



# REQUEST FOR CEO ENDORSEMENT

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

## PART I: PROJECT INFORMATION

Project Title: <b>Strengthening the institutional and financial sustainability of the National Protected Area System</b>			
Country(ies):	Croatia	GEF Project ID:	4842
GEF Agency(ies):	UNDP	GEF Agency Project ID:	4731
Other Executing Partner(s):	Ministry of Environmental and Nature Protection (Nature Protection Directorate)	Submission Date:	December 13, 2013
GEF Focal Area (s):	FLEXIBLE - BIODIVERSITY	Project Duration(Months)	48 months
Name of Parent Program (if applicable):	NA	Agency Fee (\$):	495,300

### A. FOCAL AREA STRATEGY FRAMEWORK

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Cofinancing (\$)
BD-1: Improve sustainability of protected area systems	Outcome 1.1 Improved management effectiveness of existing and new protected areas	Output 3: Sustainable financing plans (1 for national PA network and 3 for individual national protected areas)	GEF TF	4,953,000	18,011,116
<b>Total project costs</b>				4,953,000	18,011,116

### B. PROJECT FRAMEWORK

<b>Project Objective:</b> Enhancing the management effectiveness and sustainability of national protected areas to safeguard terrestrial and marine biodiversity						
Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Grant Amount (\$)	Confirmed Cofinancing (\$)
1. Reforming the institutional framework to strengthen the management effectiveness of national protected areas	TA	<p><i>The network of Croatia's national protected areas is administered by an efficient institutional framework, leading to a significant improvement in the management effectiveness of 8 National Parks and 11 Nature Parks, covering a total area (marine and terrestrial) of 515,084 ha.</i></p> <ul style="list-style-type: none"> <li>- The METT score for national protected areas increases from a baseline of 63% to &gt;67% by end of project (EOP)</li> <li>- Capacity development indicator scores for the national protected area</li> </ul>	<p>(i) A national planning framework - comprising a strategic plan, financial plan and operational policies and guidelines – is prepared for the national protected area network and facilitates improvements in cross-jurisdictional coordination, implementation of best practice and collaborative action.</p> <p>(ii) The financial capacity (budget management, financial controls; financial</p>	GEF TF	1 762 000	6,400,000

		<p>institutions shows an improvement from a baseline of 58% (systemic), 57% (institutional) and 46% (individual) to 67%, 77% and 72% respectively by EOP</p> <ul style="list-style-type: none"> <li>- The degree of conservation<sup>1</sup> for Natura 2000 species (A=184 species; B = 214 species; C = 14 species) and habitats (A = 94 habitats; B = 91 habitats; C = 8 habitats) in the 515,084ha of national protected areas stays the same or improves from the baseline</li> <li>- By EOP, 1 an overarching Strategic and Financial Plan for the national protected area network is adopted and operational; at least 3 national protected areas have integrated business plans into their park management plans; and at least 10 park management plans fully conform to, and align with, the policies and guidelines manual</li> <li>- By EOP, at least 26 PI and MENP staff have completed specialized, targeted short-course financial training and financial skills development programs.</li> </ul>	<p>performance management; and financial governance and accountability) of the national protected area institutions is strengthened.</p> <p>(iii) A centralized 'shared service centre' (SSC) is established and</p> <ul style="list-style-type: none"> <li>- through testing the feasibility of providing two centralized support services to national protected areas - demonstrates that a centralized SSC can reduce costs, avoid duplication of effort, improve customer service and free up the individual national protected area Public Institutions (PIs) to focus their limited resources and capacity on core conservation functions.</li> </ul> <p>(iv) A comprehensive feasibility assessment of a range of different options for establishing a single park agency is concluded, and guides the long-term institutional reform decision-making process for protected areas.</p>			
2. Improving the financial sustainability of the network of national protected areas	TA	<p><i>Protected areas are set on the path of financial sustainability by ensuring that they have adequate financial resources to cover the full costs of their management.</i></p> <ul style="list-style-type: none"> <li>- Financial sustainability of the network of national protected areas shows significant improvement from a baseline of 32% to &gt;45% at EOP</li> <li>- The total annual funding available for national protected areas -</li> </ul>	<p>(i) The costs associated with the implementation and administration of entrance fees in national protected areas are reduced through the design, development, installation and successful testing of: a) a smart-card based electronic ticketing system; b) automatic entry ticket vending machines; and c) leased mooring buoys.</p>	GEF TF	2 842 000	10,761,116

<sup>1</sup> Where A = excellent conservation status; B = good conservation status; C = moderate or low conservation status)

		<p>government budget allocation; other government allocation; property income; own income; and donor revenue and other income) increases from a baseline of US\$68.3m to US\$77m by EOP, while the financing gap decreases from US\$14.7m to &lt;US\$5m, by EOP</p> <p>- By EOP, the three high income parks all generate a surplus (for potential use in cross-subsidizing low-income parks):US\$0.5m (Brijuni NP);US\$1.1m (Krka NP); and US\$5.7m (Plitvicka jezera NP)</p> <p>- By EOP, the adoption of more energy efficient technologies in two national protected areas yields a decrease in the costs of power supplies of &gt;32%</p>	<p>(ii) The tourism, educational and recreational attractions within four national protected areas are expanded (development of overnight accommodation) and linked (transport system developed to link the entry point to park sites and attractions) to create a more integrated product for park visitors, and increase visitor numbers and length of stay.</p> <p>(iii) The productive efficiency (i.e. maximum output for the minimum cost) of national protected areas is improved by: a) developing mechanisms to strengthen the service standards, and improve the economic efficiencies, of existing tourism services in three high-income national parks; and b) installing more energy efficient technologies in one national park and one nature park.</p>			
Subtotal					4,604,000	17,161,116
Project management Cost (PMC)				GEF TF	349,000	850,000
<b>Total project costs</b>					<b>4,953,000</b>	<b>18,011,116</b>

#### C. SOURCES OF CONFIRMED CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME (\$)

Sources of Co-financing	Name of Co-financier (source)	Type of Cofinancing	Cofinancing Amount (\$)
National Government	Ministry of Environmental and Nature Protection	In-kind	16,700,000
National Agencies	Public Institutions	Grant	811,116
GEF Agency	UNDP	Grant	500,000
<b>Total Co-financing</b>			<b>18,011,116</b>

#### D. TRUST FUND RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY

GEF Agency	Type of Trust Fund	Focal Area	Country Name/ Global	(in \$)		
				Grant	Agency Fee	Total

				<b>Amount (a)</b>	<b>(b)<sup>2</sup></b>	<b>c=a+b</b>
UNDP	GEF TF	Biodiversity	Croatia	4,953,000	495,300	5,448,300
<b>Total Grant Resources</b>				<b>4,953,000</b>	<b>495,300</b>	<b>5,448,300</b>

**F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:**

<b>Component</b>	<b>Grant Amount (\$)</b>	<b>Cofinancing (\$)</b>	<b>Project Total (\$)</b>
International Consultants	105,000	0	105,000
National/Local Consultants	178,000	0	178,000

**G. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? No**

(If non-grant instruments are used, provide in Annex D an indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF/NPIF Trust Fund).

