



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

PART I: PROJECT IDENTIFICATION

Project title:	Conservation, sustainable use of biodiversity, and maintenance of ecosystem services of internationally important protected wetlands		
Country:	Costa Rica	GEF Project ID: ¹	4836
GEF Agency:	UNDP	GEF Agency Project ID:	4966
Other Executing Partners(s):	SINAC	Submission date:	March 28, 2012
GEF Focal Area(s)	Biodiversity	Project Duration:	60 months
Name of Parent Program (if applicable): For SFM/REDD+ <input type="checkbox"/>	n/a	Agency Fee (\$):	\$ 370,587

A. FOCAL AREA STRATEGY FRAMEWORK

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Co-financing (\$)
BD-1	1.1 Improved management effectiveness of existing and new protected areas	New protected areas and coverage of unprotected ecosystems	GEFTF	2,505,876	12,275,719
BD-1	1.2 Increased revenue for protected area systems to meet total expenditures required for management	Sustainable financing plans	GEFTF	1,023,527	4,094,108
Sub-Total				3,529,403	16,369,827
Project Management Cost (5%)			GEF TF	176,470	818,491
Total Project Cost				3,705,873	17,188,318

B. PROJECT FRAMEWORK

Project objective: To improve management in order to increase the conservation, sustainable use, and maintenance of the ecosystem services of internationally important wetlands.						
Project component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Co-financing (\$)
1. Protected area (PA) system representation and emplacement of institutional capacity for the sustainable management and conservation of wetlands	TA	<p>1.1 At least one new wetland protected area is gazetted to increase the ecological representation of wetlands in the national protected areas system by 1000 hectares (size of area to be confirmed during PPG).</p> <p>1.2 Framework in place to mitigate threats to biodiversity in 7 existing internationally important wetland protected areas,</p>	<p>1.1.1 Scientific analysis, public consultation, boundary demarcation, legal notification and gazettal of at least one (1) new protected area, in line with the country's conservation gap analysis and updated national wetland inventory.</p> <p>1.2.1 Eleven internationally important existing wetland protected areas physically demarcated.</p> <p>1.2.2 Protection and control plans drafted and implemented in 7 internationally important wetlands.</p>	GEFTF	2,505,876	12,275,719

¹ Project ID number will be assigned by GEFSEC.

		<p>including threats from unsustainable agriculture, hunting and fishing, change in land use for infrastructure development, mangrove deforestation, tourism, invasive species, and climate change, covering a minimum of 210,089 ha, leading to the maintenance of the total area of ecosystems present at project start-up by project end (baseline to be confirmed during the PPG phase).</p> <p>1.3 The management effectiveness of 7 internationally important wetland protected areas increases by 20% (baseline METT scores to be determined during PPG phase)</p>	<p>1.2.3 Specific climate change adaptation measures for wetlands piloted in three priority sites (see text for proposed specific measures to be confirmed during PPG) and integrated in the national Biodiversity Climate Change Adaptation Strategy</p> <p>1.2.4 Wetland ecological monitoring system established for 11 protected internationally important wetlands and articulated with the National Ecological Monitoring Program (PROMEC).</p> <p>1.3.1 Local management program promotes awareness and participation of stakeholders and increases understanding of the socioeconomic and ecological benefits and importance of wetlands in 7 protected areas.</p> <p>1.3.2 Strengthened individual and institutional capacity of XX staff (number to be defined during PPG phase) within SINAC and other relevant institutions contributes to the conservation and sustainable management of wetland protected areas.</p>			
2. Resources for sustainable management of internationally important protected wetlands increased and diversified	TA	<p>2.1 Funding for 7 internationally important wetland protected areas increases by 20% (as measured by UNDP/GEF Financial Sustainability Scorecard) (baseline of approximately \$3.8 million /year to be confirmed during PPG phase)</p>	<p>2.1.1 Valuation of ecosystem services in seven (7) PAs gathers economic information on full value of goods and services provided by the wetland sites.</p> <p>2.1.2 Financial mechanisms are validated on site and serve to increase the level of funding for seven internationally important wetlands. Subject to confirmation through the PPG feasibility analysis, the mechanisms to be considered include:</p> <ul style="list-style-type: none"> • Wetland banking (revenues to be confirmed during PPG phase) • Adjustment of existing system of payment for environmental services (PES) to include ecosystem services provided by wetlands (could generate an estimated \$41-\$64/ ha based on existing scheme of payment for hydrological services) • Pilot REDD+ project (carbon sales could generate an estimated \$4092/ha - \$12,276/ha) (amounts to be confirmed during the PPG phase) • Increased tourism revenues from wetland protected areas. 	GEFTF	1,023,527	4,094,108
Sub-total					3,529,403	16,369,827
Project Management Cost					176,470	818,491
Total Project Cost					3,705,873	17,188,318

C. INDICATIVE CO-FINANCING BY SOURCE AND NAME IF AVAILABLE (\$):

Sources of Cofinancing	Name of Cofinancier	Type of Cofinancing	Amount (\$)
National Government	Sistema Nacional de Áreas de Conservación	Grant	8,062,710
National Government	Sistema Nacional de Áreas de Conservación	In-kind	7,225,608

Others	Forever Costa Rica Program	Grant	1,000,000
Multilateral agency(ies)	UNDP	Grant	300,000
Bilateral Aid Agency(ies)	GIZ (BIOMARCC project)	Grant	600,000
Total Cofinancing			17,188,318

D. GEF/LDCF/SCCF/NPIF RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY.

GEF Agency	Type of Trust Fund	Focal Area	Country Name/Global	Grant Amount (a)	Agency Fee (b) ²	Total c=a+b
UNDP	GEFTF	Biodiversity	Costa Rica	3,705,873	370,587	4,076,460
Total Grant Resources				3,705,873	370,587	4,076,460

PART II: PROJECT JUSTIFICATION

A. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

A.1.1 THE GEF FOCAL AREA STRATEGIES:

1. This project will contribute to increasing the long-term conservation and sustainable management of wetlands of international importance in Costa Rica, and thus serve to maintain globally significant biodiversity and vital ecosystem services. The project will achieve the following: the establishment or expansion of at least one new protected area (PA) to address the current conservation gaps; the improved management of seven protected areas; and the implementation of several financial mechanisms to ensure sustainable financing, including wetland banking, REDD+, and the adaptation of the existing payment for ecosystem services system. The project will make an innovative contribution to the field of conservation financing as these mechanisms have never before been implemented in wetlands in the Latin American and Caribbean region. Project activities will result in the removal of critical institutional capacity barriers to manage these ecosystems and financial barriers that undermine the conservation and sustainable use of these wetland ecosystems.

