issued by the Financial Management Specialist for SERNAP as qualified to use PMR based disbursements.

FUNDESNAPE will report periodically on the performance and use of the capital contribution made by GEF under the project and will follow record keeping and control procedures that respond to the OP 10.02 requirements.

D. Audit

SERNAP and FUNDESNAPE will both be audited annually subject to international auditing IFAC standards by an independent external firm of public accountants, satisfactory to IDA and in accordance to terms presented in The Guidelines and Terms of Reference for Audits of Projects with Financing by the World Bank in the Latin America and Caribbean Region published May 1999. Certified copies of the audit reports will be presented to the Bank no later than four months after the close of the previous fiscal year.

Annex 6, Table A: Project Costs by Procurement Arrangements

(in US\$ million equivalent)

Expenditure Category	Procurement Method				Total Cost (including contingencies)
	ICB	NCB	Other	N.B.F	
1. Works			1.05 ¹ (1.05)		1.05 (1.05)
2. Goods					
a. Vehicles	0.17 (0.15)	0.45 (0.41)			0.62 (0.56)
b. Computers		0.13 (0.12)			0.13 (0.12)
c. Equipment		0.07 (0.06)	0.11 ² (0.10)		0.18 (0.16)
3. Consultant and Training Services³			3.20 (3.20)	16.73 ⁴ (0.00)	19.93 (3.20)
4. FUNDESNAP			9.61 ⁵ (5.00)		9.61 (5.00)
5. Natural Resource Management Subprojects			0.43 (0.43)		0.43 (0.43)
6. Recurrent Costs			7.62 (4.49)	4.12 (0.00)	11.74 (4.49)
Total	0.17 (0.15)	0.65 (0.59)	22.02 (14.27)	20.85 (0.00)	43.69 (15.00)

Note: N.B.F. = Not Bank-financed (includes elements procured under parallel financing procedures, consultancies under trust funds, any reserved procurement, and any other miscellaneous items). Figures in parenthesis are the amounts to be financed by GEF.

¹ Three quotations: small works procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The award shall be made to the contractor who offers the lowest price quotation for the required work and who has the experience and resources to complete the contract successfully.

² Shopping (national or international).

³ Consultants Services. Contracts awarded to firms using Quality-and Cost-Based selection (QCBS), QBS and Least Cost selection (up to an aggregate amount of US\$870,000) and to individual consultants in accordance with paragraphs 5.1 to 5.3 of the Consultants Guidelines (up to an aggregate amount of US\$2.33 million). Details provided in Table A-1.

⁴ Parallel financing by Netherlands and Germany.

⁵ Procurement according to established local private sector or commercial practices acceptable to the Bank, as specified in FUNDESNAP Operational Manual.

Annex 6, Table A1: Consultant Selection Arrangements

(in US\$ million equivalent)

Consultant Services Expenditure Category	Selection Method							Total Cost (including contingencies)
	QCBS	QBS	SFB	LCS	CQ	Other	N.B.F.	
A. Firms	0.23 (0.23)	0.46 (0.46)		0.06 (0.06)		0.12 0.12	8.36 (0.00)	9.23 (0.87)
B. Individuals						2.33 (2.33)	8.37 (0.00)	10.70 (2.33)
Total	0.23 (0.23)	0.46 (0.46)		0.06 (0.06)		2.45 (2.45)	16.73 (0.00)	19.93 (3.20)

- Notes:
- QCBS = Quality- and Cost-Based Selection
 - QBS = Quality-based Selection
 - SFB = Selection under a Fixed Budget
 - LCS = Least-Cost Selection
 - CQ = Selection Based on Consultants' Qualifications
 - Other = Selection of individual consultants (per Section V of Consultants Guidelines), Commercial Practices, etc.
 - N.B.F. = Not Bank-financed.

Figures in parenthesis are the amounts to be financed by GEF.

Annex 6, Table B: Thresholds for Procurement Methods and Prior Review

Expenditure Category	Contract Value (Threshold)	Procurement Method	Contracts Subject to Prior Review
	US\$ thousands		
1. Works	> 250	NCB	Prior review of each contract estimated to cost \$500,000 or more
	<250	Three Quotations/ Procurement of Small Works	Prior review: twice-yearly review of contracting program. Simplified post review: random sample of contracting documents.
2. Goods	> 200	ICB	Prior review: each contract
	=> 50 <= 200	NCB	Prior review: each contract estimated to cost \$100,000 or more.
	< 50	Shopping	Prior review: twice-yearly review of contracting program. Program to specify which contracts to be reviewed. Simplified post review: random sample of contracting documents.
3. Consultants Firms	>50	QCBS, QBS	Prior review: All TORs, short lists (including full review of technical and combined evaluations) of each contract estimated to cost \$100,000 or more.
	< 50	QCBS, LCS, QBS	Prior review: twice-yearly review of contracting program under agreed TORs. Post Review: random sample review of contracts estimated to cost less than \$100,000.
Individuals	> 35	See Section V of Guidelines	Prior review: TOR, contract, CV for each contract estimated to cost \$35,000 or more.
	< 35	See Section V of Guidelines	Prior review: twice-yearly review of contracting program under agreed standard TORs. Post review: random sample of contracting documents.
Total value of contracts subject to prior review:			US\$5.0 million

Overall Procurement Risk Assessment:

High	<input type="checkbox"/>
Average	<input checked="" type="checkbox"/>
Low	<input type="checkbox"/>

Frequency of procurement supervision missions proposed: One every 12 month(s) (includes special procurement supervision for post-review) reviewing a sample of 1 in 10 contracts signed.

Annex 6, Table C: Allocation of GEF Grant Proceeds

Expenditure Category	Amount in US\$ million	Financing Percentage⁶
GEF Grant to SERNAP		
1. Works	0.94	100
2. Goods	0.75	90
3. Consultants & Training	2.73	100
4. NRM Subprojects	0.39	100
5. Recurrent Costs	4.04	85,70,70,40,40
6. Unallocated	0.98	N/A
TOTAL Grant to SERNAP	9.83	
GEF Grant to FUNDESAP		
1. FUNDESAP	5.00	100
2. Consultants & Training	0.10	100
3. Goods	0.02	90
4. Recurrent Costs	0.05	85,0,0,0,0
TOTAL Grant to FUNDESAP	5.17	
Total GEF Project Costs	15.00	

⁶ SERNAP is completely tax exempt. FUNDESAP is exempt of internal taxation, except for the municipal taxes on real estate.

Annex 7: Government and Parallel Financing

Bolivia: Sustainability of the National System of Protected Areas

Introduction

GEF financing for the project is complemented by a variety of local and international funding sources. These include: (1) disbursements from the FUNDESNAP trust fund; (2) contributions to the FUNDESNAP trust fund endowment from FONAMA; (3) government funding (both Treasury resources and resources generated from the protected areas); and (4) parallel financing from bilateral and local donors. Together, these additional sources of funding total US\$28.69 million over the five years of the project. Combined with the US\$15.0 million GEF grant, this result in a total project financing of US\$43.69 million.

Summary of Government and Parallel Financing

Table 1 presents a summary of the various sources of government and parallel financing for the project. Over the five years of the project, US\$2.29 million is projected to be disbursed from the FUNDESNAP Trust Fund, US\$4.5 million is committed from the GOB, US\$5.37 million will be provided by the Netherlands, US\$11.37 will be provided by Germany, and US\$0.55 will be provided by local donors. In addition, US\$4.61 million from the FONAMA trust fund endowment will be invested in the FUNDESNAP Trust Fund (provided by the United States, Switzerland, and the United Kingdom). Together, these sources of government and parallel financing total US\$28.69 million accounting for over 65 percent of the total project financing (the US\$15.0 million GEF grant accounts for under 35 percent of total project financing).

Government Financing

The government of Bolivia committed during the preparation of the CDF to provide increased funding to SERNAP from 1999 to 2002 (US\$0.5 million in 1999, US\$0.6 million in 2000, US\$0.7 million in 2001, and US\$0.8 million in 2002). Continuing the annual increase of US\$0.1 million during the five years of the project implies a total government counterpart of US\$4.5 million. The GOB contribution will come from two sources. First, revenues generated from the protected area system will count towards the government's counterpart contribution (estimated to be US\$1.5 million). Second, the difference between these revenues and the annual contribution (starting at US\$0.7 million in 2001 and increasing to US\$1.1 million in 2005) will be made up from the government's general budget (an estimated US\$3.0 million over five years). The entire annual government financing will be available to SERNAP to cover either investment or recurrent costs and will be allocated based on annual work plans (initial projections assume that the revenues generated from the protected area system will be used to strengthen the management of individual protected areas while the general budget contribution will be used to cover central unit costs). In particular, the Government of Bolivia will use these resources to finance the 10 percent counterpart for all goods purchased during the project (approximately US\$0.09 million).

FUNDESNAP Endowment and Disbursements

The initial endowment of the FUNDESNAP trust fund will come from two sources. The first is the US\$5.0 million provided from the GEF grant. The second source is from the FONAMA trust fund endowment which will be transferred to the FUNDESNAP trust fund. Together, the initial endowment of the FUNDESNAP trust fund will be US\$9.61 million.

Based on discussions with FUNDESNAP's investment advisor, a net annual rate of return on investments has been estimated at 6.5 percent. It is conservatively assumed that no disbursements will be made in the first year of the trust fund (2001) to provide ample time for the establishment of the trust fund and the generation of interest income without threatening the trust funds capital. It is also assumed that FUNDESNAP will be able to raise an additional US\$1.0 million in endowment funds annually during the project.

Over the final four years of the project, the FUNDESNAF trust fund is projected to disburse US\$2.29 million which will be used by SERNAP to finance recurrent costs in specific protected areas. Initially, FUNDESNAF disbursements will support the 10 priority protected areas supported by the GEF. As GEF support to these protected areas declines during the project (85% in year one, 70 percent in years 2 and 3; and 40% in years 4 and 5), the FUNDESNAF disbursements will cover most of the remaining costs (30% in years 2 and 3 and 50% in years 4 and 5). The remaining recurrent costs will be covered by GOB counterpart funds (15% in year 1 and 10% in years 4 and 5).