**PART II: PROJECT JUSTIFICATION**

**A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN OF THE ORIGINAL PIF**

A.1 National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NCSA, NIPs, PRSPs, NPFE, Biennial Update Reports, etc.:

The Government of Croatia signed the United Nations Convention on Biological Diversity (CBD) on 11 June, 1992 and ratified it on the 7th of October, 1996.

The *Fourth National Report* (2009) has been prepared by the country in conformance with COP 8 decision VIII/14 of the CBD. This report confirms the high priority placed by the government on the establishment and management of a system of protected areas as an effective mechanism for the *in situ* conservation of biodiversity (Article 8 of the CBD). The *Fifth National Report* is currently under preparation (in accordance with Article 26 of the CBD and COP decision X/10).

The second NBSAP (2008-2013) for Croatia - the *National Strategy and Action Plan for the Protection of Biological and Landscape Diversity of Croatia* (2008) - was adopted by Croatian Parliament on the 28<sup>th</sup> of November, 2008 (OG 143/08). The second NBSAP emphasises the need to further develop the system of protected areas, improve the management effectiveness of individual protected areas, continue to increase the total area under protection, and promote the active participation of the public in the management of protected areas. Croatia is currently in the process of revising and updating its NBSAP to meet the process requirements of CBD's COP-6 and COP-9 (in its decision IX/8), and specifically to align with the CBD COP Decision X/2 (*Strategic Plan for Biodiversity*).

As a party to the CBD, Croatia is committed to implement the Programme of Work on Protected Areas (PoWPA) (COP 7, Decision VII/28). Croatia's *Action Plan for Implementing the Convention on Biological Diversity's Programme of Work on Protected Areas* ('PoWPA Action Plan') was submitted to the CBD Secretariat on the 5<sup>th</sup> of April, 2012. The PoWPA Action Plan prioritises the need (Action 2) to implement business planning processes in, and to further develop funding mechanisms for, protected areas in Croatia.

The project is aligned with the goal 'Preserve and protect the environment and nature' in the *Strategic Development Framework (SDF) 2006-2013*. It specifically contributes to the following instruments and actions identified in the SDF: (i) ensuring '...environmental protection...' is '...an integral dimension'...'of the tourism product and the

preservation and development of the Adriatic coast, the sea and the islands.’; and (ii) increasing ‘...the quality and diversity of the...’ ‘ecotourism...’ ‘...offer’.

The project will contribute to meeting one of the overall objectives – ‘Effective protection of biological and landscape diversity by ... rational management and protection of natural resources, application of advanced technologies, integration of the nature protection policy in development policies of individual sectors, together with monitoring of environmental pressures and with expert supervision’ - for Key Area 2 (Environment and Natural Resources) of the *National Sustainable Development Strategy* (NSDS, 2009). It will specifically contribute to the following activities/measures for achieving the overall objective: ‘prevent the loss of terrestrial biodiversity’ and ‘reduce the loss of marine and coastal biodiversity and increase the number of protected areas’.

The project will assist in the implementation of a number of actions under the following Strategic Objectives (SO): SO 3.1 ‘Continue development of the system of protected areas, efficiently manage protected areas, increase the total area under protection and promote active participation of the public concerned’ (actions 3.1.1.5.2 and 3.1.1.5.4); SO 6.8 ‘Given the great importance of tourism as an industry in the Republic of Croatia and also taking account of its negative impacts, promote development of sustainable tourism and eco-tourism’ (actions 6.8.2.4 – 6.8.2.8); and SO 7.2 ‘Establish an integral institutional framework for the protection of biological and landscape diversity at the national and county levels’ (actions 7.2.1.1, 7.2.4.1 and 7.2.5.2) of the *National Strategy and Action Plan for the Protection of Biological and Landscape Diversity of the Republic of Croatia* (2008).

The project will contribute to achieving Strategic Objective 2.3 (‘Achieved optimal model using of protected areas and N2000 areas’) of the *Strategic Plan of the Ministry of Environmental and Nature Protection 2013-2015*. The project will directly contribute to this SO through: (i) the standardization and improved coordination of the planning and management of national protected areas; and (ii) the development of visitor infrastructure in low-income national parks and nature parks.

The project will contribute, at the level of the national protected area network, to implementing a number of the priority measures identified in the *Strategy for the Development of Croatia's Tourism by 2020* (TDS, 2013) and the *Nautical Tourism Development Strategy for the Republic of Croatia, 2009-2019* (NTDS, 2009).

A.2. GEF focal area and/or fund(s) strategies, eligibility criteria and priorities:

The project is aligned with the goal of the GEF’s Biodiversity Focal Area Strategy, ‘*conservation and sustainable use of biodiversity and the maintenance of ecosystem goods and services*’. The impact of the project will be measured in terms of the ‘*biodiversity conserved and habitat maintained in national protected area systems*’, using the following indicators: (i) extent (in ha) of ‘*intact vegetative cover and degree of fragmentation in national protected area systems...*’; and (ii) extent (in ha) of intact ‘*Coastal zone habitat (coral reef, mangroves, etc.) ... in marine protected areas ...*’.

The project is consistent with Objective 1 of the biodiversity focal area strategy, ‘*Improve Sustainability of Protected Area Systems*’. The project will contribute to the outcome targets of Outcome 1.1 of Objective 1, ‘*Improved management effectiveness of existing and new protected areas*’ by increasing the management effectiveness (as measured by the Management Effectiveness Tracking Tool, METT) of national protected areas in Croatia.

The project will contribute to the achievement of GEF’s outcome indicators and core outputs under Objective 1 and Outcome 1.1 as follows:

GEF-5 Biodiversity Results Framework			
Objective	Expected Outcome	Expected Indicator (and project	Core Outputs (and project

		contribution to indicator)	contribution to outputs)
<p><b>Objective 1</b> Improve sustainability of Protected Area Systems</p>	<p><b>Outcome 1.1</b> Improved management effectiveness of existing and new protected areas</p>	<p><b>Indicator 1.1</b> Protected area management effectiveness as recorded by Management Effectiveness Tracking Tool</p> <p><u>Project contribution to indicator:</u> <i>METT scores for national protected areas will improve from an average baseline score of 63% to &gt;67% by end of project</i></p> <p><b>Indicator 1.2</b> Increased revenue for protected area systems to meet total expenditures required for management</p> <p><u>Project contribution to indicator:</u> <i>Financial sustainability scores for the protected area system will improve from a baseline of 32% to &gt;45% by end of project</i></p>	<p><b>Output 3</b> Sustainable financing plans (number)</p> <p><u>Project contribution to output:</u> <i>1 Financing/Business plan for the national PA network &gt;3 Business plans for individual national protected areas</i></p>

#### A.3 The GEF Agency's comparative advantage:

The present project will benefit from, as well as contribute to, UNDP's past and current work in Croatia, particularly in relation to biodiversity conservation. 'Protected Areas' are one of UNDP's signature programmes and the agency has a large portfolio of PA projects across Europe and the Commonwealth of Independent States (CIS) dealing with PA institutional and management strengthening and PA network expansion, and implementing strategies attuned to the local reality. UNDP currently supports the development and implementation of GEF projects in 63 protected areas covering approximately 63 million hectares in 20 countries across Europe and the CIS. It has an established national office in Croatia with well-developed working relationships with the key stakeholders of the project. Moreover, the project will benefit from the support of the regional UNDP Regional Service Centre in Istanbul.