2. The project is consistent with Objective 1 of the Biodiversity Focal Area, *Improved Sustainability of Protected Areas Systems* and will support the conservation and strengthened management of protected areas in wetland ecosystems that have been recognized as internationally important, with a particular focus on seven sites selected due to the high levels of biodiversity and presence of significant threats. The project will contribute to the achievement of *Outcome 1.1, Improved management effectiveness of existing and new protected areas*, through extensive capacity-building, development and implementation of an operational framework, including plans, tools and strategies, increased inter-institutional coordination, and strengthening of the wetland monitoring system. The project will contribute to *expanding marine and terrestrial ecosystem* representation, as a minimum of one new protected area in a wetland ecosystem will be established, based on the country's conservation gap analysis and updated wetland inventory. The project has also been designed to contribute to *Outcome 1.2 Increased revenue for protected areas systems to meet total expenditures required for management*, and will increase the level of funding available for the management of seven internationally important protected wetland areas by at least 20% (as measured by the UNDP Financial Sustainability Scorecard), through the valuation of the ecosystem goods and services in these areas, the identification of feasible financial mechanisms to put in place, and the implementation of such mechanisms in 7 protected areas. This is a key element of the project as there are currently serious funding gaps and limited ability to effectively control the multitude of threats affecting these areas.

3. The project will contribute to the following goals of the CBD Programme of Work on Protected Areas (POWPA): 1.1 "To establish and strengthen national and regional systems of protected areas integrated into a global network"; 1.2 "To integrate protected areas into broader land- and seascapes and sectors so as to maintain ecological structure and function"; 1.4 "To substantially improve site-based protected area planning and management"; 1.5 "To prevent and mitigate the negative impacts of key threats to protected areas"; and 2.2: To enhance and secure involvement of indigenous and local communities and relevant stakeholders.

A.2. NATIONAL STRATEGIES AND PLANS OR REPORTS AND ASSESSMENTS:

4. The proposed project will help Costa Rica to meet its commitments as a party to a number of international MEAs, including the United Nations Convention on Biodiversity (ratified in 1994). Costa Rica's fourth national communication to the Convention on Biodiversity (November 2009) highlights the threatened status of its wetlands and the main drivers of wetland loss, in particular habitat change. The project supports the objectives of the "National Development Plan 2010-2014 Teresa Obregón", which outlines the importance of increasing the efficiency of biodiversity management, promoting integrated solutions to protect environmental resources, and catalyzing actions to equip SINAC's Conservation Areas with the human and financial resources they require. This project is also driven by, and will contribute to the achievement of, a wide range of national strategies, plans and policies, including:

- National Wetlands Strategy of 2006, which outlines several initiatives and guidelines that form part of the proposed project, such as the updating of Costa Rica's wetland inventory in each Conservation Area; the design and implementation of protocols to control invasive exotic species in priority wetlands; the promotion of the active and informed participation of local and indigenous communities in the rational use of wetlands; analysis of the possible application of existing mechanisms for the payment for environmental services schemes or development of new schemes for wetlands; promotion of efficient interinstitutional synergies; and the identification of training needs of institutions and people involved in the conservation and rational use of wetlands;
- Strategic Plan for the National Conservation Area System for 2010-2015, which outlines strategic mandates such as the need for SINAC to take a more proactive role in internationally designated areas; the development of human resources; and the adoption of shared responsibilities or co-participation in management.
- National Strategy for the Conservation and Sustainable Use of Biodiversity of 1999, which defines national priorities such as the consolidation of national efforts for in-situ conservation, strengthened national capacity for the sustainable management of biodiversity, and the integration of different actors.
- Policies for Protected Areas (2011), which include a number of policies, objectives and strategic guidelines of relevance for this project related to gaining knowledge about the state of PAs and the development of a monitoring system; increasing institutional capacity for the management of protected areas; development of tools for the participatory management of protected areas; use of instruments to value the ecosystem goods and services provided by PAs; and establishment of a solid financial base for the efficient and effective administration of protected areas, among others.
- National Wetland Policy of 2001, which outlines general objectives and strategies, as well as specific activities that are included in the proposed project such as the establishment of a wetland training program, valuation of the environmental services provided by wetlands, design and implementation of a program to provide funding for Ramsar sites, and implementation of participatory management programs.
- Decree issued in 2011 by the Presidency of the Republic highlighting the importance of strengthening the National Wetland Program.

5. In terms of legislation, the project is consistent with the Organic Law of the Environment No. 7554 (1995), The Law of Biodiversity (1998), the Law for Wildlife Conservation (1992), and the Forestry Law (1996).

Project Overview:

B.1. DESCRIBE THE BASELINE PROJECT AND THE PROBLEM THAT IT SEEKS TO ADDRESS:

6. Costa Rica is one of the 20 most biologically diverse countries of the world based on the number of species present and has one of the highest density of species. Although the country covers only 0.03% of the world's total terrestrial surface, 4.4% of the world's known biodiversity is harboured here. Furthermore, the country has the highest level of diversity of known plant and vertebrate species in Central America. To contribute to the protection of these high levels of biodiversity, Costa Rica has established an extensive protected area system made up of 169 PA units (with 9 distinct management categories). Protected areas cover 26% of the national continental territory and 2.64% of the exclusive economic zone.