Table 1. Summary of Parallel Financing.

Financing Source	2001	2002	2003	2004	2005	TOTAL
FUNDESNAF Trust Fund Disbursements	0.00	0.42	0.42	0.72	0.73	2.29
FONAMA Trust Fund Endowment						
PL-480	1.00					1.00
Switzerland	1.10					1.10
United Kingdom	1.97					1.97
capitalized interest	0.55					0.55
Bolivian Government						
TGN	0.49	0.55	0.65	0.65	0.69	3.03
SNAP resources	0.21	0.25	0.25	0.35	0.41	1.47
Netherlands						
PASNAPH	1.00	1.00	1.00	1.00	1.00	5.00
Netherlands (GP)	0.18	0.17	0.02	0.00	0.00	0.37
Germany						
KfW	1.32	2.32	2.27	0.88	0.65	7.44
GTZ	0.79	0.79	0.79	0.79	0.79	3.93
Local Donors	0.10	0.11	0.11	0.12	0.12	0.55
TOTAL	8.70	5.60	5.51	4.50	4.39	28.69

Parallel Financing

Parallel financing will be provided by bilateral donors as well as local NGOs. The two largest bilateral donors to the SNAP are the governments of the Netherlands and Germany. Together, these two bilateral donors will contribute US\$16.74 million to SERNAP for implementation of the SNAP. It is projected that an additional US\$0.55 million will be provided by local NGOs, typically in the form of direct support to individual protected areas.

Netherlands Parallel Financing

The majority of the parallel financing provided by the government of the Netherlands will be provided by PASNAPH which is projected to disburse US\$1.0 million annually for the 5 years of the project. PASNAPH is a very flexible program which allows SERNAP to allocate resources to cover both recurrent and investment costs with 80 percent of the resources allocated for expenditures in individual protected areas and 20 percent in the central office. Protected areas covering lowland ecosystems are eligible for support from PASNAPH with initial focus on 8 protected areas (areas separate from those selected for support by the GEF grant). The remaining support from the Netherlands (US\$0.37 million over the first three years of the project) are targeted for two protected areas: Tariquia and Sama.

German Parallel Financing

The government of Germany is providing support to SERNAP through both GTZ and KfW. The GTZ program is projected to provide US\$3.93 million over the five years of the project. GTZ's work focuses on natural resource management in protected areas and their buffer zones through community participation and

municipal strengthening. This work currently focuses on three protected areas (Tariquia, Isiboro-Secure, and Sajama) which are not supported by the GEF grant.

The program supported by KfW is planned for 12 years and is projected to disburse US\$7.44 million over the 5 project years. The program supports both strengthening legal and regulatory framework and strengthening individual protected areas. The program will initially focus on four protected areas (Sajama, Madidi, Tariquia, and Cotapata) which are not supported by the GEF grant and the program's mid-term review will decide whether to expand the number of protected areas to be included. The program includes investment in infrastructure, demarcation, land titling, and consolidation activities (including capacity building, sustainable natural resource management and community development activities).

Annex 8: Project Processing Budget and Schedule
Bolivia: Sustainability of the National System of Protected Areas

A. Project Budget (US\$000)	Planned (At final PCD stage)	Actual
	15.0 million	15.0 million

B. Project Schedule	Planned (At Draft PAD stage)	Actual
Time taken to prepare the project (months)	18	26
First Bank mission (identification)	06/15/1998	06/15/1998
Appraisal mission departure	10/21/1999	03/01/2000
Negotiations	01/14/2000	11/06/2000
Planned Date of Effectiveness	05/01/2000	01/01/2001

Preparation assistance: GEF Block B grant of US\$300,000

Bank staff and consultants who worked on the project included:

Elizabeth Monosowski, Task Manager
 Jeffrey Muller, Natural Resource Economist
 Gonzalo Castro, Biodiversity Specialist
 Tina Kimes, Global Environment Coordinator, LAC
 Silvia Charpentier, Trust Fund Expert
 Kathy Mikitin, GEF (Trust Fund Expert)
 David Varela, Legal Specialist
 Alberto Ninio, Legal Specialist
 Maximo Liberman, Environmental Specialist
 Richard M. Huber, Environmental Specialist
 Paul Sisk, Financial Management System
 Irani Escolano, Procurement Specialist
 Juan Martinez, Social Specialist
 Elma Rossel, Executive assistant
 Karim Burneo, Task Team Assistant

Roberto Jordan Mealla, Director Ejecutivo de FUNDESNA
 Mario Baudouin, Director de la Dirección General de Biodiversidad, MDSP .
 Fernando Mustafa, Ministerio de la Presidencia.
 Luis Pabón, Director de Planificación del SERNAP.
 Carola Hurtado, Directora Jurídica del SERNAP.
 Victor Hugo Inchausty, Director de Coordinación, Supervisión y Evaluación del SERNAP.
 Heiver Andrade, Director Administrativo del SERNAP.
 Sergio Eguino, Jefe de la Unidad de Proyecto del SERNAP.
 Freddy Campos, Asistente del Proyecto.
 Guillermo Rioja Ballivian, Antropologo Social
 José Antonio Peres Arenas, Participacion Social
 Huascar J. Cajias de la Vega, Participacion Social
 Oscar F. Alvarez Canaviri, Participacion Social
 José Argandoña, Técnico del SERNAP.
 Rodrigo Vargas, Técnico del SERNAP.
 Sonia Cammarata, Técnico del SERNAP.
 Graziela Sapiencia, Consultora Jurídica.
 Jairo Escobar, Unidad de Análisis de Políticas Económicas.
 Boris Fernández.
 Jorge Mariaca.
 Hernan Torres, International Protected Areas Specialist

Bolivian counterparts who worked on the project included:

Ronald MacLean, Ministro de Desarrollo Sostenible y Planificación
 Jose Carvajal, Ex-Ministro de Desarrollo Sostenible y Planificación.
 Erick Reyes Villa, Ex-Ministro de Desarrollo Sostenible y Planificación.
 Neisa Roca, Viceministro de Medio Ambiente, Recursos Naturales y Desarrollo Forestal.
 Gabriel Baracatt, Director del Servicio Nacional de Areas Protegidas.

Annex 9: Documents in Project File
Bolivia: Sustainability of the National System of Protected Areas

- Summary of Funding of Individual Protected Areas, 1990-98
- Status and Description of Individual Protected Areas in Bolivia
- Projection of Financial Needs of Individual Protected Areas
- Sustainable Use of Genetic Resources
- Focal Point Letter
- Social Assessment
- Sustainable Development with Identity Plans for Four Protected Areas
- Public Participation Process and Matrix (consultations' report)
- Institutional Analysis
- Non Governmental Organizations and Their Relation to SNAP
- TNC Scorecard of Protected Area Functionality
- WWF draft Methodology for Assessing the Management Effectiveness of Protected Areas
- Review of the Legal Framework
- Proposed Structure of the GEF Trust Fund Grant Agreements
- Design and Establishment of “Fundación para el Desarrollo del Sistema Nacional de Areas Protegidas” (FUNDESNAP).
- Trust Fund Projection and Time Schedule for the Trust Fund Establishment
- Policy Note for Involuntary Resettlement
- Human Settlements within Protected Areas of the SNAP
- Terms of Reference for the Project Coordination Function
- Coordination Protocol between Donors for SERNAP Activities
- Objectives, Policies, Results, Action Plan and Financing of Donors in financing the SNAP
- SERNAP Project Operations Manual (Manual de Operaciones)
- FUNDESNAP Project Operations Manual
- Project Implementation Plan
- SERNAP Procurement Plan
- FUNDESNAP Trust Fund Investment Plan
- Invitation letter for FUNDESNAP Asset Manager Selection

Annex 10: Status of Bank Group Operations in Bolivia and Bolivia Statement of IFCs

Bolivia: Sustainability of the National System of Protected Areas

Status of Bank Group Operations in Bolivia

Project ID	Fiscal Year	Borrower	Purpose	Last PSR Supervision Rating		Original Amount in US\$ Millions				Difference between Expected and Actual Disbursements ¹	
				Development Objective	Implementation Progress	IBRD	IDA	Cancelled	Undisb.	Original	Frm Rev' d
P055230	1999	BOLIVIA	ABAPO-CAMIRI HIGHWAY	S	S	0	88	0	87	22.9	0
P055974	1998	BOLIVIA	BO EL NINO EMERGENCY	S	S	0	25	0	7.1	5.8	1.8
P006204	1998	BOLIVIA	EDUCATION QUALITY	S	S	0	75	0	54.7	18.1	0
P006181	1995	BOLIVIA	EDUCATION REFORM	S	S	0	40	0	14.4	9.8	5.9
P006186	1996	BOLIVIA	ENV.IND.& MINING	S	U	0	11	0	7.5	6.2	0.8
P040110	1998	BOLIVIA	FIN DECEN & ACCT	S	S	0	15	0	6.1	-0.1	0
P060392	1999	BOLIVIA	HEALTH REFORM	S	S	0	25	0	17.7	4.4	0
P065902	2000	BOLIVIA	HYDROCARBON SECTOR SOCIAL & ENVIRM.(LIL)	S	S	0	4.8	0	4.9	0	0
P062790	1999	BOLIVIA	INST REF (OLD CIV S)	S	S	0	32	0	28.7	3.6	0
P006196	1993	BOLIVIA	INTEGRATED CHILD DEV	S	S	0	50.7	20	12.6	34	13.3
P006197	1995	BOLIVIA	LAND ADMINISTRATION	S	S	0	20.4	0	2	0	0
P040085	1998	BOLIVIA	PARTICIP RURAL INV.	S	S	0	62.8	0	43.6	-0.6	0
P006180	1992	BOLIVIA	RD MAINT	S	S	0	80	0	6.4	4.5	4.6
P057030	1999	BOLIVIA	REG REFORM ADJ CREDI	S	U	0	41.8	0	19.5	17.7	0
P057396	1998	BOLIVIA	REGULATORY REFORM & PRIVATIZATION (TA)	S	S	0	20	0	15.4	3.3	0
P006206	1996	BOLIVIA	RURAL WTR & SANIT	S	S	0	20	0	3.9	3.2	5.4
TOTAL:						0	611.5	20	331.4	133	31.7

Note: Disbursement data is updated at the end of the first week of the month and is current as of 10/2/00.