#### A.4. The baseline project and the problem that it seeks to address:

SECTION I, PART I Situation Analysis (Long-term solution and barriers to the solution) of the UNDP PRODOC describes the following two fundamental barriers to improving the institutional and financial sustainability of the network of national protected areas: (i) *Weaknesses in the institutional framework for national protected areas*; and (ii) *Inefficiencies in the administration, adequacy, allocation and effectiveness of funding in national protected areas*.

SECTION I, PART I Situation Analysis (Baseline Analysis) of the UNDP PRODOC provides details of the resources, capacity and financing that have already been committed by a range of national and international organisations – over the four year time frame of the project - to address, in part, the key barriers to the effective planning and management of national protected areas.

SECTION I, PART II Strategy (Project Goal, Objective, Outcomes and Outputs/Activities) of the UNDP PRODOC more fully details the full suite of project outcomes, outputs and activities.

The following is a brief summary of the project objectives, outcomes and outputs:

The project **objective** is: *Enhancing the management effectiveness and sustainability of national protected areas to safeguard terrestrial and marine biodiversity.*

In order to achieve the project objective, and address the key barriers, the project's intervention has been organised into two **components** (this is in line with the components presented at the PIF stage):

**Component 1:** *Reforming the institutional framework to strengthen the management effectiveness of national protected areas*

This component seeks to provide support to the government in: a) implementing short-term interventions targeted at improving the existing institutional framework for national protected areas; and b) assessing the feasibility of, and technical requirements for, establishing a single park agency, for national protected areas.

It will direct GEF resources to four key areas of support: (i) Preparing a national framework for the planning, management and development of the protected area system; (ii) Strengthening the financial management capacity of national protected areas; (iii) Establishing shared service facilities for national protected area PIs; and (iv) Undertaking a detailed feasibility assessment of alternative options for a park agency.

Output 1.1 will support the preparation of a national planning framework for the protected area system. This framework will comprise three components: a medium-term strategic plan; a medium-term financial plan; and a set of standardised policies and guidelines for protected areas.

Output 1.2 will support the strengthening of the following financial management capacities within the protected area institutions: Budget management; Performance management; and Governance and accountability.

Output 1.3 will support the establishment and functioning of a formal 'association' for the 19 national protected area Public Institutions (PIs). It will test the feasibility of developing this 'association of PIs' as a *Shared Service Centre* (SSC) which will provide the following value-added support services to parks: (i) a common marketing, branding and online booking system; and (ii) a shared legal support service.

Output 1.4 will support the implementation of a detailed cost-benefit analysis (CBA) of a number of different options<sup>2</sup> for establishing a single, rationalised park agency in Croatia over the longer term (i.e. beyond the time frame of the project) as a more enduring solution to addressing the systemic and institutional weaknesses of the current institutional framework.

**Component 2:** *Improving the financial sustainability of the network of national protected areas*

This component seeks to improve the financial sustainability of the national protected areas to ensure that they have adequate financial resources to cover the full costs of their management.

It will do this by: (a) reducing the costs of collecting user fees, and concurrently increasing the number of users, in national protected areas; (b) diversifying the tourism and recreational products and services in national protected areas in order to increase both the number of visitors and duration of their stay in the parks; (c) developing mechanisms to strengthen the service standards, and improve the economic efficiencies, of existing tourism products and services in national protected areas; and (d) retrofitting existing buildings in national protected areas with more energy efficient technologies in order to reduce the high costs of the supply of power.

Output 2.1 will support the design, development and testing of two alternative types of automated entry/user fee collection systems for national protected areas: (a) an annual/monthly 'smart-card'-based electronic ticketing system for Nature and National Parks; and (b) installation of automatic entry ticket vending machines in two Nature Parks and

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<sup>2</sup> These options may include *inter alia*: (i) a separate directorate within MENP; (ii) a not-for-profit Public Institution, subordinate to MENP; (iii) a for-profit Public Enterprise; and (iv) a 'parastatal' (extra-budgetary user) wholly owned by government.

one National Park. It will also facilitate: (c) the piloting of a mooring system in a marine Nature Park, as an alternative means of collecting revenue for boat-based access to national protected areas.

Output 2.2 will support the development of integrated transport systems to connect discrete destinations and attractions within each of three parks (one National Park and two Nature Parks). It will also support the establishment of overnight facilities and services for educational and recreational use in one Nature Park.

Output 2.3 will support the development of approaches that can strengthen service standards, and improve the economic efficiencies, of existing tourism products and services in three National Parks. It will also support the adoption of more energy efficient technologies in one national park and one Nature Park.

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A. 5. Incremental /Additional cost reasoning: describe the incremental (GEF Trust Fund/NPIF) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF/NPIF financing and the associated global environmental benefits (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project:

The incremental approach of the proposed project is summarised as follows: (i) The largest portion of the protected area system in Croatia encompasses a network of 19 National Parks and Nature Parks ('national protected areas'), each park being administered by a relatively autonomous Public Institution (PI). (ii) Despite a sizable overall budget for these national protected areas, there are **two** significant barriers to the effective conservation of biodiversity in these national protected areas: The first is that the PIs are currently administering each of the National Parks and Nature Parks with very little coordination, limited accountability and with some replication and/or duplication of effort. The second is that only two national protected areas currently cover all their annual human resource, operating and capital costs from self-generated income. The PIs for the remaining 17 national protected areas all require additional financial assistance from the state budget, with a cumulative annual shortfall estimated at ~US\$3m/annum. (iii) The Government of Croatia thus seeks to focus immediate priority and attention on addressing the institutional and financial sustainability of the network of national protected areas, in order to improve the delivery of their core biodiversity conservation mandate. (iv) The key interventions required to improve this institutional and financial sustainability are: a) strengthening the governance (i.e. roles and responsibilities; policies; management processes; management approaches; accountability) of the institutional framework for national protected areas; and b) diversifying the sources of funding for, and adopting more cost-effective management approaches in, national protected areas. (v) These interventions will collectively result in a significant improvement in the conservation, management and rehabilitation of the priority ecosystems, ecological corridors, habitats and species represented in national protected areas.

Without the GEF investment in the proposed project, the 'business-as-usual' scenario for the national protected area network in the next few years is one where: (i) There is limited capacity, and variable regulatory authority, in MENP to effectively fulfil a coordinating and oversight function for national protected areas; (ii) There is limited cooperation, collaboration and sharing of resources across and between the individual national protected areas, and their PIs; (iii) The majority of national PIs do not have sufficient funding to staff and effectively manage protected areas, and are highly dependent on financial support from government and donors; (iv) A small number of national protected areas continue to generate high revenue flows, but no mechanisms are in place to cross-subsidize other less well funded national protected areas from these large income streams; (v) There is a lack of consistency and standardisation in the implementation of best practice conservation planning and management approaches across different protected areas; (vi) Operational inefficiencies, and duplication of effort, commonly occur in national PIs, leading to excessive and wasteful expenditures; (vii) The reporting on, and accountability for, the performance of the protected areas is weak and not aligned to meeting national biodiversity conservation objectives; (viii) The financial imperative in PIs is leading them to increasingly manage the protected areas for extractive harvesting purposes and/or to increase tourism and recreational use to the detriment of the core protected areas biodiversity and heritage values; and (ix) There is increasingly limited influence and control over the detrimental impacts on the biodiversity and heritage values in national PAs.