7. Costa Rica contains well over 350 wetlands, which cover close to 7% of the national territory, of which approximately 30% are formally protected and 12 have been declared internationally important (Ramsar sites) based on

their importance for conserving biodiversity (e.g., for water birds and fish species), and/or for the representative, rare or unique wetland types contained therein. With the exception of one, the internationally important sites all enjoy protected area status. A wide range of wetland ecosystems are present as well as high levels of biodiversity, including endangered and endemic species, such as the vulnerable manatee (*Trichechus manatus*), the endangered leatherback turtle (*Dermochelys coriacea*) and endemic *Spaerodactylus pacificus* salamander. The wetlands also produce a wide range of goods and ecosystem services upon which many communities depend. The following table presents a summary of the 7 internationally important areas with protected area designation prioritized for this project:

Name of internationally important protected area	PA Category	Total area (ha)	Main wetland ecosystems present
Caribe Noreste	Comprised of National Park and National Wildlife Refuge	75,310 ha	This wetland features lakes, grass marshes, wooded swamps, gullies, streams, backwaters of large rivers and estuarine lagoons.
Caño Negro	National Wildlife Refuge ²	9,969 ha	This wetland is a shallow freshwater lagoon with seasonally inundated marshes and woodland around it.
Gandoca Manzanillo	National Wildlife Refuge	9,445 ha	This wetland includes a coastal lagoon comprised of coral reefs, seagrass beds, beaches, cliffs and flood lowland areas, with an uncommon vegetation association of swamp forests and mangroves.
Maquenque	National Wildlife Refuges	59,692 ha	This lagoon complex and palustrine ecosystem is part of the very humid tropical ecoregion with high biodiversity.
Tamarindo	Part of National Park	500 ha	This coastal area has permanent saline wetlands that are seasonally inundated, with 80% of the area being made up of mangrove forest (mostly <i>Rhizophora mangle</i>).
Terraba Sierpe	National Wetland	30,654 ha	This wetland is composed of the estuary of two rivers, lagoons, periodically inundated mangrove and “yolillo” palm swamp forest, sandy beaches and cliffs.
Palo Verde	National Park and other protected wildlife areas	24,519 ha	Extensive estuarine complex of permanent, shallow, freshwater lagoons, associated marshes and seasonally flooded woodland and mangroves

8. However, a wide variety of threats jeopardize the globally important biodiversity contained in these wetlands and have already resulted in significant habitat loss. For example, it is estimated that 18% of mangroves have been lost in the last 13 years. Many of the wetlands are found in areas of land use conflicts, with populations making use of the goods and services the wetlands provide, without necessarily adhering to criteria of sustainability. The principle threats can be grouped into eight categories: (i) Damaging agricultural practices: The cultivation of crops such as banana and pineapple is often associated with the high use of agrochemicals, applied directly to the crops and through aerial fumigation, which run off into wetlands. The excess water from irrigation that enters wetland systems is also altering the natural hydrological dynamics of some wetlands. Furthermore, the agricultural and cattle ranching frontier continues to expand in many areas for the production of pineapple, rice, cattle, palm, among other products, resulting in development of canals, drainage of wetlands, and loss of habitat; (ii) Illegal hunting and fishing: This includes the use of gear that is not permitted by law, fish overharvesting, and the unsustainable extraction of molluscs for human consumption; (iii) Fires: These are occurring both naturally and as a result of human interference as part of shifting cultivation practices and as a technique for hunters to force animals out of forested areas (iv) Change in land use for the construction of infrastructure and other developments (both large and small scale): Hydroelectric dams, marinas, roads, airports, urbanistic projects and tourism infrastructure, among others, can all negatively impact wetland integrity as they are not properly planned, despite the fact that they require EIAs. The presence of communities and associated developments in upper and middle watersheds are also resulting in the contamination of water and sedimentation in wetlands; (v) Deforestation of mangrove forests for different uses; (vi) Unsustainable tourism: Insufficiently managed and monitored tourism practices in wetland areas can be detrimental to wetland biodiversity, for example by affecting nesting sites, through feeding of fauna, or pollution of habitat; (vii) Introduction of invasive species, such as the red lionfish (*Pterois volitans*), which alters ecosystem habitat structure, reduces biodiversity levels, and modifies food webs, among other impacts; (viii) Climate change: This can negatively impact wetland hydrology and productivity as well as specific species or species groups (e.g., waterfowl and wading bird breeding, staging and wintering areas.). Loss of wetlands in turn would worsen the effects of climate change

² Note that some National Wildlife Refuges include both public and private land.

by releasing carbon, and reduce the ability to adapt to climate change (e.g., less protection against storm events and floods).

9. In accordance with the Biodiversity Law, SINAC is responsible for the administration of the public protected areas of the country, including the 11 internationally important wetland PAs that form the focus of this project. SINAC also has authority over natural resources outside of protected areas and therefore carries out activities in the buffer zones and areas of influence of these wetland PAs. Municipalities are only responsible for territorial planning outside of the protected areas. SINAC has a National Wetland Program, which deals specifically with inland wetlands, as well as a Marine Coastal Program, whose responsibilities include coastal wetlands, such as mangroves and coral reefs. The two programs implement joint actions where necessary. Under the baseline scenario, Costa Rica will continue to implement the National Wetland Program, focusing on the priorities defined in the National Wetland Strategy, as well as the Marine Coastal Program. The main priority actions include protection and control activities, environmental education, research, management, and restoration of wetlands, among others.

10. Over the five years of the project, Costa Rica will invest an estimated USD 15,288,318 on the operational costs for the management of the seven internationally important wetland protected areas. This includes staff time both at the Secretariat and in the Conservation Areas, transportation, per diems and overhead costs (both cash and in-kind costs). Through the project, “Marine Coastal Biodiversity in Costa Rica: Development of Capacities and Adaptation to Climate Change” (BIOMARCC project- 2010-2014), an estimated \$600,000 will be invested in the development of an adaptation to climate change strategy for marine coastal areas and in economic valuation studies assessing the ecosystem services of marine coastal resources. The Forever Costa Rica Program will provide approximately \$ 1 million in funding for initiatives related to the objectives of this project. These include: the updating of management plans, including for several internationally important wetlands; an assessment of terrestrial and inland water conservation gaps in order to improve the ecosystem representation in the national protected areas system; and climate change vulnerability studies, including for inland wetlands.