¹ Intended disbursements to date minus actual disbursements to date as projected at appraisal.

Bolivia Statement of IFC's

Held and Disbursed Portfolio

As of 8/31/00

(In US Dollars Millions)

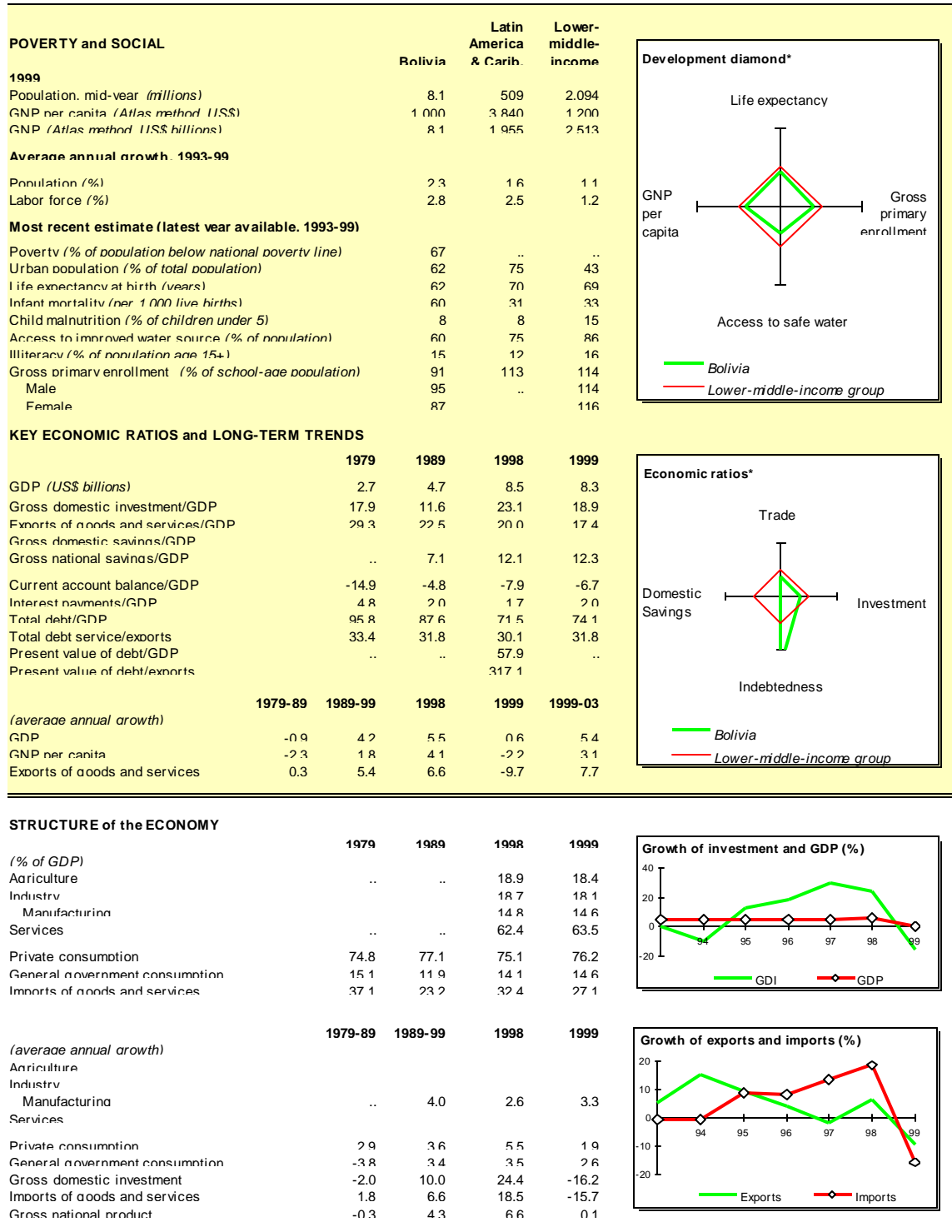
FY Approval	Company	Held				Disbursed			
		Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1976/88/90/91/95/98	BISA	0	0.46	0	0	0	0.46	0	0
1991	Bermejo	0	0.86	0	0	0	0	0	0
1989/92/94/96/00	COMSUR	10	0	0	0	0	0	0	0
1999	Caja Los Andes	1.8	0	0	0	1.8	0	0	0
1991	Central Aguirre	0.28	0.35	0	0	0.28	0.35	0	0
1999	Electropaz	25	0	0	0	15	0	0	0
1993	GENEX	0.08	0	0.54	0	0.08	0	0.54	0
1999	Illimani	15	1	0	0	0	0	0	0
1992	Inti Raymi	0	0	5	0	0	0	5	0
1996	Mercantil-BOL	8.57	0	0	0	8.57	0	0	0
0/89	Minera	0	0.4	0	0	0	0.4	0	0
1996	Telecel Bolivia	8.52	0	4.44	14.82	5.19	0	4.44	10.37
Total Portfolio:		69.25	3.07	9.98	14.82	30.92	1.21	9.98	10.37

Approvals Pending Commitment

		Loan	Equity	Quasi	Partic
2001	Banco Ganadero	5000	0	0	0
Total Pending Commitment:		5000	0	0	0

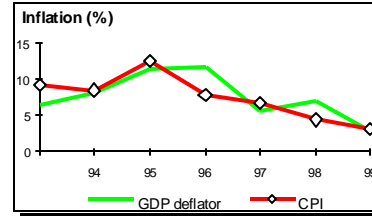
Annex 11: Bolivia at a Glance

Bolivia: Sustainability of the National System of Protected Areas



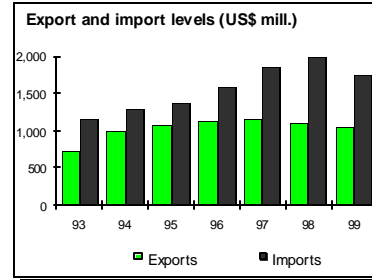
PRICES and GOVERNMENT FINANCE

	1979	1989	1998	1999
Domestic prices (% change)				
Consumer prices	..	16.6	4.4	3.1
Implicit GDP deflator	19.3	13.2	7.0	2.8
Government finance (% of GDP, includes current grants)				
Current revenue	..	21.2	23.9	24.6
Current budget balance	1.6	2.0
Overall surplus/deficit	..	-5.7	-4.0	-4.3



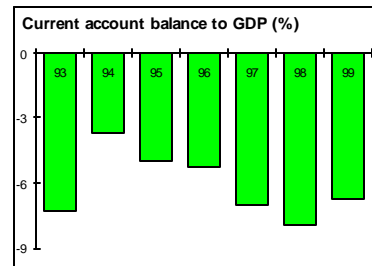
TRADE

	1979	1989	1998	1999
(US\$ millions)				
Total exports (fob)	..	723	1,105	1,051
Tin	..	129	66	69
Zinc	..	214	159	154
Manufactures	195	220
Total imports (cif)	..	862	1,983	1,755
Food
Fuel and energy
Capital goods
Export price index (1995=100)			90	84
Import price index (1995=100)			79	..
Terms of trade (1995=100)			114	..



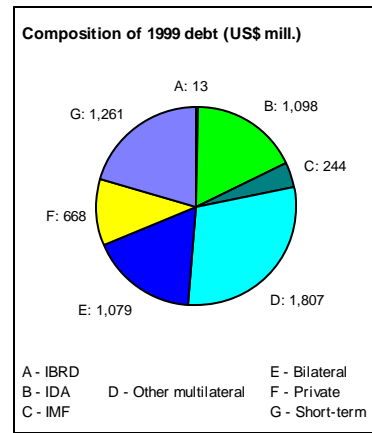
BALANCE of PAYMENTS

	1979	1989	1998	1999
(US\$ millions)				
Exports of goods and services	865	895	1,356	1,311
Imports of goods and services	1,129	1,026	2,201	1,989
Resource balance	-264	-131	-844	-678
Net income	-184	-249	-160	-205
Net current transfers	51	156	330	323
Current account balance	-397	-225	-675	-559
Financing items (net)	356	85	803	602
Changes in net reserves	41	140	-128	-42
Memo:				
Reserves including gold (US\$ millions)		361	1 185	1 115
Conversion rate (DFC local/US\$)	3.00E-5	2.7	5.5	5.8



EXTERNAL DEBT and RESOURCE FLOW S

	1979	1989	1998	1999
(US\$ millions)				
Total debt outstanding and disbursed	2,556	4,132	6,090	6,170
IBRD	105	199	26	13
IDA	62	325	1,045	1,098
Total debt service	292	292	468	430
IBRD	10	37	16	12
IDA	1	3	13	17
Composition of net resource flows				
Official grants	51	178	232	..
Official creditors	114	242	102	178
Private creditors	109	-18	-12	-24
Foreign direct investment	35	-24	872	..
Portfolio equity	0	0
World Bank program				
Commitments	20	101	228	145
Disbursements	36	79	88	82
Principal repayments	2	20	19	26
Net flows	34	59	69	56
Interest payments	9	20	10	10
Net transfers	25	39	60	46



**Annex 12: Social Assessment , Public Participation, and
the Strategy for Addressing Indigenous Peoples Issues**

Bolivia: Sustainability of the National System of Protected Areas

The project’s field activities are implemented in areas occupied by a diverse range of social groups including indigenous people. An estimated 40,000 people currently live within the boundaries of Bolivia’s protected areas.