Alternative scenario enabled by the GEF: The project has been designed to incrementally build on the existing foundation of institutional capacities in, and financial resources of, the network of national protected areas in Croatia.



The project has been organised into *two components*, and will be implemented over a period of four years. The first component of the project is focused on improving the current institutional framework for national protected areas in order to address its key systemic and institutional weaknesses - weak coordination, limited performance accountability, duplication, cost-inefficiencies and inequitable distribution of funds. Under this component GEF funding will be used to develop a national planning framework for protected areas – comprising an overarching long-term strategic plan, a medium-term financial plan and a set of operational policies and guidelines – as a mechanism to better coordinate the efforts, and align the performance accountability, of the protected area agencies (MENP, SINP and the national protected area PIs). GEF resources will also be used in this component to strengthen the financial management capacities of these protected area agencies in order to reduce cost-inefficiencies, improve revenues and develop mechanisms for revenue-sharing between PIs. Further, GEF funds will be used to support the establishment of a ‘shared service centre’ - that will function as a centralised support service to individual PIs - as a means of reducing duplication of effort across the protected area agencies and improving their cost-effectiveness through ‘economies of scale’. Finally, GEF funds will be used in this component to assess the efficacy of – over the longer term – establishing a single, rationalised park agency as a more enduring solution to the systemic and institutional weaknesses of the current institutional framework. The second component of the project is focused on improving the financial sustainability of the national protected areas to ensure that they have adequate financial resources to cover the full costs of their management. In this component, GEF funds will specifically be used to reduce the transaction costs of user pay systems in national protected areas by developing and testing alternative automated entry/user fee collection systems and piloting mooring fees as a means of collecting revenues for boat-based access to marine national protected areas. GEF resources will also be used under this component to support the expansion and inter-linking of a number of isolated attractions/destinations in national protected areas into a more integrated tourism and recreational product in order to improve the visitor and/or user experience. Finally, GEF funding will be allocated under this component to improving the productive efficiencies in national protected areas by: (i) identifying the mechanisms required to strengthen service standards, and improve economic efficiencies in the high-income generating national parks; and (ii) encouraging the adoption of more energy efficient technologies in national protected area in order to reduce the high recurrent costs of power supply.

Global Environmental Benefits: By implementing the above-mentioned components, the GEF investment will significantly contribute to strengthening the institutional framework for, and financial sustainability of, Croatia’s national protected areas. This will in turn improve the overall management effectiveness of the national protected area network, particularly in respect of reducing the threats to, and improving the conservation status of: This will in turn improve the overall management effectiveness of the national protected area network, particularly in respect of reducing the threats to, and improving the conservation status of: (i) 3 Important Bird Areas; (ii) 3 wetlands of international importance; (iii) 1 World Heritage Site (WHS) and 3 sites on the tentative list of WHSs; (iv) 2 biosphere reserves (BR), one of which is included within a trans-boundary BR; (v) 1 Geo-park; (vi) 38,169 ha of priority habitat types (comprising *Posidonia* beds - 9,810 ha, coastal lagoons - 2,065 ha, Mediterranean temporary ponds - 8 ha, *Pinus Mugo-Rhododendretum hirsute* shrub - 15 ha, *Alyso-Sedion albi* grasslands – 3,980 ha, *Festuco Brometalia* grassy scrub (important orchid sites) – 9,776 ha, *Thero-Brachypodietea* pseudo-steppe - 1,815 ha, *Nardus* grasslands - 647 ha, petrifying springs with tufa formation - 1 ha, forests of slopes, screes and ravines - 1,032 ha, alluvial forests - 6,123 ha, Pannonian woodlands - 435 ha, and sub-Mediterranean pine forest – 2,462 ha); (vii) 8 priority faunal species – *Vipera ursinii macrops* (meadow viper), *Degenia velebitica* (endemic to Croatia), *Proteus anguinus* (olm), *Euplagia quadripunctaria* (moth jersey tiger), *Osmoderma eremita* (hermit beetle), *Rosalia alpina* (longhorn beetle), *Canis lupus* (gray wolf) and *Ursus arctos* (brown bear); (viii) viable populations of 528 endangered taxa (57 cave fauna, 21 mammals, 3 amphibians, 7 reptiles, 17 dragonflies, 54 freshwater fishes, 48 sea fishes, 171 fungi, and 150 taxa of vascular flora), many of which are endemic; and (ix) important ecological corridors (the mountain areas of Medvednica, Zumberak-Samoborsko gorje, Ucka, Biokovo, Velebit and Papuk Nature Parks) of the Dinaric Arc eco-region.

Incremental cost analysis: The project-specific baseline, alternative and incremental costs are summarised as follows:

Project Component	BASELINE (US\$)	ALTERNATIVE (US\$)	INCREMENT (US\$)
1. Reforming the	Baseline: 5 200 000	Baseline: 5 200 000	GEF 1 762 000

<b>institutional framework to strengthen the management effectiveness of national protected areas</b>	State Budget	500 000	<b>Co-Finance:</b>	<b>6 400 000</b>	Co-Finance:	6 400 000
	PIs	500 000	State Budget	6 400 000		
	NIP	4 000 000	PIs	0		
	EPEEF	0	UNDP	0		
	SF	0	<b>GEF</b>	<b>1 762 000</b>		
			<b>Total</b>		<b>Total</b>	
	Other donors	200 000	<b>Alternative:</b>	<b>13 362 000</b>	<b>Increment:</b>	<b>8 162 000</b>
<b>2. Improving the financial sustainability of the network of national protected areas</b>	<b>Baseline:</b>	<b>60 500 000</b>	<b>Baseline:</b>	<b>60 500 000</b>	GEF	2 842 000
	State Budget	500 000	<b>Co-Finance:</b>	<b>10 761 116</b>	Co-Finance:	10 761 116
	PIs	1 000 000	State Budget	9 950 000		
	NIP	6 000 000	PIs	811 116		
	EPEEF	3 000 000	UNDP	0		
	SF	50 000 000	<b>GEF</b>	<b>2 842 000</b>		
	Other donors	0	<b>Total</b>		<b>Total</b>	
		<b>Alternative:</b>	<b>74 103 116</b>	<b>Increment:</b>	<b>13 603 116</b>	
<b>Project Management</b>	<b>Baseline:</b>	<b>0</b>	<b>Baseline:</b>	<b>0</b>	GEF	349 000
	State Budget	0	<b>Co-Finance:</b>	<b>850 000</b>	Co-Finance:	850 000
	PIs	0	State Budget	350 000		
	NIP	0	PIs	0		
	EPEEF	0	UNDP	500 000		
	SF	0	<b>GEF</b>	<b>349 000</b>		
	Other donors	0	<b>Total</b>		<b>Total</b>	
		<b>Alternative:</b>	<b>1 199 000</b>	<b>Increment:</b>	<b>1 199 000</b>	
<b>TOTALS</b>	<b>Baseline:</b>	<b>65 700 000</b>	<b>Baseline:</b>	<b>65 700 000</b>	GEF	4 953 000
	State Budget	1 000 000	<b>Co-Finance:</b>	<b>18 011 116</b>	Co-Finance:	18 011 116
	PIs	1 500 000	State Budget	16 700 000		
	NIP	10 000 000	PIs	811 116		
	EPEEF	3 000 000	UNDP	500 000		
	SF	50 000 000	<b>GEF</b>	<b>4 953 000</b>		
	Other donors	200 000	<b>Total</b>		<b>Total</b>	
		<b>Alternative:</b>	<b>88 664 116</b>	<b>Increment:</b>	<b>22 964 116</b>	

A.6 Risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved and measures that address these risks:

Project risks and risk mitigation measures are described below.