11. The long-term solution to mitigate the prevailing threats and to ensure the effective conservation and sustainable management of internationally important wetlands is to have in place a strong institutional framework and capacity, increased protected area management effectiveness, effective inter-institutional coordination mechanisms, as well as sustainable financing. This will contribute to the maintenance of multiple ecosystem goods and services and protection of globally significant biodiversity. However, the baseline programs and projects are not sufficient to ensure achievement of this solution. Currently, there are two main barriers that must be addressed, as outlined in the following table:

Barrier	Description
<p>Limited institutional capacity, structures and tools to effectively manage internationally important protected wetland areas, and weak inter-institutional coordination among those institutions whose decisions affect wetlands</p>	<p>There is still limited understanding among institutional stakeholders with influence on wetlands, as well as the general public on the full range of goods and services produced by wetlands and as a result, alternative uses are often considered more economically profitable, leading to habitat conversion or contamination of wetland areas. In addition, most SINAC personnel (both in the Executive Secretariat and in the Conservation Areas) as well as staff of other institutions involved in wetland issues have received little training in the management and sustainable use of wetlands (the last training session provided to SINAC staff on wetlands was carried out in 2006).</p> <p>Current staffing levels dedicated to working on wetland issues at the Executive Secretariat and in the Conservation Areas are insufficient to carry out the priority activities outlined in the National Wetland Strategy. The National Wetland Program only has one full-time staff member who is the Program Coordinator and Ramsar Convention focal point, while there are no formally designated staff members assigned to the National Wetland Program in the different Conservation Areas. The Marine Coastal Program is slightly better off, with two staff members, the program coordinator, and designated staff to support the program in the eight Conservation Areas with marine and coastal territory.</p> <p>Procedures, systems and tools to ensure that SINAC can fully meet its obligations as per national legislation and international conventions with regard to internationally important wetlands are not in place. The majority of the wetland protected areas lack updated protection and control plans to guide operations and to provide SINAC’s field personnel with the tools to effectively address the multiple threats to wetlands, such as unsustainable agriculture, climate change, and invasive, exotic species. The national ecological monitoring system does not include a comprehensive set of indicators related to wetlands to be able to monitor changes over time and thus carry out adaptive management. Furthermore, comprehensive efforts to ensure adequate wetland biogeographic representation have not been undertaken.</p> <p>In addition, inter-institutional coordination mechanisms related to wetland matters are lacking. Finally, local stakeholders do not have the tools and capacity to participate actively in the conservation and</p>

	sustainable management of these internationally important wetlands.
Insufficient funding for the sustainable management of internationally important protected wetland areas	Total annual cash expenditures in PAs (operating and investments costs) in 2008 were \$26,653,224. While there are significant baseline investments, the financial resources for the effective management of Costa Rica's protected wetlands are grossly inadequate. The funding gap for protected areas management in the country to cover the basic management costs was calculated at \$11,096,147 for 2008. Updated data on the financing needs of Costa Rica's protected areas are being collected through two ongoing UNDP/GEF projects, and these data will be used during the PPG to determine the specific funding gap for the internationally important areas included in this project. The value of the full range of goods and services provided by wetlands is not understood and wetlands are not currently eligible for inclusion in the country's established PES scheme. Other financial mechanisms tailored to increasing funding for protected wetland areas have not been developed, such that there are no significant and sustainable sources of income for these areas. This financial situation limits the ability of SINAC and other institutions to ensure the protection and sustainable use of these ecosystems.

B2. INCREMENTAL/ ADDITIONAL COST REASONING: DESCRIBE THE INCREMENTAL ACTIVITIES REQUESTED FOR GEF FINANCING AND THE ASSOCIATED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED BY THE PROJECT:

12. Funding from GEF will add significant value to current efforts to increase the sustainable use and conservation of Costa Rica's wetlands. While the project will benefit all 11 internationally important wetlands with protected area designation, the focus of many proposed project activities will be on seven of these, namely: Caño Negro, Refugio de Vida Silvestre Gandoca Manzanillo, Humedal Nacional Térraba-Sierpe, Humedal Caribe Noreste, Maquenque, Tamarindo and Palo Verde, which were chosen due to the significant threats affecting them, and high levels of biodiversity present (for example, Terraba Sierpe, which contains the largest extension of mangrove forest in the country and the largest on the Pacific coast of Central America, is facing a number of development pressures). GEF funding will support:

Component 1: PA system representation and emplacement of institutional capacity for the sustainable management and conservation of wetlands

13. Based on the national wetland inventory to be updated during the PPG phase, together with the country's existing conservation gap analysis (known as GRUAS II), the project will support the establishment of at least one new protected area in a wetland ecosystem. The new protected area(s) will increase the level of representation of wetland ecosystems in the national protected areas system. The estimated total area of the new protected area(s) will be 1000 ha (to be confirmed during the PPG stage). Criteria that may be used to identify the site include (to be confirmed during PPG): biogeographic coverage in the PA system; species richness; importance of the site in maintaining vital ecological processes, total area, uniqueness of site, and presence of manageable threats to biodiversity.

14. The project will develop the operational framework and tools needed for SINAC staff to manage the growing threats to internationally important wetlands and to monitor wetland biodiversity and integrity. To this end, the project will support the physical demarcation of the limits of the 11 internationally important wetlands with PA designation. Protection and control plans will be developed and implemented in the 7 priority sites (based on the management plans), which will serve as critical tools to provide operational guidance to personnel in the field. These plans will include a diagnosis of the threats to the protected area; objectives of the plan; target group(s); activities to be undertaken (such as vigilance, policing, signage, analysis of satellite images, preventive activities and information campaigns); evaluation of the implementation of the plan; timeline of activities; and budget. A protocol will also be developed to address the specific threat of invasive exotic species and its implementation will be initiated in at least one internationally important wetland protected area. In addition, climate change adaptation measures for wetland biodiversity will be identified, piloted, and incorporated in the National Climate Change Adaptation Strategy for Biodiversity expected to be completed by 2013 through Inter-American Development Bank (IADB) funding. While the specific actions will be confirmed during the PPG phase, such adaptation measures may include the following: protection of additional areas to complement or replace affected areas; protection of eroding edges from further erosion; introduction of integrated fire management practices in order to reduce risks of destructive fires and increased investment in fire control measures; intensification of controls on pollution in areas most vulnerable to climate change impacts; and modification of ecosystem management regimes to control potential pest outbreaks.