In accordance with OD 4.30 and OD 4.20, a social assessment has been carried out in six representative protected areas with community presence. The study, undertaken by a team of Bolivian experts, concluded that there are potential synergies between the development objectives of local/indigenous communities and the conservation objectives of protected areas. This commonality of interests between the State, civil society organizations and local and indigenous populations could generate alliances supporting the project objectives and provides the framework for the proposed “Sustainable Development with Identity Plans.

1. Summary of Social Assessment

Key issues identified by the social assessment include: (i) although land tenure by communities is generally compatible with the PAs, conflicts of interest may arise with restrictions on land use by private owners in some areas; (ii) enforcement of PA management could represent an additional restriction on customary rights, as well as a restriction on new settlers within the PAs; (iii) restricting the use of natural resources for subsistence could impose constraints on community development; (iv) fires, overgrazing and illegal logging are serious environmental hazards, encouraged by the lack of economic alternatives for local communities; and (v) alternative income generating activities would require better access to credit, specific training in natural resource use and strong environmental education campaigns.

1.1 Objective and methodology

<p>General Objective:</p> <ul style="list-style-type: none"> • Assess the development needs of local people and their relationship with the protected areas, and to identify potential development activities that could be supported by the SNAP, based on the existing community organizations, legislation, and the needs of the local population. 	<p>Key Specific Objectives:</p> <ul style="list-style-type: none"> • Identify potential beneficiaries and potential partner organizations • Assess the status of land tenure and impacts • Identify community-based organizations and other forms of community organization • Make recommendations to improve social aspects
<p>Methodology:</p> <ul style="list-style-type: none"> • Social Assessment conducted in 6 Protected Areas; • Information systematization and analysis, comprising: baseline information(primary and secondary), PA management plans and Municipal Development Plans. • Participatory <i>in situ</i> workshops. • Elaboration of community development plans and identifying potential projects and budget. 	<p>Criteria for Selecting PAs for the Study:</p> <ul style="list-style-type: none"> • Management Committee established in the PA • Established Natural Area of Integrated Management within PAs • High rate of population settled in the PA • Potential for international conservation actions

1.2. Consultation activities

Number of participants in workshops							
Method	Target group	Selected Protected Areas					
		Ulla Ulla	Sajama	Cotapata	Amboró	Kaa Iya	Tariquía
Focal Groups	Management Committee	8	8	4	5	5	0
	Management Unit	8	6	7	6	10	0
Semi structured interviews	Management Committee	2	2	2	2	2	2
	Management Unit	2	2	3	2	2	3
Subtotal		20	18	16	15	19	5
Total Number of Participants		93					

1.3. Findings and Recommendations to address social needs in PAs:

1. There is no social impediment for the implementation of the Program to support the SNAP in Bolivia. However, there would be little support for the PA conservation objectives unless they create direct benefits to these local and indigenous communities. Major issues include uncertain land tenure, presence of land conflicts, and lack of environmental awareness.
2. Even though revenue sharing and income generating activities should provide benefits to local and indigenous communities, there would be potential negative impacts that could affect them in the short term.
3. These impacts could affect both the local poor who presently engage in clandestine exploitation of protected area resources and influential business interests who also benefit from these activities.
4. Key potential negative impacts on these social groups may involve: (a) the potential relocation of people from areas eventually to be zoned as of strict preservation; and (b) restrictions to the use of natural resources within the protected areas.
5. Protected Area Management Units are expected to implement PA management plans and control activities. This should include specific actions and alternatives to discourage non-appropriate practices of slash-and-burn, extensive husbandry, timber extraction, especially in private land within PAs.
6. Alternatives should be developed to mitigate the impact of PAs restrictions on usage of natural resources, oriented to improve productivity and natural resources management (e.g. ecotourism, bee-keeping, fisheries, organic agriculture, handicrafts, etc.); resources will be required for micro-credit and training for these productive activities.
7. There is a need to improve the dialogue with local communities in the PAs, through increasing the channels of information, improving communication and further developing environmental education programs.
8. The Management Committees are a key mechanism to facilitate the dialogue between local communities, PA Management Units and Local Governments, and their roles and capacity should be expanded with the Program' s support.

2. Summary of Public Participation Process

Extensive and systematic consultations were undertaken with key social actors and institutions in Santa Cruz, Cochabamba, Tarija, La Paz and in selected PAs. These identified a high acceptance and support to the project among the various social groups, and a general willingness to participate actively in PA management.

2.1. Objective and methodology:

<p>Objective: (i) initiate a process to inform the public and potential actors about the National System for Protected Areas (SNAP); and ii) Assess the level of acceptance of the SNAP amongst potential partners, local institutions and beneficiaries in the different Departments and Protected Areas</p>	<p>Methodology: (a) Selection of PAs; (b) Identification of institutions and organizations (b) 8 workshops (4 local, 3 Departmental and 1 national); (c) Interviews and surveys; and (d) information systematization and analysis.</p>
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2.2. Consultation activities:

<p>Selected PAs : (1) Amboró, (2) Kaa-Iya del Chaco, (3) Cotapata and (4) Ulla Ulla.</p> <p>Selected Departments: Tarija, Cochabamba, Santa Cruz and La Paz.</p>	<p>Level of participation:</p> <ul style="list-style-type: none"> • 149 participants • 93 Institutions/organizations were represented: 62% of public institutions, 34% of social/private (including community organizations) and 4% of universities)
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2.3. Key findings from the Public Participation Process and areas for action

<p>Norms and Institutional Framework:</p> <ul style="list-style-type: none"> • There is institutional recognition of the strategic importance of the SNAP and National Service for Protected Areas (SERNAP). • SNAP strategic value lacks full political support from the GOB. • There is priority need to complete the ongoing process of establishing the legal framework for the SNAP. • Overlapping institutional roles and functions (SERNAP, DGB, VAIPO, INRA). • Weak institutional structures, lack of institutional capacity and poor inter-institutional coordination at central and field levels. • There is a need to decentralize SERNAP and SNAP management. 	<p>PAs and Management Committees:</p> <ul style="list-style-type: none"> • Weak PA' s categorization and border definition. • PA management Committees are fundamental to increase social and institutional participation. • Management committees need to be reorganized to increase representation (including Departmental and local governments, CBOs, NGOs and other institutional actors). • Poor information exchange and coordination amongst institutions • Increase financial support to increase capacity of management committees.
<p>Economy and Productivity:</p> <ul style="list-style-type: none"> • Low understanding of economic opportunities resulting from the establishment of a PA (ecotourism, genetic resources and research, micro-enterprises, sustainable agriculture). • Lack of consensus regarding the definitions and scope of natural resources management and conservation. • Weak understanding of the links between social and environmental sustainability. • Lack of participatory community development plans with involvement of the PA Management Units. 	<p>Information and Social Communication:</p> <ul style="list-style-type: none"> • Limited information about SNAP, SERNAP and PAs • Lack of continuity in SNAP activities (workshops and information events) • Limited access to information and results from workshops.
<p>Education, training and research:</p> <ul style="list-style-type: none"> • Lack of knowledge about environmental and PA management and need to incorporate environmental and conservation topics into education curricula. • Strengthening of human resources involved in PA management. • Coordinate and integrate research activities as part of SERNAP and SNAP development. • Increase inter-institutional coordination incorporating academic and research centers. 	<p>Financing:</p> <ul style="list-style-type: none"> • The establishment of the Trust Fund is fundamental for the sustainability of the SNAP. • Need for cost-efficiency and participatory management. • Need of financial information exchange. • Development of financial mechanisms to support SNAP and to benefit local communities is a priority. • GOB financial support should increase. • There is a need for transparent management.
<p>Additional key remarks:</p> <ul style="list-style-type: none"> • <i>The Public participation process has generated public awareness of SNAP, SERNAP and the Project.</i> • <i>Social sectors and institutions expressed a high acceptance for SNAP, SERNAP and the Project.</i> • <i>There is a great deal of confusion regarding SERNAP' s structure, role and functions.</i> • <i>Workshops to address the decentralization of the SERNAP should be implemented on a priority basis.</i> 	

3. Strategy for Addressing Indigenous Peoples Issues

Even though revenue sharing and income-generating activities should provide benefits to local communities and to indigenous groups, it is recognized that, in attempting to bring order to protected areas management, there may be adversely affected individuals over the short term.

Although these potential impacts have been generically identified by the social assessment, the likelihood of their occurrence, the identification of the individuals and groups affected, their scope and magnitude, the possibilities to avoid or mitigate them, cannot be determined at this stage of the program. The nature and characteristics of the social impacts will depend on the policies adopted for the SNAP, the legal status of the protected areas, the demarcation and zoning of these areas and their management plans, the range of specific needs of the people affected in every protected area; all of these will be developed as part of the program's implementation.

Article 171 of the Bolivian Constitution, modified in 1994, recognizes "the social, economic and cultural rights of indigenous peoples that inhabit the national territory, especially to their communal lands of origin, warranting their use and sustainable management of their natural resources, their identity, values, language and institutions". The recognition of these rights orients the proposed framework Policy for Indigenous People living within and around the PAs. The treatment of indigenous people issues emerging from the project implementation will be consistent with the principles contained in the Operational Guideline 4.20 (Indigenous People) and the corresponding regulations of the Republic of Bolivia. The key principles and guidelines

3.1 Parks with People

The GOB adopted the principle of "parks with people" and therefore no resettlement is expected to take place. However, if the PAs zoning eventually indicates the need for limited relocation of indigenous people and/or the need to restrain their access to certain natural resources within the PAs, these issues will be addressed in accordance with the framework Policy for Involuntary Resettlement/ Human Settlements within PAs adopted by the GOB¹, with full respect of their dignity, human rights and cultural uniqueness.