IDENTIFIED RISKS AND CATEGORY	IMPACT	LIKELIHOOD	RISK ASSESSMENT	MITIGATION MEASURES
<b>STRATEGIC</b> A lack of effective coordination between MENP, SINP and the	<b>High</b>	<b>Moderately likely</b>	<b>High</b>	The project will finance the costs of establishing a small project management unit (comprising a Project Manager and Project Administrative Assistant) within the ambit of the Project Director (PD) of MENP to

IDENTIFIED RISKS AND CATEGORY	IMPACT	LIKELIHOOD	RISK ASSESSMENT	MITIGATION MEASURES
<p>19 Public Institutions weakens the efficacy of project investments in national protected areas</p>				<p>ensure the full integration of the project with the counterpart NIP and the day-to-day functioning of the PD. A key role of the project management unit will be to facilitate ongoing coordination between all the project partners in the implementation of project activities.</p> <p>A Project Board (PB) - with representation from senior executive management staff of MENP, SINP and the PIs - will be constituted to serve as the executive decision making body for the project. This PB will be responsible for ensuring inter-institutional coordination at the highest decision-making level.</p> <p>A Technical Working Group (TWG) – comprising professional and technical staff from MENP, SINP and PIs - will be convened to oversee the preparation of the national planning framework (strategic plan, financial plan and policies and guidelines manual) for protected areas (Output 1.1).</p> <p>A Technical Task Team (TTT) – with representation from MENP, SINP and the PIs and chaired by the responsible Assistant Minister – will be established to oversee and provide technical guidance to the feasibility assessment of a park agency for administering Croatia’s national protected areas (Output 1.4).</p> <p>The project will support the development of a national planning framework for protected areas (Output 1.1) that seeks to improve cross-jurisdictional coordination and support collaborative action by all key stakeholders.</p> <p>Finally, the project will facilitate the founding of an association of PIs as an independent legal entity that could function as a shared service centre for common protected area functions (initially focused on a centralised marketing and booking system and legal support services for protected areas) (Output 1.3).</p>
<p><b>FINANCIAL</b> The individual Public Institutions and the Government of Croatia do not commit adequate resources and funding to improve the conservation management of national protected areas.</p>	<p><b>Moderate</b></p>	<p><b>Moderately likely</b></p>	<p><b>Moderate</b></p>	<p>The project outputs have been identified, and project activities developed, in close collaboration with the MENP and the individual national protected area PIs in order to incrementally build on the existing foundation of financial resources and institutional capacities. Careful attention has been paid in project design to improving the long-term financial sustainability of the national protected areas so that sufficient funding remains available for effective conservation management.</p> <p>The project will support the preparation of a financial plan for national protected areas (Output 1.1). This financial plan will provide the framework for improving cost efficiencies, increasing revenue streams, strengthening financial management systems, and improving business planning capabilities in the national protected area PIs.</p> <p>The project will support the implementation of key elements of the financial plan, as follows:</p>

IDENTIFIED RISKS AND CATEGORY	IMPACT	LIKELIHOOD	RISK ASSESSMENT	MITIGATION MEASURES
				<ul style="list-style-type: none"> <li>- Delivering professional training, mentoring and skills (Output 1.2)</li> <li>- Development of in-service training programs for financial and administrative staff in PIs (Output 1.2)</li> <li>- Providing a professional financial ‘backstopping’ support service to PIs (Output 1.2)</li> <li>- Developing a standardised market-based pricing strategy for national protected areas (Output 1.2)</li> <li>- Supporting the development and administration of targeted fund-raising projects for national protected areas (Output 1.2)</li> <li>- Developing and testing a Shared Service Centre (SSC) model for the 19 PIs in order to reduce costs and duplication of effort in the delivery of common professional support services (Output 1.3)</li> <li>- Assessing the cost-benefits of rationalising the current institutional framework for national protected areas (Output 1.4)</li> <li>- Reducing the transaction costs of collecting entrance fees (Output 2.1)</li> <li>- Expanding the tourism and recreational products and services provided in national protected areas (Output 2.2)</li> <li>- Improving the productive efficiencies of the existing tourism and recreational products and services in national protected areas (Output 2.3)</li> </ul> <p>It is envisaged that collectively these activities will contribute to incrementally reducing the dependency on government grant allocations, and closing the ‘funding gap’ for improving management effectiveness (notably in respect of conservation management), for national protected areas.</p>
<p><b>ENVIRONMENTAL</b> The cumulative effect of climate change and unsustainable levels of natural resource use (e.g. mining, commercial forestry, water extraction) exacerbates habitat fragmentation and degradation in the terrestrial and marine ecosystems of national protected areas.</p>	<b>Moderate</b>	<b>Low</b>	<b>Low</b>	<p>During the preparation of the national planning framework for protected areas in Output 1.1, the project will <i>inter alia</i> seek to: (i) more clearly define the roles and responsibilities of the different public institutions/ agencies in protected area planning, management, development and use; (ii) develop guidelines for improving and strengthening the management of natural resource use in protected areas; (iii) define indicators of ecosystem health, and quantify the thresholds of potential concern for each indicator, for each protected area ecosystem; (iv) clarify the roles and responsibilities for the ongoing monitoring of the impacts of natural resource uses, and the effects of climate change, in protected areas; (v) identify the adaptation and/or mitigation measures required to safeguard protected areas against the undesired effects of climate change; and (vi) identify the mechanisms for improving the working relationship between protected area PIs and commercial production Public Enterprises operating in Nature Parks, where extraction of natural resources</p>

IDENTIFIED RISKS AND CATEGORY	IMPACT	LIKELIHOOD	RISK ASSESSMENT	MITIGATION MEASURES
				<p>is occurring.</p> <p>The project will also undertake a feasibility assessment of alternative options for establishing a single consolidated park agency for national protected areas. If considered feasible, this park agency may have stronger political influence and leverage over commercial production public enterprises (e.g. Croatian Forests) currently operating within protected areas. It may also have an increased collective capacity and capability for proactively addressing the extrinsic factors (including climate change) affecting the integrity of the entire network of national protected areas.</p>

#### A.7. Coordination with other relevant GEF financed initiatives:

The project will work closely in partnership with the MENP, the SINP and the national protected area PIs to ensure complementarity of its activities in support of the protected area planning, development, management and expansion processes currently underway in Croatia.