15. In order to monitor wetland biodiversity and integrity over time and determine to what extent protection and control activities are serving to mitigate threats, the project will support the identification of key indicators for wetlands. This suite of indicators will be integrated into SINAC's existing Ecological Monitoring Program for Protected Areas and Biological Corridors (PROMEC). Indicators will be selected based on a number of criteria such as ease and cost of data collection and protocols for the collection of this data will be established. Significant attention will be paid to the development of partnership agreements with other organizations to enable this data to be collected regularly over the long-term given inherent governmental human resource and financial constraints to undertake this work. The project will support the incorporation of this wetland data into SINAC's information management system, which will be operational in 2012.

16. It is evident that effective wetland protection will require the active participation of local stakeholders who depend most directly on the goods and services provided by these ecosystems, especially given the government's human resource limitations. Therefore, to complement the development of operational tools for the management and monitoring of internationally important wetland protected areas, local management program will be developed, oriented towards participatory management, which will include the promotion of sustainable production activities. This program will require an analysis of the appropriate structures for inter-institutional work at the local level and support to existing local organizational structures. The project will also further promote and strengthen the voluntary brigades for the protection and control of protected areas (COVIRENAS), which are currently operating at a limited level in the Conservation Area wetlands. As a tool to implement this program, the project will raise the awareness of stakeholders about the ecological and socioeconomic benefits and importance of the wetlands, the full range of goods and services they provide, and their economic value. The awareness raising activities will be tailored to various target audiences, including decision makers, protected area managers, relevant institutions, and communities living in or near internationally important protected wetland areas.

17. In addition to the local management program, the project will build the capacity of key stakeholders in the conservation and sustainable management of internationally important protected wetlands. The primary focus of this work will be on SINAC, the main agency responsible for protected areas management in Costa Rica and for managing natural resources outside of protected areas, including forest resources, fauna and flora. The project will work to increase SINAC's ability to manage the protected areas themselves as well as to enforce regulations in the buffer zones of the internationally important wetlands (given that many of the threats to wetlands stem from outside of the PAs). The project will support capacity building of SINAC personnel, both at the Executive Secretariat, and in the 11 Conservation Areas (CAs), with a minimum of two staff members per CA to be trained. The project will also facilitate exchange visits between staff of different CAs to promote learning and sharing of best practices. The project will develop course material specific to wetlands for inclusion in the training program currently being designed by SINAC. This is critical in order to ensure the sustainability of capacity building efforts, given the relatively high levels of staff rotation and turnover within SINAC. The training program will include information on the programs of the Convention on Biological Diversity as they pertain to wetlands. A partnership with the *Universidad Nacional de Costa Rica* will be formed as it carried out capacity building on the topic of wetlands with SINAC in the past and is in the best position to continue to do so. To complement the capacity-building work, organizational procedures, staff functions, and responsibilities in relation to wetland management will be reviewed to strengthen SINAC's system of addressing wetland matters and implementing the National Wetland Program and wetland component of the Marine Coastal Program. The existing National Wetland Strategy will be updated and officially endorsed to promote a shared institutional understanding as to the Program's main priorities and to ensure buy-in, including at the highest level. In addition, mechanisms to facilitate inter-institutional communication and coordination to improve decision making will be designed.

18. To complement the institutional strengthening and training of SINAC, awareness raising and capacity building will be carried out with a number of other institutions with a significant impact on wetlands in Costa Rica (to be confirmed during PPG), which deal with sectors such as agriculture, tourism and infrastructure development. These are likely to include the Ministry of Agriculture and Cattle Ranching, Costa Rican Institute of Tourism, Ministry of Health, Costa Rican Institute of Electricity, National Coastguard Service, and municipalities, among others. The project will provide training to municipalities on the importance of wetlands in land use planning so that they are taken into consideration during the development and implementation of local regulatory plans and during the granting of permits for infrastructure development. The project will concentrate on those municipalities with a substantial impact on wetlands of international importance due to their proximity to these wetlands and the level of threats present. The specific municipalities that will be the focus of training efforts will be identified during the PPG stage.

Component 2: Resources for the sustainable management of internationally important wetlands with PA designation increased and diversified.