3.2 Participation

The proposed program is designed as a process to integrate local and indigenous communities as active participants and beneficiaries in PA management and conservation. Local preferences will be identified through direct consultation. The direct involvement of the indigenous people in both the preparation of the PA management plans and the annual operational plans (POAs) is key to ensure that these communities will benefit from protected areas.

A central principle of the proposed project is the collegial management of the protected areas through the *Comites de Gestion* (PA management committees). The October 2000 agreement between the GOB and the indigenous, farmers and colonizers organizations stipulates that 50% of the members of the Comites de Gestion should represent these organizations; moreover, these Committees will have significant decision powers over the management of their respective protected areas.

In particular, the project targets the indigenous and local communities in developing and piloting models for income generation within the PAs and buffer zones. Indigenous knowledge will be incorporated both into the management plans (component 2) and into the development of models for biodiversity and natural resources management (component 5).

3.3 Indigenous People Development Plans and the SNAP Planning Cycle

The project is designed as a process framework for incorporating the needs and aspirations of local and indigenous communities into the SNAP Master Plan as well as in the planning and management of PAs and buffer zones. areas. This participatory planning process will be coordinated by the *Comites de Gestion*, which will ensure broad communication and consultation with all the stakeholders.

The *SNAP Master Plan* will be prepared through a consultative and participatory process to ensure that they reflect the current social and institutional conditions in Bolivia. Social groups, local and indigenous

¹ this policy framework is presented in Annex 17.

communities, scientific and governmental institutions and NGOs will be invited to establish the detailed TORs for the MP and follow up on its preparation.

The *Protected Areas Management Plans* will be prepared in tandem with the development of specific *Indigenous People Development Plans* (IPDPs). The Sustainable Development with Identity Plans already prepared for four PAs will serve as a reference for these planning activities. The IPDPs will be reviewed by IDA, who will give its non-objection.

The *IPDPs* should contain the following elements:

(a) *Legal Framework*. The plan should contain an assessment of (i) the legal status of the PA indigenous groups and (ii) the ability of such groups to obtain access to and effectively use the legal system to defend their rights.

(b) *Baseline Data*. These include (i) accurate, up-to-date maps and aerial photographs of the area of project influence and the areas inhabited by indigenous peoples; (ii) analysis of the social structure and income sources of the population; (iii) inventories of the resources that indigenous people use and technical data on their production systems; (iv) cultural practices, religious beliefs and (v) the relationship of indigenous peoples to other local and national groups.

(c) *Land Tenure*. The plan should assess the land tenure situation, and ensure the rights of indigenous people to their customary and traditional lands.

(d) *Strategy for Local Participation*. Mechanisms should be devised and maintained for participation by indigenous people in decision making throughout project planning, implementation, and evaluation, according with their social organization, language and cultural schedules.

(e) *Identification and assessment of positive and/or negative impacts*. According with the activities proposed in the PA, it will be identify and assess the positive or negative impacts for each indigenous people. This process will carry out with the participation of the indigenous people.

(f) *Technical Identification of Development or Mitigation Activities*. Technical proposals should proceed from on-site research by qualified professionals acceptable to the Bank and with the participation of the indigenous people involved.. Detailed descriptions should be prepared and appraised for such proposed services as education, training, health, credit, and legal assistance. Technical descriptions should be included for the planned investments in productive infrastructure.

(g) *Institutional Capacity*. An institutional assessment will be prepared, addressing : (i) the availability of funds for investments and field operations; (ii) the adequacy of experienced professional staff; (iii) the ability of indigenous peoples' own organizations, local administration authorities, and local NGOs to interact with specialized government institutions; (iv) the ability of the executing agency to mobilize other agencies involved in the plan's implementation; and (v) the adequacy of field presence.

(h) *Implementation Schedule*. Components should include an implementation schedule with benchmarks by which progress can be measured at appropriate intervals. Pilot programs are often needed to provide planning information for phasing the project component for indigenous peoples with the main investment. The plan should pursue the long-term sustainability of project activities subsequent to completion of disbursement.

(i) *Monitoring and Evaluation*. Independent monitoring,, including reporting formats and schedules appropriate to the project's needs, should be established

(j) *Cost Estimates and Financing Plan*. The plan should include detailed cost estimates for planned

activities and investments. The estimates should be broken down into unit costs by project year and linked to a financing plan.

The preparation of the *PA annual operational plans* will specifically contemplate the issues of indigenous development in the protected areas and buffer zones, and include adequate budget allocations to implement the programmed actions. These plans will be reviewed by IDA who will give its non-objection.

3.4 Potential Financing

IPDP activities related to PA management and conservation, and targeted income-generation activities will be financed under the PA annual operational plans.

Phase II of the proposed program is particularly focused on expanding the social support to the SNAP through community-based, conservation-related income generating activities in the PAs and buffer areas. It will also complete the demarcation and address land tenure issues in the protected areas. During Phase III, the autonomous management of PAs will be strengthened, including the possibility of providing concessions for the operations and management of protected areas to Indigenous people, following the example of the Kaa Yia protected area. These activities should benefit especially the affected indigenous people.

3.5 Institutional Responsibilities

SERNAP will be the institution responsible for the coordination of the IPDPs at the national level, while the IPDP planning activities will be led by the PA Management Committees.. Specific arrangements for the implementation of the IPDPs will be established, involving the PA Management Committees, the Ministry of Indigenous Affairs, INRA, CIDOB (*Confederacion Indigena del Oriente de Bolivia*) and specialized NGOs.

The program will include, in its Phase II, adequate support for capacity building and technical assistance to the institutions involved in the IPDPs' preparation and implementation.

Annex 13: Environmental Assessments

Bolivia: Sustainability of the National System of Protected Areas

Introduction

The proposed GEF supported Sustainability of the National System for Protected Areas in Bolivia Program aims at achieving the sustainable management of the National System of Protected areas. The project components are not expected to have any significant negative impacts on the environment. Field construction activities are small scale, involving the construction of field posts, small buildings and trails. However, there may be impacts from induced activities related to tourism development in buffer zones, the construction of ecotourism lodges, access roads and interpretation trails. Sustainable economic activities planned within buffer zones (e.g. agro-ecological production, sustainable harvesting of non-timber products such as medicinal plants and bio-prospecting activities) may also have impacts.

The project has been classified as Category B, since some of its activities could potentially generate negative environmental impacts. This refers mainly to the implementation of Component 2 of the proposed project, involving the construction of infrastructure for the protected areas (offices, campsites, visitor services, housing for the park rangers), the repair of access roads and/or trails, and ecotourism infrastructure.

This note provides a reference framework for the environmental assessment of these potentially impacting activities. It identifies the potential impacts of the proposed activities, highlights approaches to mitigate the adverse impacts, and defines the procedures to be followed for the environmental assessment of these activities in the protected areas.

Potential Environmental Impacts due to Infrastructure Construction in Protected Areas

Buildings and Campsites. Civil works will be undertaken in the PAs to build management offices, main and support campsites to set up surveillance in areas considered critical, housing for rangers, tourist lodging, and places where indigenous people can trade their handicrafts. Most of them involve small constructions and basic infrastructure, and will be usually located in areas classified as atrophic, or already altered.

Natural vegetation is one of the most sensitive elements affected by building and infrastructure works. The existing vegetation has to be cut down and rooted out in the construction sites. This will have a limited impact in the Protected Areas, because of the small scale of the proposed infrastructure.

One potential risk during the infrastructure construction phase is of uncontrolled fires due to waste burning. The fires could affect timber species, , altering the landscape, destroying habitats and decreasing biodiversity.

Although no archaeological sites are known to exist in the construction sites, there is a moderate risk that the infrastructure to be built could potentially affect archeological or cultural heritage.

Considering the fact that in most of the Protected Areas in Bolivia are inhabited by local communities and indigenous people, the availability of infrastructure and the construction itself might attract a disorganized expansion of human settlements nearby the main campsites or the administrative centers. New settlements could lead to an increase of extensive herding and cattle raising practices, which in turn could affect PA natural ecosystems.

Road and Trail Maintenance. Even though the By-Laws for Protected Areas do not foresee any new road constructions in the areas, the repair of existing access roads and trails could lead to limited deforestation of the natural vegetation and might also potentially affect wildlife and archeological sites. Increased accessibility to PA areas could foster illegal logging, poaching and mining.

Ecotourism. The impacts of ecotourism in Protected Areas could be significant, if uncontrolled. These activities target the most beautiful landscapes, which normally also happen to be the most vulnerable sites from an environmental standpoint. This affects areas of high natural and visual value due to footsteps and stomping,

all-terrain vehicle tracks, defacing of sites and monuments, illegal removal of plants and wildlife, materials and artifacts, and crowding. The construction of facilities for visitors in Protected Areas can attract investment in tourism and camping infrastructures, thus increasing the level of economic activity and its consequent impacts in the surrounding buffer zones.

Managing Environmental Impacts

The following preventative, corrective and compensatory measures will be adopted to manage the impacts identified above, adapted to the specific conditions of each PA.