The project will actively participate in, and provide technical input into, the GEF-funded review and updating of the *National Biodiversity Strategy and Action Plan (NBSAP)* entitled *National Biodiversity Planning to Support the implementation of the CBD 2011-2010 Strategic Plan in Croatia* (project duration: from June 2012 until June 2014).

The project will collaborate closely with the *EU Natura 2000 Integration Project (NIP)*. The NIP is based on the Loan Agreement with the World Bank (IBRD 8021-HR) and its implementation lasts from mid-2011 until mid-2016. Many of the NIP activities are being implemented in national protected areas, so the project will seek synergies and complementarities in order to ensure coordination between the two projects. The project staff will maintain a regular working relationship with the project management unit of the NIP, and will adopt the relevant strategies and tools developed by the NIP project in order to improve environmental decision-making and natural resource management.

The project will also cooperate with the *Sustainable Economic Activities in Mediterranean Marine Protected Areas (SEA-MED Project)*. This project lasts from September 2013 until August 2016 and seeks to support two Croatian MPAs to reach its operational and financial self-sufficiency phase and become exemplary models of ecosystem-based approach (particularly for tourism management).

The experiences learnt from the previously implemented projects, such as *Institutional strengthening and implementation of the Natura 2000 ecological network in Croatia (Natura 2000 Project)* and *Strengthening of the Marine Protected Areas Network in Croatia (MedPan South Project)*, will direct and guide the achievement of project goals and the implementation of the project activities.

Wherever practicable, the project will share capacity and resources with other projects (*NIP, SEA-MED Project, Dinaric Arc Parks Project (DAP Project), Via Dinarica Journey*) in the implementation of complementary project activities (e.g. sustainable financing, capacity building for project preparation, ecosystem services assessments).

The project will seek to harmonize its outputs and activities – notably in respect of sustainable financing - with other regional initiatives (e.g. *SEA-MED Project*), through a close collaboration and information exchange with the relevant partners, such as WWF-MedPO, Association Sunce and others.

The project will liaise closely with the Croatian Environmental Protection and Energy Efficiency Fund, to explore further opportunities for co-financing pilot and possibly incremental activities. It will specifically explore the prospects of sourcing financial support for energy efficiency issues.

The project will, as required, use the capacity and resources of the NIP and WWF MedPO to facilitate the regional sharing of lessons learnt from, and best practices developed in, project implementation.

## **B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE:**

### B.1 Describe how the stakeholders will be engaged in project implementation:

#### *1. Stakeholder identification*

During the project preparation stage, a stakeholder analysis was undertaken in order to identify key stakeholders, assess their interests in the project and defines their roles and responsibilities in project implementation. The table below describes the major categories of stakeholders identified, and the level of involvement envisaged in the project.

<b>Organisation</b>	<b>Mandate of the organisation (particularly in respect of national protected areas)</b>	<b>Anticipated roles and responsibilities in the project</b>
<p><b>Ministry of Environmental and Nature Protection (MENP)</b></p> <p>Nature Protection Directorate (NPD)</p> <p>Directorate for Inspectional Affairs (DIA)</p> <p>EU Natura 2000 Integration Project (NIP)</p>	<p>MENP is the central executive authority responsible for the protection of the environment.</p> <p>The NPD is directly responsible for <i>inter alia</i>: coordinating the overall planning and management of the protected area system; providing regulatory and administrative and financial oversight of the 19 National Public Institutions; designating new national protected areas; reporting on the protected area system; and maintaining the register of protected areas.</p> <p>The DIA is responsible for the enforcement of, and conformance with, all relevant legislative, regulatory and permitting requirements/conditions in protected areas.</p> <p>The NIP, funded by a World Bank loan - provides financial and technical support to improving data management systems, developing infrastructure and purchasing key technical equipment for protected areas.</p>	<p>The MENP will have overall responsibility for overseeing the implementation of the project. It will take the lead role in liaising and coordinating with all government agencies in respect of project implementation.</p> <p>The MENP will also be responsible for preparing any legislation and regulations required in support of project activities.</p> <p>The NPD will coordinate all project activities and may be responsible for the direct implementation of a number of activities.</p> <p>The DIA will support the project in incrementally improving the cost-effectiveness and operational efficiencies of the compliance and enforcement functions in national protected areas.</p> <p>The NIP will work in close collaboration with the project to ensure effective harmonization between the closely linked activities of NIP and the project.</p>
<p><b>State Institute for Nature Protection (SINP)</b></p>	<p>The State Institute for Nature Protection is the central institute dealing with expert tasks of nature conservation in Croatia.</p> <p>The <i>Department for Protected Areas</i> within SINP provides specialised expert advice and support to the NPD</p>	<p>SINP will provide expert, and specialist technical, support to the project, particularly with regard to preparing the national planning framework.</p> <p>SINP staff may be recruited to undertake necessary expert activities in support of a number of project activities.</p> <p>SINP may also be affected by project activities,</p>

Organisation	Mandate of the organisation (particularly in respect of national protected areas)	Anticipated roles and responsibilities in the project
	in the establishment, planning, administration, monitoring and expansion of the protected area system. SINP also provides expert advice and support to the PIs regarding their 10-year and annual planning	through the incremental integration of their protected area functions into a future park agency (or similar), if considered feasible
<b>19 national Public Institutions</b>  PIs for National Parks  PIs for Nature Parks	Each Public Institution is directly responsible for the 10-year and annual planning, and day-day operational management, of the National Park/Nature Park under its jurisdiction.	The staff within the respective PIs will be responsible for coordinating, or directly implementing, a number of park-specific project activities. The Public Institutions will be affected by project activities, through their incremental integration into a future park agency, if considered feasible.
<b>County and Local Public Institutions</b>	Each Public Institution is directly responsible for the planning, and day-day operational management, of the protected areas under its jurisdiction.	The county and local PIs will work closely with the project in order to ensure effective collaboration, information-sharing and resource-sharing around project activities that could be used/ applied in the protected areas that are under the management authority of the county and local PIs.
<b>Ministry of Finance (MF)</b>	The MF is the central executive authority responsible for national financial policy and the management of state finances.  The MF prepares, administers and monitors the state budget.	The MF will be responsible for ensuring the ongoing allocation of funds in the state budget for PAs. The MF will approve any state budget funds to be allocated as co-financing for the project.
<b>Ministry of Agriculture (MA)</b>  Croatian Water Enterprise  Croatian Forests Enterprise	The MA is the central executive authority responsible for regulating and controlling agriculture, forestry, fisheries, hunting, water management, veterinary medicine and rural development.	The MA will coordinate the agriculture, forestry, fisheries and water management sector inputs into the project activities linked to improving the institutional arrangements for, and financial sustainability of, national protected areas.
<b>Ministry of Tourism (MT)</b>  Croatian National Tourist Board (CNTB)	The MT is the central executive authority with the overall responsibility for tourism legislation, planning, marketing and development.  The CNTB is directly responsible for the planning, implementation and promotion of the tourism strategy.	The CNTB will partner with the project in designing, developing and implementing a common marketing strategy and booking system for the tourism and recreational products and services provided by the network of national protected areas. It will further support and assist the project in improving the quality and range of tourism and recreational products and services in the national protected areas.
<b>Ministry of Maritime Affairs, Transport and Infrastructure (MMATI)</b>	The MMATI is <i>inter alia</i> responsible for indoor international maritime and nautical traffic, prevention of pollution from ships, harbors, maritime domain and determining maritime boundaries.	The MMATI will assist in the preparing a technical assessment of the requirements for installing and administering a mooring system in Telascica Nature Park.
<b>Ministry of Construction and Physical Planning (MCP)</b>	The MCP performs administrative and other tasks related to physical planning in Croatia and coordination of regional physical development, planning, use and protection of space.	The MCP will assist in the legal procedures required for obtaining the requisite location permit for the buoys in Telascica Nature Park.
<b>Ministry of Regional Development and EU Funds (MRDEUF)</b>	The MRDEUF is responsible for planning and implementing the regional development policy, as well as coordinating activities related to	The MRDEUF will assist in data exchange and coordination with regard to projects prepared for EU Structural Funds.