19. This project component is critical to the success of this project as the long-term management of internationally important wetland protected areas, including the implementation of protection and control plans and other relevant plans and strategies, will depend on securing sustainable sources of financing. Given that some wetlands are being impacted by human settlements within their limits or in the surrounding areas, it will be important to identify financial mechanisms that provide meaningful incentives for the sustainable use and conservation of wetlands so as to reduce the previously mentioned threats. To this end, the project will support the valuation of the full range of ecosystem goods and services provided by internationally important wetland protected areas, focusing on the seven protected areas prioritized for this project. This will provide baseline information for the development of financial instruments, such as PES. The project will then put in place several financial mechanisms to increase by 20% the level of financial resources available for the management of internationally important wetlands from a baseline of approximately 3.8 million per year invested in the 7 sites. The specific mechanisms to be implemented will depend on the detailed feasibility analysis to be undertaken during the PPG phase, but they may include wetland banking, payments for ecosystem services (PES), REDD+ (Reducing Emissions from Deforestation and Degradation), and the consolidation of tourism income.
20. The fields of PES, habitat banking, and REDD+ have never before been implemented in wetlands in the Latin America and Caribbean region, and as such, the project will make an important and innovative contribution. Wetland banking is a mechanism that requires developers to compensate for loss of wetlands by providing funding for the conservation of ecologically equivalent wetlands. The project will take advantage of the feasibility assessment carried out in 2010 by the UNDP on habitat banking in Costa Rica, which assigned the country a high feasibility rating due to the significant political support for biodiversity conservation and widespread recognition of the utility of market-based approaches to meet conservation goals. To a large extent, Costa Rica was considered to have most elements in place to establish such a scheme, such as the policy and regulatory foundations promoting ecosystem conservation, scope for integration of wetland banking within the EIA scheme, potential demand for credits, and the ability to develop banks and supply credits. During the PPG stage, the amount of income that can be generated from this financial mechanism will be defined (this depends on the average number of EIA-approved projects causing wetland loss/degradation and the fee established by the government and levied on developers to compensate for this impact). Credits will most likely be provided both for conservation activities within the most at risk internationally important wetland protected areas or only the most threatened parts of the protected areas, depending on the threat profile, as well as in the PA buffer zones, which have a direct impact on the integrity of the PAs themselves. The risk of net loss of wetlands will be minimized through: 1) the continued prioritization of prevention and mitigation over compensation-based schemes; 2) extensive capacity building with key institutions to ensure compliance with credit agreements and with the notion of ecological equivalency; and 3) exploration of the possibility of mandating developers to conserve a larger area of wetland than the actual area impacted through development.
21. The existing PES scheme could be adapted to include payments to landowners who conserve wetlands for the services these provide, such as flood control, pollution reduction, and/or carbon fixation. This would draw on, and build on, lessons learned by FONAFIFO from the well-established national PES program already in place. The wildlife refuges of Gandoca Manzanillo and Maquenque may be appropriate pilot sites to validate this financial mechanism, as they include significant private land ownership, but the scheme could also be established in the buffer zones of other internationally important wetland PAs. In this way, those living within or adjacent to these areas, who are not currently experiencing any benefits from the PA designations, could be provided with incentives to carry out environmentally-friendly activities. Currently private businesses in Costa Rica, such as hydroelectric companies, are paying between \$10 and \$45 per hectare per year to preserve hydrological services. These fees are topped by the government with income from a fossil fuel tax, multilateral loans, and grants, resulting in a payment to landowners of \$41/ha/year for natural regeneration and \$64/ha/yr for forest preservation.
22. Based on the results of the PPG feasibility analysis, the project could also implement the REDD+ mechanism, focusing on mangrove forests and on the carbon stored in soils. The REDD+ methodology, to be implemented in one or more pilot sites, includes the following steps: 1) define the boundaries of the proposed REDD project activity; 2) analyze historical land use and land cover change in the reference region during the past 10-15 years and project potential forest regeneration; 3) analyze agents, drivers and underlying causes of deforestation and loss of soil carbon; 4) project the quantity of future deforestation and loss of soil carbon; 5) project the location of future deforestation and loss of soil carbon by analyzing the spatial correlation between historical land-use and land-cover change and biogeophysical and socioeconomic factors; 6) project future baseline activity data by combining the results of steps 2, 4 and 5; 7) estimate the

transaction, implementation, and opportunity costs associated with land uses in the project area; 8) perform remote sensing and develop field-based estimates of the expected carbon stock baseline and non-CO₂ emissions; 9) perform remote sensing and develop field-based estimates of the expected actual carbon stock changes and non-CO₂ emissions; 10) estimate the expected leakage of carbon stock changes and non-CO₂ emissions; 11) calculate the expected *ex ante* net anthropogenic GHG emission reductions; 12) project monitoring; 13) *ex post* calculation of net anthropogenic GHG emission reduction; and 14) adjustment of the baseline for future crediting period. These pilot activities would support the country's current engagement in the REDD+ readiness preparation process, and could provide data for the national forestry inventory, which will estimate carbon stocks. Sales of carbon could generate significant revenues. For example, it is estimated that mangrove ecosystems contain 1023 tonnes of carbon per hectare (both above-ground and below-ground biomass)³; with the current internationally voluntary market for carbon of between \$4 and \$12 a tonne, this would represent between \$4092/ha and \$12,276/ha. These figures will be confirmed during the PPG stage.

23. Finally, the project may implement measures to increase the level of income from tourism in internationally important wetland protected areas, as the current visitation levels are relatively low, particularly to inland wetlands. Based on the results of the PPG analysis of different possible financial mechanisms, the most promising one(s) will be validated in priority pilot sites.

24. The project will yield substantial global environmental benefits by increasing the conservation and sustainable use of 11 internationally important protected wetland areas. These wetlands provide critical habitat to endangered resident water bird species, such as the jabiru stork (*Jabiru mycteria*), and species such as the great green macaw (*Ara ambigua*) and the near-threatened crested eagle *Morphnus guianensis*. The wetlands contain important populations of fish, reptile and mammal species, such as the vulnerable American crocodile (*crocodylus acutus*), the tropical gar (*Atractosteus tropicus*), near threatened Jaguar (*Pantera onca*), vulnerable West Indian manatee (*Trichechus manatus*), endangered Geoffroy's spider monkey (*Ateles geoffroyi*), and endangered nesting Caribbean sea turtles, such as the leatherback turtle (*Dermochelys coriacea*). Numerous endemic species, such as salamanders (e.g., *Spaerodactylus pacificus* salamander), and a wide variety of distinctive flora species are also present (such as the endangered *Pithecelobium pseudotamarindus* and *Brosimun costaricanun*). In addition, the project will provide important global benefits through the maintenance of vital ecosystem processes and services. For example, many of the internationally important wetlands are critical migration stop-over sites for water bird species, such as the American wigeon (*Anas Americana*), and the Northern pintail (*Anas acuta*). The sites also provide important food sources for fish, act as spawning grounds and nurseries, provide critical fish migration paths, contribute to water quality improvement, water storage, aquifer maintenance and climate mitigation.