Construction of Buildings and Infrastructure

- The Protected Area Management Plans shall prepare land use diagnostics whereby threatened places are identified and mapped out. The zoning of the PAs shall identify the various areas for restricted use and their management regimes, according to the classification provided by the General By-Laws of Protected Areas (Supreme Decree No. 24781 of July 31, 1997. According to the By-Laws of Protected Areas, the infrastructure to be built must be located in the so-called “Special Zones”.
- The main campsites, visitor welcome centers, and interpretation centers must be located in strategic places, where they do not damage the vegetation, fauna, water, and soil. Additionally, their location must be determined in relation to the visual resource. The size of the facilities must be proportional to the type of work and the Protected Area’s carrying capacity.
- The infrastructure to be built must follow adapted architectural guidelines and must bear relation to the location’s environmental conditions and socio-anthropological reality expressed in the local inhabitants’ culture.
- The construction of works must use, if possible, local supplies and labor. In case technology is used, this must use clean energy sources, such as solar, wind, or hydraulic energy.
- If necessary, sewage systems and peripheral drainage ditches must be built for proper water channeling in order to protect the park rangers’ homes and the main campsite. They will avoid floods.
- If the works produce visual impacts, some visual-isolation screens, such as native trees or bushes, must be planted as live fences around the facilities, so as to blend with the surrounding landscape. Color contrast must be avoided for the infrastructure not to stand out in the scenery.
- The facilities must have restrooms, water disposal systems, and controlled waste or residue deposits.
- Vegetation protection plans and programs must be established to avoid the facilities becoming a source of forest fires.
- In case that already built structures cause negative environmental effects, these will be minimized through modifications of the structures to adapt them to their surroundings, or if this is not possible, their relocation.
- Electrical or telephone wiring that causes visual impact in visited areas should be buried.
- In cases where the impacts from construction are irreversible, or where environmental elements are difficult to protect, the PA Management Unit can adopt compensatory measures, such as: spreading of the earth or fertile soil extracted from the infrastructure site in other places; landscaping with native trees, shrubs, or pasture planting; restoration of degraded habitats and ecosystems.

Road And Trail Maintenance

- The repair of roads and ecological trails must use light equipment (tractors, motor graders, truck shovels, etc.) to avoid further damage to vegetation and soil. Where possible, the restoration works should be made with local labor.
- Earth movement and side slope cutting must be made without going out of the right of way, trying to affect natural vegetation, river courses, and organic soil the least possible.
- In case an existing road or trail is significantly affecting a specific ecosystem, a less impacting variant or detour could be built.
- In areas where road repairs have caused damage to natural vegetation, revegetation through planting or sowing in bare patches of land must be executed.
- In cases where the road or trail interferes with wildlife movement, adequate signage should be provided; if the flow of vehicles could pose a significant danger to animal populations or represent a barrier to their movements, solutions such as fencing and bypasses should be sought.

Ecotourism

- There must be control and registration for visitors to the different protected area ecosystems. Visitors should be informed of the PA regulations, such as prohibition to collect plants and animals, waste disposal, areas of restricted access, etc.
- Critical places in the protected areas must be off limits to tourists. This must be enforced by permanent surveillance and control in particularly vulnerable areas or ecosystems.
- Orientation signs, commercial signaling and publicity panels within the PAs should comply with the regulations established in the Basic Sign Handbook of the Bolivian National Protected Areas System (March 1999).

Environmental Assessment Procedures in Protected Areas

The SERNAP administration has adopted an environmental and socio-cultural protection strategy for the protected areas during the implementation of the GEF project on Biodiversity Conservation (1992/98). This strategy is based on the implementation of management plans, the application of internal regulations in each Protected Area, and the elaboration of specific environmental assessment studies on infrastructure construction, road repair, and ecotourism. Within this context, specific ecosystem protection regulations have been developed for protected areas and should be enforced through administrative and technical procedures, described below:

1. SERNAP, the Protected Area Director, and technical staff of the diverse protected areas must establish and recognize the infrastructure needs for each protected area (housing, interpretation centers, roads, etc.), define the priorities for construction, and evaluate the budget available for the planned infrastructure works.
2. For every building or infrastructure construction within the PAs, a specific environmental impact study will be prepared by the proponent (PA management or private owner), that includes the site's biotic, abiotic and socio-cultural resource assessment, determining the limits and area to be affected.
3. The studies must include at least two alternative locations for the infrastructure construction, evaluated on their technical and financial merits. These options must be submitted to the consideration of the Bolivian National Protected Areas System authorities and to the National Directorate of Environmental Impacts at the MSDP for final approval. In case significant environmental impacts are identified in any of the alternatives, the consultant who elaborated the alternative must modify the design so that it is optimal from an environmental standpoint.

4. In case the infrastructure is constructed under Concessionaire terms inside the protected area, the process shall comply with the regulations established by the By-Laws of the Environmental Law. This law prescribes the need to:
 - Elaborate an Environmental Card (classifying the type of environmental study)
 - Elaborate an Environmental Impact Assessment Study that includes detailed negative environmental impact mitigation measures, and
 - Obtain the Environmental Impact Statement issued by the National Directorate of Environmental Impact.
5. The National Authority on Protected Areas jointly with the National Directorate of Environmental Impact will follow up and oversight the established procedures (terms of reference, invitation and elaboration of proposals). They will approve the studies done within the environmental assessment framework and supervise the execution of the mitigation measures agreed upon.

Annex 14: Independent Evaluation of the Pilot Phase GEF Project (Achievements and Lessons Learned)

Bolivia: Sustainability of the National System of Protected Areas

Background

The first protected area of Bolivia, the Parque Nacional Sajama, was created in 1939. However, it was not until 1985 that the Bolivian government designated administrative responsibility for its management to the Forestry Development Center (CDF). In 1992, with the enactment of the National Environment Law (Ley 1333), all management responsibilities for parks and protected areas passed to the newly created National Secretariat for the Environment (Secretaría Nacional del Medio Ambiente, SENMA). In 1993, protected areas came under the National Directorate (DCNB) within a newly created Ministry of Sustainable Development and Environment.

The Bolivian Congress established the National System for Protected Areas (Sistema Nacional de Areas Protegidas-SNAP) in 1992, composed of 18 legally created protected areas. Currently, biodiversity conservation within protected areas is the responsibility of SERNAP (Servicio del Sistema Nacional de Areas Protegidas) within a new Ministry of Sustainable Development and Planning, through the office of the Viceminister for the Environment, Natural Resources, and Forest Development. SERNAP was created in 1998 by Congress, as an autonomous Government agency in charge of the management of SNAP. A summary of the categories in the SNAP is presented below:

Main Category Of Protected Area Management	Surface In Hectares	% Of the Country In The Category
• National Parks (IUCN I-II)	7,440,919	6.77%
• Natural Integrated Management Areas (IUCN III-IV)	6,471,932	5.89%
• Indigenous Territories (only those belonging to the SNAP) (IUCN III-IV)	5,110,704	4.65%
TOTALS	19,023,555	17.32%

GEF Pilot Phase Project

The GEF supported Biodiversity Conservation Project (Pilot Phase) was approved in 1992 and received cofinancing support from the Government of Switzerland. The major components of the project were: (i) support for the organization, implementation, and follow up of the SNAP; (ii) support to eight PAs (including six existing protected areas and two new protected areas to be established); (iii) alternative management of natural resources in buffer zones; (iv) monitoring and evaluation; and (v) administrative support to the Project Coordination Unit.

Specific activities included: (i) institutional strengthening of the National Directorate of Biodiversity Conservation (DGB); (ii) development of a biodiversity information system; (iii) consolidation of the SNAP via the development and implementation of management plans; (iv) implementation of a program of control and enforcement within the protected areas which make up the SNAP; (v) training for personnel in the SNAP; and (vi) development of rules, regulations, policies and procedures to supervise the SNAP through a coordinated system of law enforcement. The project envisioned the development of a long term funding strategy for the SNAP.

The project achieved most of its objectives. The project's most notable achievements are:

- development of the SNAP based on protection of representative ecoregions;
- trained professionals are in place at headquarters and in the parks;
- basic infrastructure and equipment are in place including a radio communications system;
- two new protected areas were established: (i) Parque Nacional y Area Natural de Manejo Integrado K'aaiya del Gran Chaco; and (ii) Parque Nacional y Area Natural de Manejo Integrado Madidi, covering a total of 6.4 million ha.
- management plans developed for seven priority areas.
- the capacity of the DNAPVS (today SERNAP) to administer the SNAP and to fulfill its other functions was strengthened.
- a Park Guard Training Center has been established with Universidad Autónoma Gabriel René Moreno at its facilities in El Vallecito.
- Citizen committees were established in most areas.

In addition to these achievements, the SNAP provided the framework for: (1) the development of a successful Wildlife Management and Germplasm Conservation Program; and (2) a significant increase in the number and total area under management. There is concern, though, that the expansion has been too rapid and is having a negative impact on the areas established prior to 1992. Between 1993 and 1998, the area under the SNAP expanded from 8% to 17% of Bolivia's territory, without a commensurate increase in budget. In this regard, the GEF project may have been overzealous in encouraging this increase without ensuring that mechanisms for financial sustainability were in place. The proposed SNAP Sustainability project intends to address this problem by prioritizing and decentralizing management of some areas to NGOs and local government.

The primary weakness of the Pilot Phase Project resulted from the lack of a viable fiduciary fund and alternative revenue sources (fees, etc.) to fund the annual operating costs of the SNAP (approximately US\$5.0 million per year). Political meddling undermined the institutional viability of the GOBs key financing entity, FONAMA, resulting in the failure of the fiduciary fund to obtain adequate financial support from donors. After the dismissal of the project management unit staff in 1997, funding delays to parks resulted in the resignation of key staff members and park wardens; since then, however, key staff have been re-hired. Secondary factors that limited project performance were: (i) lack of transparency in the contracting processes that would build on successes realized throughout the life of the project; (ii) excessive emphasis on programs based in La Paz; (iii) the failure to develop a comprehensive ecotourism strategy and an entry fee policy; (iv) the failure to pass the Biodiversity Law, which would have given the Park wardens and areas themselves a more substantial legal mandate; and (v) the failure to plan in a timely fashion for ongoing support after the project ended.