<b>Organisation</b>	<b>Mandate of the organisation (particularly in respect of national protected areas)</b>	<b>Anticipated roles and responsibilities in the project</b>
	management of the EU funds.	
<b>Agency for Public Private Partnership (APPP)</b>	The APPP is the central national body in charge of the implementation of the Act on Public Private Partnerships.	The APPP will provide legal, technical and professional support to the project in facilitating the implementation of PPP's (including tourism and recreation concessions) in national protected areas.
<b>Counties and Local Municipalities</b>  Croatian Counties Association  Croatian Cities Association  Croatian Municipalities Association	Counties and Municipalities are responsible for delivering a range of social, economic and ecological services within their territories of jurisdiction. They also annually allocate grant funding to the county and local PIs responsible for the management of protected areas with a County of Municipality.	The Counties and Municipalities will collaborate with the project in identifying and developing opportunities, linked to project activities that could result in an improvement in regional and local socio-economic welfare.
<b>Environmental Protection and Energy Efficiency Fund (EPEEF)</b>	The EPEEF is a national fund that receives revenues from various environmental taxes and special regulation fees, and provides grants for waste management and environmental protection. The EPEEF will be the implementing body for the EU Structural funds for the nature protection sector, including for PAs.	The EPEEF will assist the project in strengthening the capacity of the MENP and national PIs to develop projects for funding support from the EPEEF.
<b>NGOs, CSO's and Associations</b>	NGOs and associations – including WWF and the Croatian Mountaineering Association - are important project partners. They will share, coordinate and collaborate with the project as and where relevant. Local CSO's and NGOs working within the ambit of the eight targeted national protected areas under component 2 will be actively involved in working closely with PIs to identify opportunities to collaborate in, and benefit from, project activities.	

The MENP, and in particular the Nature Protection Directorate, will be the main institution responsible for different aspects of project implementation. It will work in close cooperation with other affected institutions.

## *2. Information dissemination, consultation, and similar activities that took place during the PPG*

Throughout the project's development, very close contact was maintained with stakeholders at the national and local levels. All affected national and local government institutions were directly involved in project development, as were key donor agencies. Numerous consultations occurred with all of the above stakeholders to discuss different aspects of project design. These consultations included: bilateral and multilateral discussions with all national PA PIs; site visits to Northern Velebit, Risnjak, Krka, Brijuni and Plitvice Lakes National Parks and Lonjsko Polje, Medvednica, Zumberak Samoborsko Gorje, Papuk and Ucka Nature Parks, and adjacent areas; and electronic communications. The preliminary project activities were presented to a range of stakeholders for review and discussions and, based on comments received, a final draft of the full project brief was presented to a consolidated stakeholder workshop for in principle approval and endorsement.

## *3. Approach to stakeholder participation*

The projects approach to stakeholder involvement and participation is premised on the principles outlined in the table below.



<b>Principle</b>	<b>Stakeholder participation will:</b>
<i>Value Adding</i>	be an essential means of adding value to the project
<i>Inclusivity</i>	include all relevant stakeholders
<i>Accessibility and Access</i>	be accessible and promote access to the process
<i>Transparency</i>	be based on transparency and fair access to information; main provisions of the project's plans and results will be published in local mass-media
<i>Fairness</i>	ensure that all stakeholders are treated in a fair and unbiased way
<i>Accountability</i>	be based on a commitment to accountability by all stakeholders
<i>Constructive</i>	Seek to manage conflict and promote the public interest
<i>Redressing</i>	Seek to redress inequity and injustice
<i>Capacitating</i>	Seek to develop the capacity of all stakeholders
<i>Needs Based</i>	be based on the needs of all stakeholders
<i>Flexible</i>	be flexibly designed and implemented
<i>Rational and Coordinated</i>	be rationally planned and coordinated, and not be ad hoc
<i>Excellence</i>	be subject to ongoing reflection and improvement

#### 4. Stakeholder involvement plan

The project's design incorporates several features to ensure ongoing and effective stakeholder participation in the project's implementation. The mechanisms to facilitate involvement and active participation of different stakeholder in project implementation will comprise a number of different elements:

##### (i) Project inception workshop to enable stakeholder awareness of the start of project implementation

The project will be launched by a multi-stakeholder workshop. This workshop will provide an opportunity to provide all stakeholders with the most updated information on the project and the project work plan. It will also establish a basis for further consultation as the project's implementation commences.

##### (ii) Constitution of Project Board to ensure representation of stakeholder interests in project

A Project Board (PB) will be constituted to ensure broad representation of all key interests throughout the project's implementation. The representation, and broad terms of reference, of the PB are further described in Section I, Part III (Management Arrangements) of the Project Document.

##### (iii) Establishment of a Project Management team to oversee stakeholder engagement processes during project

The Project Management team - comprising a Project Manager and part-time Project Administrative Assistant (PAA) - will take direct operational and administrative responsibility for facilitating stakeholder involvement and ensuring increased local ownership of the project and its results. The Project Manager and PAA will be located close to, or in, the MENP offices in Zagreb to ensure coordination among key stakeholder organizations at the national level during the project period.

##### (iv) Project communications to facilitate ongoing awareness of project

The project will develop, implement and maintain a communications strategy to ensure that all stakeholders are informed on an ongoing basis about: the project's objectives; the projects activities; overall project progress; and the opportunities for involvement in various aspects of the project's implementation.

##### (v) Stakeholder consultation and participation in project implementation

A comprehensive stakeholder consultation and participation process will be developed and implemented for each of the following activities: (i) preparation of the Strategic Planning Framework for national protected areas (Output 1.1); (ii) development of the financial policies and procedures for national protected area PIs (Output 1.2); (iii) review of

the pricing strategy and publishing of the annual fee structures for Nature Parks and National Parks (Output 1.2); and (iv) undertaking the feasibility assessment of park agency options for national protected areas (Output 1.4).

A facilitator will be appointed to liaise with, involve and organize the national protected area PIs during the process of establishing a PI 'association' as a precursor to the constitution of the 'shared service centre'.