B.3. SOCIOECONOMIC BENEFITS TO BE DELIVERED BY THE PROJECT INCLUDING CONSIDERATION OF GENDER DIMENSIONS:

25. Information dissemination to all relevant stakeholders, consultation, as well as effective stakeholder participation will be promoted throughout the project cycle. The project will work closely with communities living in or near internationally important protected wetlands and includes as one of its key components the development and pilot implementation of a local management program. This will enable local stakeholders to participate actively in the sustainable management of the wetlands which provide goods and services upon which the communities depend, such as food, flood protection, and scenic landscapes for ecotourism. The financial mechanisms to be developed, such as the payment for ecosystem services scheme and REDD+, could also generate significant financial resources to improve the well-being of local inhabitants. Awareness raising and training with communities will be based on an analysis of the sometimes distinct roles and needs of both women and men. The project will ensure that targeted interventions tackle issues of concern to women, and indicator(s) will be included in the project monitoring system to track the participation of women in project activities. The involvement of local communities will increase the social, environmental and financial sustainability of the project and increase its impact by enhancing ownership of the project, addressing people's real needs, strengthening the relationships between the project executing agency and local stakeholders, and taking advantage of the skills, experience, and knowledge within the communities. At the national level, the project will result in greater awareness among key stakeholders about the value of wetlands, increased institutional capacity to manage these ecosystems, and greater financial resources for their sustainable management and conservation.

³ Data estimated by Daniel C. Donato, J. Boone Kauffman, Daniel Murdiyarto, Sofyan Kurnianto, Melanie Stidham and Markku Kanninen. Mangroves among the most carbon-rich forests in the tropics. Published online April 3rd, 2011, in Nature Geoscience.

B.4. RISKS, INCLUDING CLIMATE CHANGE RISKS AND MEASURES THAT ADDRESS THESE RISKS:

Risk	Rating	Risk Mitigation Strategy
New administration to be elected in 2014 no longer prioritizes wetland conservation and sustainable use and staff capacity built through the project is lost with the associated staff turnover.	L	The project team will fully socialize the project with the newly elected administration to ensure that the latter understands the socioeconomic and environmental benefits of the project and their role in project execution. In addition, to ensure the sustainability of the capacity building, the project goes beyond training government staff in wetland conservation and sustainable use, to include the development of institutional procedures, inter-institutional coordination mechanisms, and specific wetland course material for inclusion in the SINAC training program.
Insufficient commitment of key institutions with influence over wetlands to incorporate environmental sustainability criteria and ensure the protection and sustainable use of wetlands.	M	The project includes a significant emphasis on increasing the level of awareness and understanding among key stakeholders about the value of wetlands and the importance of their sustainable use and conservation. Substantial capacity building will be carried out with SINAC and other institutions with influence on wetlands (such as the Ministry of Agriculture and Costa Rican Institute of Tourism), and a local management program will be developed and implemented. Finally, financial incentives will be established to promote the adoption of environmentally-friendly activities by local stakeholders.
Climate change negatively impacts wetland biodiversity.	L	The project includes as one of its outputs the identification and incorporation of climate change adaptation measures for wetlands. Furthermore, by strengthening the conservation and sustainable use of wetlands, they will be less vulnerable to the impacts of climate change. In fact, wetlands can play an important role in the country's adaptation to climate change by acting as a barrier for storms and floods, for example, and can help mitigate climate change by acting as a carbon sink. Finally, the project will support the establishment of a system to regularly collect biodiversity data from wetlands, which will enable decision makers to be able to identify changes over time (which could be related to climate change) and carry out adaptive management.

B.5. IDENTIFY KEY STAKEHOLDERS INVOLVED IN THE PROJECT:

Stakeholders	Role in Project Implementation
SINAC (National System of Conservation Areas)	SINAC is the project's Executing Agency and is a fully decentralized government institution of MINAET charged with the administration of all public PAs in the country and with the management of forestry and wildlife both within and outside of PAs.
CONAC (National Council for Conservation Areas)	This is the highest-level decision-making body within SINAC, presided by the Minister of MINAET. CONAC would need to approve any national plans or strategies developed by the proposed project.
Ministry of Environment, Energy and Telecommunications (MINAET)	MINAET is the GEF Focal Point and ruling institution for natural resources in Costa Rica, with the exception of forestry issues, wildlife and protected areas (responsibility of SINAC).
FONAFIFO (National Fund for Forest Financing)	FONAFIFO executes the country's Payment for Environmental Services Program and will be an important stakeholder in the development of relevant financial mechanisms.
Municipalities	Municipalities will be key stakeholders in the development and implementation of protection and control plans and the local management program. The project will provide specific training to a select group of municipalities to help them incorporate consideration of wetlands in the development and implementation of regulatory plans (to manage land use) and in the granting of permits for infrastructure development, with a focus on municipalities located in the areas immediately surrounding the internationally important wetland PAs.
Local communities	The project will work closely with communities living within or near Costa Rica's wetlands of international importance and will jointly develop a local management program with them.
UNDP Costa Rica	This is the project's Implementing Agency (IA) and will be responsible for financial and technical oversight of the project.
Other government institutions with influence over wetlands	The project will work to build the capacity of other institutions, such as ICT, the Costa Rican Institute for Tourism; MAG, the Ministry of Agriculture and Cattle Ranching; the National Coastguard; and ICE, the Institute of Electricity.

Universities, research institutions and NGOs	The project will develop partnerships with other organizations to ensure the long-term collection of relevant wetland data, such as with the National University of Costa Rica, research institutions, NGOs, or other organizations in the private sector.
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B.6. COORDINATION WITH OTHER RELATED INITIATIVES:

26. This project will work in close coordination with a number of other projects, including two ongoing complementary BD1 UNDP/GEF projects in Costa Rica. The UNDP-GEF project “Overcoming Barriers to Sustainability of Costa Rica’s Protected Areas System” (2008-2012), hereinafter called *Barriers*, aims to remove the main systemic and institutional barriers to the sustainability of the PA system of Costa Rica, while the proposed project will focus specifically on the wetland PA subsystem. Nevertheless, the outputs of the *Barriers* project will be carefully reviewed, particularly in terms of the system-wide capacity building and financial sustainability work, to take advantage of baseline information gathered, tools and mechanisms developed, and lessons learned. For example, the proposed project will incorporate information gathered from the *Barriers* project on the financial needs of the protected areas and will also develop material specific to wetlands for inclusion in the training program currently being designed by SINAC through the *Barriers* project. In addition, the project will ensure coordination with the UNDP/GEF Project “Consolidating Costa Rica’s marine protected areas (MPAs)” (2011-2015), which among other elements will increase institutional and individual capacity for marine protected areas management and increase funding for MPAs. The proposed project will also ensure coordination with the project “Integrated Management of Marine and Coastal Resources of Puntarenas”, funded by GEF and implemented by IADB. In addition to strengthening the regulatory framework and capacities for the management of two multiple use marine areas in the Pacific coast of Costa Rica, the IADB project is analyzing and implementing financial mechanisms, such as user fees and PES, to increase the financial sustainability in these areas. These will be reviewed for their possible applicability to the internationally important wetlands included in the proposed project. Specific coordination mechanisms among the various GEF projects will be developed during the PPG phase, but may include periodic meetings among staff of the different projects to ensure information sharing and spaces for discussion of relevant topics, the formation of an inter-project working group, as well as dissemination of the results of each project’s monitoring and evaluation reports.

27. The project will also take advantage of outputs being developed through other related initiatives including the BIOMARCC project, “Marine Coastal Biodiversity in Costa Rica: Development of Capacities and Adaptation to Climate Change” (2010-2014), which will carry out climate change vulnerability studies for the Pacific and Caribbean coasts; these will serve as inputs to the proposed project for the development of the climate change adaptation measures for wetlands. A technical cooperation funded by IADB, entitled “Adaptation of Costa Rica’s biodiversity in the face of climate change” will result in the development of a national climate change adaptation strategy for biodiversity to which the proposed project will contribute a section with specific adaptation measures for wetlands. The Forever Costa Rica program, established to support achievement of the country’s conservation targets, will be updating protected area management plans, including for a number of internationally important wetlands. These management plans will provide the broad framework under which the operational protection and control plans will be developed through the proposed project. Funding to support implementation of the Forever Costa Rica program is being provided in part through a debt-for-nature-swap signed in 2010 with the United States. The project will also coordinate its activities with a technical cooperation funded by the Japanese International Cooperation Agency (JICA), entitled “Promotion of Participatory Management in the Conservation of Biodiversity”, which aims to develop an institution-wide program of local management for SINAC; the project will articulate the local management program to be developed for the internationally important wetland PAs with this institutional-level program. It should be noted that none of the aforementioned projects are focused on improving the management capacity and financial sustainability of the country’s wetland protected area subsystem as a whole, and as such this project will contribute to the overall sustainability of GEF investments in Costa Rica.

C. GEF AGENCY’S COMPARATIVE ADVANTAGE TO IMPLEMENT THIS PROJECT:

28. UNDP has a long history as Implementing Agency for GEF projects focused on the conservation and sustainable management of protected areas (PAs). At present UNDP is overseeing PA projects in over 15 countries in Latin America and the Caribbean (LAC), spanning an area of approximately 32 million ha. The UNDP has also played a lead role in the development of financial mechanisms to promote the financial sustainability of PAs, such as habitat banking, and to measure this sustainability, such as through the Financial Sustainability Scorecard, and is in a strong position to implement a project with a strong emphasis on strengthened financing for PAs. UNDP Costa Rica has significant experience working with the government on biodiversity conservation, PA management and sustainable development, has an office in-country, and experienced personnel. The CO is currently implementing two other GEF Full-Sized Projects: “Overcoming Barriers to Sustainability of Costa Rica’s Protected Areas System” (Project ID- 56040) and “Consolidating Costa Rica’s Marine Protected Areas” (Project ID- 79129). As such, the organization is in an ideal position to ensure sharing of lessons learned and complementarity of efforts.

C.1 CO-FINANCING AMOUNT THE GEF AGENCY IS BRINGING TO THE PROJECT:

29. UNDP will contribute \$300,000 in cash co-financing for this project.

C.2 HOW DOES THE PROJECT FIT INTO THE GEF AGENCY’S PROGRAM AND STAFF CAPACITY IN THE COUNTRY TO FOLLOW UP PROJECT IMPLEMENTATION:

30. This project will support the achievement of one of the indicative outputs of the country program specified in the draft UNDAF for 2013-2017, namely the rehabilitation and conservation of wetlands, protected areas, and payment for environmental services. In addition, the draft Country Program document for 2013-2017 indicates that UNDP will focus on providing technical and financial assistance to Costa Rica to strengthen the protection and sustainability of its natural heritage, as well as to strengthen the capacity to promote adaptation to climate change, among other elements.

31. The staff of UNDP Costa Rica who will be involved in project oversight include an Environment and Climate Change Officer, who manages the environmental portfolio (with a Master’s in Economics, and a BSc in Economics and Administration, and over six years of experience); a Biodiversity and Environment Officer to focus specifically on projects in the Biodiversity focal area (with a Master’s in Environment and at least eight years of experience); a Program Assistant with 25 years experience in the UNDP; and the Auxiliary Resident Representative who would act as senior supervisor (15 years of experience, a degree in Law and a Master’s in Development Studies.) In addition, a Regional Technical Adviser for Biodiversity, who holds a Ph.D. and M.Sc. in Environmental Policy and Economics, is based in the UNDP/GEF Regional Coordination Unit in Panama City, and will provide technical backstopping when necessary.


PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this template).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
Rubén Muñoz Robles	Director, International Cooperation	Ministry of Environment, Energy and Telecommunications	02/27/2012

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF policies and procedures and meets the GEF/LDCF/SCCF criteria for project identification and preparation.					
Agency Coordinator, Agency name	Signature	Date (MM/DD/YYYY)	Project Contact Person	Telephone	Email Address

Yannick Glemarec, UNDP/GEF Executive Coordinator		March 28, 2012	Santiago Carrizosa, UNDP Regional Technical Advisor, EBD	+507-302-4510	santiago.carrizosa@undp. org
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