IUCN Independent Evaluation

An IUCN independent evaluation of the GEF Pilot Phase project was conducted in late 1998. Its findings and recommendations have been discussed with the GoB and the Bank, and, where appropriate, incorporated into the proposed design of the SNAP Sustainability Project. A full report is available from the Bank and from SERNAP. The findings in the report are summarized as follows:

There is a general opinion that the project has permitted the consolidation of two aspects of biodiversity conservation in Bolivia. Firstly, it has significantly increased the number of protected areas being managed; and secondly it has strengthened the management capacity of national organizations, both governmental and non-governmental. Starting out in 1993 from a situation where a total of 4 areas were being administered by organizations other than the national authority, in 1998 there were a total of 14 protected areas with some degree of management carried out directly or indirectly by the national authority. Management capacity is manifested in a body of park guards and area directors, the great majority of whom are committed to the principles of conservation and sustainable development, and have at their disposition tools to enable them to manage protected areas in complex social situations.

Both the protected areas network and the personnel in charge of it constitute the principal achievements of the project, and the strengthening of these two aspects should continue to be the centerpiece of any future initiative.

The project has also contributed to testing, with varying degrees of success, innovative mechanisms, such as Management Committees and Administration Agreements, which have permitted the incorporation and strengthening of local people and non-governmental organizations in the management of protected areas. In addition, the GEF contribution has acted as a catalyst in attracting a variety of new sources of funding for the national system of protected areas (SNAP).

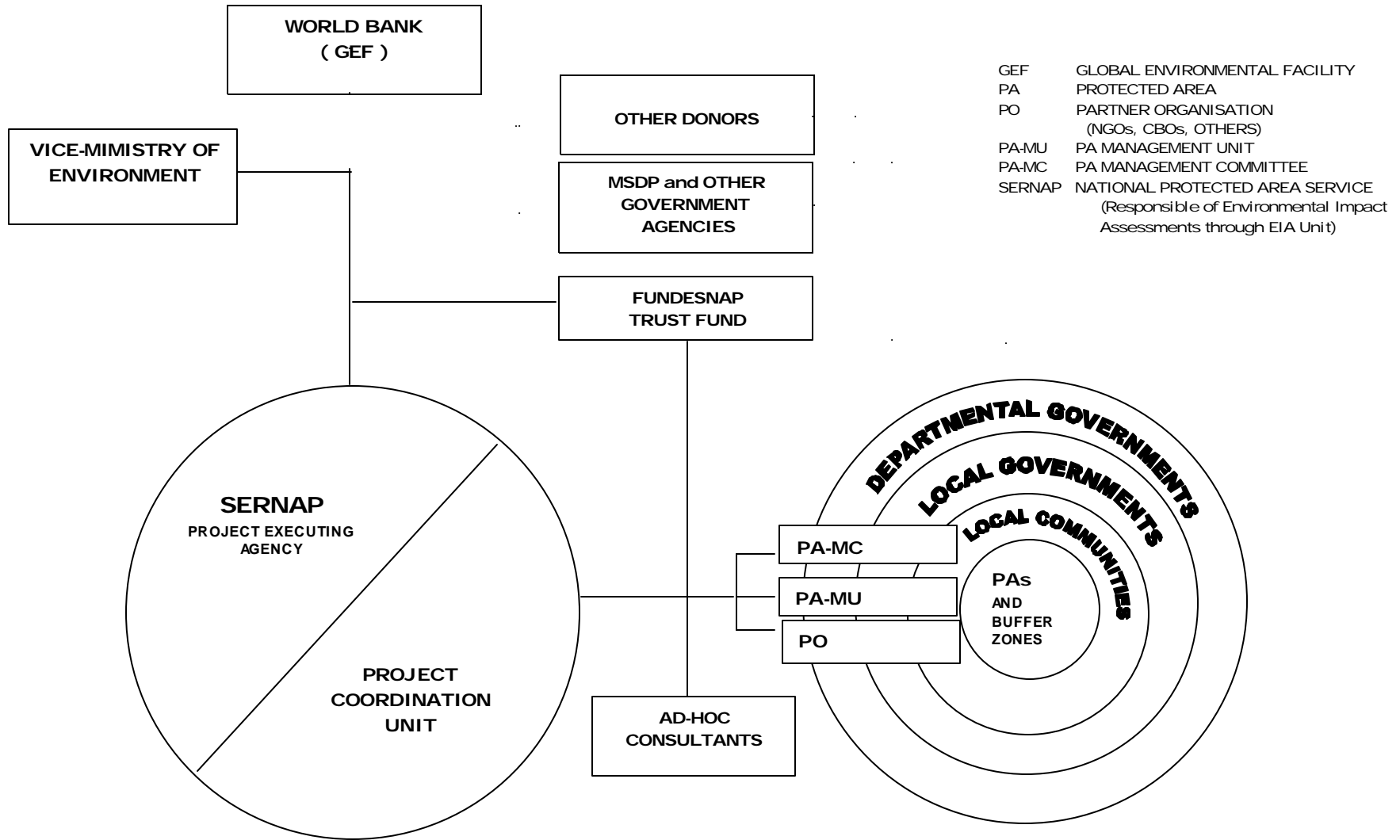
Taking into account the original status of the institutions charged with managing the protected area system, the amount of finance provided, and the implementation period of the project, the IUCN Evaluation team concluded that the General Directorate of Biodiversity (DGB) – the principal beneficiary of the project – suffered the consequences of an institutional growth crisis. This crisis is not unrelated to the evolution of the institutional and normative context in Bolivia during recent years. There were a number of deficiencies in the management of the project that could be improved. The responsibility of these deficiencies is shared by the Bolivian institutions and the donor and cooperation agencies. Both groups of institutions should contribute equally to their solution.

The IUCN Independent Evaluation team recommended that a second phase of the project be pursued. In so doing, they identified the following as elements that should be addressed in the design of the follow-on project:

- A System Plan formally adopted by the Bolivian State (legislative and executive branches).
- Differentiation of roles and functions of government and non-government organizations and their capacity to participate in the implementation of the System Plan and contribute to the sustainability of the SNAP.
- Putting on sound basis the SNAP (boundary demarcation, re-categorization, zoning and derogation).
- Differentiation of jurisdiction of government agencies with responsibility for protected area management.
- A technical and administrative structure fully dedicated to the management of the project, operating in coordination with the national protected areas authority.
- A Project Steering Committee.
- An analysis of the real capacity of the national authority of protected areas to administer the GEF funds.

These issues have been fully taken into account in designing the present project.

Annex 15: Project Institutional Organization
Bolivia: Sustainability of the National System of Protected Areas



Annex 16: Translated Text of the Letter of Sector Policy
Bolivia: Sustainability of the National System of Protected Areas

La Paz, 28 July 2000
MDSP/DESPACHO No. 1338/2000

Ms. Isabel Guerrero
Director for Bolivia
The World Bank
1818 H. Street NW, Washington, DC 20433
USA

The Bolivian State, as a signatory to the United Nations Convention on BIODIVERSITY since 1994, acknowledges the fundamental right of the Bolivian people to use and profit by natural resources in their search to satisfy their needs: nevertheless, we are aware that this right must be considered within the framework of rationality, allowing sustainability and future use. Bolivia has committed itself to safeguard our important and representative specimens of the enormous biological and cultural diversity of our country for future generations. Since 1939, when the first protected area was declared, up to now we have declared 17.3% of our territory as protected areas, according to different categories.

Bolivia has adopted sustainable development as a conceptual matrix for development of our country. Hence, it is absolute priority to harmonize sectoral standards and policies for economic productive development with conservation policies. The establishment of protected areas is a social contract that permits the equitable generation and distribution of social, economic and environmental benefits: in this sense, sustainability of the system requires a permanent perception by social actors that these areas are effective and are valuable for Bolivian society.

With a view to securing the management of biodiversity, there is a need to establish an adequate legal framework: one of the priority goals of the Ministry over the next two years is precisely approval of a legal body that is adequate to manage protected areas and biodiversity. The institutionality and autonomy of SERNAP, which will have a normative, regulatory and supervisory role in the future, will be guaranteed, enhancing participation of civil society, base organizations and indigenous peoples in the management of protected areas.

The Bolivian State acknowledges the rights of communities living in protected areas and local communities to have access to natural resources within the framework of concerted zoning. Therefore, there will be no involuntary resettlements in protected areas. Moreover, the State will secure participatory management of protected areas, strengthening co-administration mechanisms and management committees for protected areas.

By order of the Bolivian State, the Ministry of Sustainable Development and Planning has the duty to watch over conservation of ecosystems in the country within the framework of the precepts established by sustainable development. The Ministry's objective is to achieve financial, social, institutional and environmental sustainability and autonomy of the National Protected Areas System (SNAP) of Bolivia.

One of the principal objectives for the next years is focused on gradual reduction of dependence on external financing funds for managing the National Protected Areas System (SNAP), implementing financing mechanisms such as private administration of funds, private investments for public use of protected areas, fiduciary funds, debt exchange, the generation of own resources for entry and services and the creation of mechanisms for compensation for environmental services. In this context, the Ministry of Sustainable Development and Planning commits itself to allotting counterpart resources to the programme "Sustainability of SNAP", amounting to an annual amount of 600,000 American Dollars, up to a total contribution of 3 million American Dollars for the first phase. Simultaneously, the Government has promoted creation of the

Foundation for Development of the National Protected Areas System (FUNDESNA) as a private fund administration mechanism to cover recurring costs of the SNAP.

In this respect, the Bolivian Government considers execution of the programme “Sustainability of the National Protected Areas System” is top priority. This programme has a proposed duration of fifteen years, subdivided in three phases. The first phase is focused on institutional, financial and social strengthening and reinforcement of the legal framework of the National Protected Areas System. The second phase will be centered on the creation of support bases for conservation and sustainable use of resources through income generating actions for local communities and the SNAP in accordance with sustainable development principles. The third phase of the program will be focused on consolidation of the institutional structure of SNAP and mechanisms generated in the previous phases, thus assuring sustainability, autonomy and social participation.

The first phase of the program will be implemented in the following five years. Some of the principal activities include the strengthening of institutional capacity in SERNAP, participatory preparation of the SNAP Master Plan, the establishment of effective management of the most important protected areas in the country, support for capitalization of a fiduciary fund under FUNDESNA and support for a pilot programme on sustainable use of biodiversity, for which the General Direction of Biodiversity will be responsible.

For all reasons mentioned above, the Ministry of Sustainable Development and Planning commits itself to supporting the project “Sustainability of the National Protected Areas System of Bolivia”, and confirms that the agencies responsible for execution of this project are the National Protected Areas Service (SERNAP) and the Foundation for Development of the National Protected Areas System (FUNDESNA).

Yours sincerely,

[Signed]

Eng. MSc. José Luis Carvajal Palma
MINISTER OF SUSTAINABLE DEVELOPMENT AND PLANNING

Annex 17: Principles and Guidelines for Resettlement

Bolivia: Sustainability of the National System of Protected Areas

The purpose of the Sustainability of the National System of Protected Areas Program is to ensure the conservation and the sustainable management of representative ecosystems and biodiversity of Bolivia through a national system of protected areas. The Program will be developed with participation of government at various levels, resident or user communities of the protected areas, with NGOs and the private sector.

The Program will seek to harmonize the practices of resident or user communities in each protected area with the ecosystems. However, should the population be displaced or the use of a natural resource be limited during the Program's development, the principles and procedures set forth in this Policy Framework for Resettlement will apply.

When based on this Annex, unless otherwise required by a different context, the terms defined in the GEF Donation Agreement will bear the meanings herein set forth.

The Recipient has been informed about the Bank's requirements to have a policy framework applicable to involuntary human resettlements arising from any other donation-financed subproject.

The applicable resettlement policy in case involuntary movement occurs as a result of the Project will be consistent with the principles contained in the Operational Guideline 4.30 (Involuntary Resettlement) and the corresponding regulations of the Recipient's country, the Republic of Bolivia (INRA Law Number 1715, Regulations to the INRA Law, Supreme Decree Number 25773, Environmental Law Number 1333, General Regulations of Protected Areas, Supreme Decree Number 24781 and the Penal Code. A copy of the document has been forwarded to the Recipient.

Principals

- *Minimizing Population Displacement*

Population displacement shall be avoided in the Programs designed for each of the Protected Areas. To observe this principle, the practices of the resident or user communities of the Area shall be studied in order to identify the type of relation existing between the natural and social environments. When customs or behaviors that negatively affect the ecosystem are identified, programs will be designed to modify said negative customs or behaviors. The behaviors and customs that harmonize with the ecosystem shall be motivated through specific programs.

In the event that a determined ecosystem is severely exposed, whether as a result of its fragility, limited capacity to receive human settlements, or when the system is particularly important for its preservation, the possibility of limiting access to the ecosystem or to the use of its resources shall be analyzed. The decision to displace the population will be taken only as a last resort. In this way, the involuntary displacement of the population shall be avoided and will take place only when absolutely necessary.

- *Consultation and Participation*

When access to or use of resources must be limited, or the population moved to other regions, a Socioeconomic Impact Management Plan or a Resettlement Plan shall be designed, in consultations with the persons affected or those who must be displaced and those living in the areas of relocation. Each Plan shall be implemented with the participation of all the persons involved.

- *Re-establishing Previous Socioeconomic Conditions*

The aim of the Resettlement and Impact Management Plans is to re-establish the socioeconomic conditions of the population displaced or affected by the use restrictions imposed, and whenever possible, to try to improve said conditions.

- *Respect for Cultural Standards*

The Resettlement and Impact Management Plans shall be designed respecting the cultural standards of the persons to be displaced and the recipient populations.

Target Population of the Policy Framework for Resettlement

The Policy Framework shall apply to all those persons who as a result of the Program for the Sustainability of the National System of Protected Areas or any of its subprojects,

- must be displaced from their place of residency
- are subject to limitation of the use of resources needed for their subsistence
- suffer negative effects on the means of subsistence or productive activities
- are isolated from their neighbors and disconnected from their social networks.

The absence of title deeds for the property affected shall not be an obstacle for inclusion in the Resettlement Plans.

The Framework shall not apply to persons who carry out activities or actions classified as offenses according to national laws.

- *Determining Population Displacement or Restriction of Use or Access*

A Zoning Study and a cadastral study shall be carried out and a Management Plan drawn up for each Protected Area. These studies and plans, as well as the specific study on the characteristics, customs and behaviors of the population inhabiting and/or using the Protected Area, shall serve as a basis for determining population displacement or limiting the use of or access to determined resources.

Procedure for Resettlement and Re-establishment of Initial Socioeconomic Conditions

Once the need to displace the population or limit the use of or access to determined resources is confirmed, the following activities shall be carried out:

- *Census and Socioeconomic and Cultural Study*

A census and a detailed socioeconomic study of the affected population shall be carried out, including information about the demographic characteristics (number of people, sex, age), social information (kinship, type of family or social unit, educational level, occupation, workplace) and economic information (income source and level). The social organization and the cultural features of the population will also be analyzed.

- *Inventory of Land Holdings and Improvements*

An inventory of the property of the persons who must be displaced shall be taken at the level of affected land holding, including existing improvements (productive and non productive), and a description of the characteristics and the type of holding.

- *Identification of Impacts Caused by Displacement or Limitation of the Use of or Access to Resources*

Based on the socioeconomic characteristics of the population to be displaced or subjected to the limitation of the use of or access to determined resources, the socioeconomic impacts faced as a result of these actions shall be identified (loss of housing, income, income sources, access to public and social services, changes in family and social organization).

- *Determining Impact Prevention, Mitigation and Compensation Alternatives and Eligibility Criteria*

According to the type of impact faced and the socioeconomic and cultural characteristics of the population, alternatives shall be determined for resettlement or to manage the impacts caused by the limitation of the use of or access to resources. These alternatives shall be identified with the participation of the persons affected.

For the resettlement of rural population whose livelihood depends on the land, land plots shall be provided in a location and of a quality appropriate for the development of productive activities and the access to services. The lack of legal title to the property affected shall not be an obstacle to benefit from a solution that will allow said displaced population to at least re-establish their initial socioeconomic conditions.

Compensation in money shall be applied only in those cases in which the population is partially affected and the amount received covers the cost of replacing the assets affected and/or when the person affected has sufficient management and adjustment capacity, according to the baseline socioeconomic study, to appropriately invest the compensation amount received and re-establish initial socioeconomic conditions.

In the case of impacts caused by the limitation of the access to or use of determined resources, production alternatives shall be identified so that the population affected may replace the use of or access to said resources and re-establish or improve initial socioeconomic conditions.

For each alternative solution, both in the case of resettlement as well as mitigation and compensation of the impacts caused by the limitation of the access to or use of resources, eligibility criteria shall be determined. The persons affected shall validate these criteria. They will then be accepted, together with the type of solution offered, in a signed document.

Drawing up Resettlement or Impact Management Plans

To plan the implementation of the alternatives identified, Resettlement Plans shall be drawn up for the displaced persons and Impact Management Plans for those who are not to be displaced but who are subject to the restriction or limitation of the use of or access to determined resources.

Resettlement Plans shall include the following:

- Location and description of the Protected Area
- Specific location of the area to which the population is to be displaced and reasons for displacement
- Results of the socioeconomic and cultural assessment of the displaced population
- Identification and analysis of the impacts faced by the displaced population
- Solution alternatives based on the type of impact caused and the characteristics of the population
- Applicable legal framework
- Eligibility criteria for each solution alternative
- Measures to prevent new settlers from entering the restricted area
- Information and consultation program
- Land acquisition or replacement program
- Housing, infrastructure and communal equipment construction or replacement program, if applicable

- Social and economic program for the re-establishment or improvement of income levels, and economic and social networks
- Organic structure responsible for plan implementation
- Human and physical resources required for plan implementation
- Budget
- Time schedule
- Tracking and monitoring system
- Evaluation system

Impact Management Plans applicable in the case of limitation of the access to or use of determined resources shall include the following:

- Location and description of the Protected Area
- Specific location of the area in which use of or access to resources shall be limited and location of the population who utilizes said resources
- Description of the resources or areas where access or use will be limited
- Reasons for limiting the access to or use of these resources
- Results of the socioeconomic and cultural assessment of the population affected by the limitation of the access to or use of the resources
- Identification and analysis of the impacts caused by the limitation of the access to or use of the resources
- Solution alternatives based on the type of impact caused and the characteristics of the population
- Applicable legal framework
- Eligibility criteria for each solution alternative
- Measures to prevent use of or access to restricted resources by other population groups
- Information and consultation program
- Program aimed at developing alternative productive activities to re-establish or improve income levels and economic networks
- Organic structure responsible for plan implementation
- Human and physical resources required for plan implementation
- Budget
- Time schedule
- Tracking and monitoring system
- Evaluation system

Participation and Consultation

Resident and user communities in the Protected Areas shall participate in the process of determining the need for population displacement or limitation of the use of or access to determined resources, the studies carried out to identify alternative solutions, and the preparation and implementation of the plans. Participation and Consultation shall be channeled through the Local Management Committees.

- *Entity Responsible for the Process*

The entity responsible for planning, coordinating and monitoring the entire process is SERNAP. INRA and other government agencies shall be responsible for implementation.

The institutional strengthening component of Phase II of the Program shall include training and technical assistance for the areas and SERNAP and INRA personnel responsible for developing these activities.

- *Institutional Organization*

Resettlement and Impact Management Plans shall be prepared in line with SERNAP' s planning policy, which includes the following:

- Master Plan
- Protected Area Management Plan
- Protected Area Annual Operating Plan

Resettlement and Impact Management Plans shall be submitted to the non-objection of the World Bank under the GEF Project.

Financing of Resettlement and Impact Management Plans

The Government of Bolivia through specific items added to the SERNAP budget shall secure the funds needed to implement