A participatory approach will be adopted to facilitate the continued involvement of local stakeholders (e.g. resident communities) and institutions (e.g. local tourism bodies, local NGOs) in the implementation of the project activities within the targeted National Parks and Nature Parks. Wherever possible, opportunities will be created to train and employ local residents from villages within, or adjacent to, the targeted park.

(vi) Formal structures to facilitate stakeholder involvement in project activities

The project will also actively seek to establish formalised structures to ensure the ongoing participation of local and institutional stakeholders in project activities.

A *Technical Working Group* (TWG) – comprising professional and technical staff from the MENP, SINP and protected area PIs – will be convened to oversee the drafting of the Strategic Planning Framework for national protected areas (Output 1.1). The TWG will be responsible for reviewing and approving the approach to, and format and content of, the Strategic Plan, Financial Plan and protected area policies and guidelines. Chaired by the PM, the TWG will report on progress to the relevant Assistant Minister.

The project will also facilitate the establishment of an *Association of National Protected Area PIs* (the 'association') as an independent legal entity (in terms of the Law on Institutions). It is envisaged that the association could then function as a 'Shared Service Centre (SSC)' for the 19 national protected area PIs (see Output 1.3).

Finally, the project will, in collaboration with the relevant Assistant Minister, facilitate the establishment of a *Technical Task Team* (TTT) to oversee, and provide technical guidance to, the feasibility assessment of alternative park agency options for the national protected areas (Output 1.4). The technical task team will be chaired by the relevant Assistant Minister, and may comprise seconded professional and technical staff from the MENP, SINP, protected area PIs and other key line ministries (e.g. Ministry of Finance).

(vii) Capacity building

All project activities are strategically focused on building the capacity - at the systemic, institutional and individual level - of the responsible protected area institutions to ensure sustainability of initial project investments. Significant GEF resources are directed at building the capacities of MENP and SINP at the protected area network level and the individual national protected area PIs at the individual park level. The project will invest in building the capacities of executive management staff, protected area planning staff and operational management staff. Wherever possible, the project will also seek to build the capacity of local public institutions (e.g. local community groups, local tourism agencies) to enable them to actively participate in project activities.

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B.2 Describe the socioeconomic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits (GEF Trust Fund/NPIF) or adaptation benefits (LDCF/SCCF):

Social sustainability will primarily be achieved by facilitating the active involvement of a range of stakeholders in the ongoing planning, management and monitoring of national protected areas. The project will identify approaches to, and mechanisms for, the direct involvement of the private sector, local communities, donors and NGOs in the ongoing conservation of, provision of services in, and sustainable resource use from, national protected areas.

In particular, the project will seek to optimise entrepreneurial and direct employment opportunities for rural communities living in and around Risnjak National Park and Ucka, Papuk, Telascica and Vransko jezero Nature Parks in the development and delivery of tourism, recreational and bulk supply services to these parks.

Finally, the involvement of stakeholders in project activities – at both the level of the protected area network and individual protected areas – will be guided by robust stakeholder engagement plans. These stakeholder engagement plans will also make strong provision for conflict management with different categories of user groups.

Croatia is less urban than the EU average. Only 19% of Croats live in urban areas according to the standard OECD methodology. Predominantly rural areas in Croatia account for 39% of the population. At the same time, the national system of protected areas covers approximately 12% of Croatian territory. The protected areas system in Croatia form an integral part of the country's proclaimed National Ecological Network, a larger system of functionally connected ecologically important areas for species and habitats. The current Natura 2000 proposal covers 36.92% of the terrestrial land area and 16.60% of the marine territory of Croatia, and comprises a complex of 793 inter-linked sites. These sites are mostly of a rural type thus with significant socio-economic importance for 39% of Croatian population.

Depopulation is a serious threat to the viability of many rural areas in Croatia. In the 1990s, dramatic demographic changes were the result of war and aggression, exacerbated by the social and economic dislocation of the post-war transition. The past decade shows that rapid depopulation is continuing, driven by economic realities. According to the 2011 census, only four of Croatia's 21 counties saw an increase in population in the past ten years: the city and county of Zagreb, Istria and Zadar. All 17 of the other counties experienced varying degrees of population decline, with 12 suffering decline of more than 5% and four over 10% in the decade. The country as a whole saw a small decline in population.

Farming still engages a high share of the rural population although very few of those are registered as employed farmers. The vast majority of Croats living in rural areas are employed in public services like education, healthcare, administration, the railways, forests, roads and water companies or receive social benefits. A well-functioning farming sector, integrated into local food, retail and tourist (including protected areas-based) industries can transform declining areas into thriving ones. The second challenge is to ensure that rural areas can create employment outside of farming and public-sector services, by encouraging the emergence of small businesses in areas such as recreation, tourism, renewable energy provision and local crafts.

The analysis of the UNDP-GEF COAST project, promoting green rural development in Dalmatia, estimated that 3,000-4,000 jobs could be created in organic agriculture and the connected production of traditional products and another 3,000-4,000 in agri-tourism and adventure tourism, along with 2,000 more in organic fisheries and associated services.

Alongside the hard infrastructure, it's necessary to provide the right institutional support to help people in rural areas develop common solutions and create economic opportunities within their communities. Ecotourism and diversification of economic activities in rural areas that involve and rely on relationships with protected areas (parks) are to become a significant source of income for farmers and for the parks, which is in focus of the second component of the project.

In particular, the project will seek to optimise entrepreneurial and direct employment opportunities for rural communities living in and around Risnjak National Park and Ucka, Papuk, Telascica and Vransko jezero Nature Parks in the development and delivery of tourism, recreational and bulk supply services to these parks. The project will focus on building links to local rural economy: tourism and farming can work symbiotically to create jobs and decent incomes in rural areas. One route is agri-tourism, where farming families supplement their income by expanding into tourism services themselves – something that is developing well in Istria and is starting to do so in Dalmatia. Just as important, but today relatively rare, is a close commercial relationship between Croatia's tourism businesses – resorts, national parks, hotels and so on – and farms and other rural businesses. The key to generating more win-win solutions for Croatia is to facilitate the networks and platform that allow buyers and suppliers to meet and find creative solutions. This project will contribute to creating networks between the parks and local communities.

The *National Policy for Gender Equality* is the basic strategic document of the Republic of Croatia adopted for the purpose of eliminating discrimination against women and establishing true gender equality by implementing a policy of equal opportunities in the period from 2011 to 2015. It builds on the previous *National Policy 2006 – 2010*. The legal grounds for the adoption of the *National Policy for Gender Equality 2011 – 2015* are included in the provisions of the *Gender Equality Act* (Official Gazette, No. 82/08), which sets out the general grounds for the protection and promotion of gender equality as a fundamental value of the constitutional order of the Republic of Croatia. Some data from a country profile done by the European Commission on Gender Equality in Croatia, 2012 (EC):

- The general participation rate of women in the Croatian labour market equals 47.0%. It is relatively high rate of participation in the labor force which is also a result of rising male unemployment due to closure of main industries that employed male working force. Unemployment is problem for both man and women, and women are making majority of unemployed (55%).
- The under-/overrepresentation of women and men in hierarchical levels prevails – the proportion of women on supervisory boards (16%) is slightly higher than the EU-average (14%).
- According to the latest accessible data by the Central Bureau of Statistics, the average monthly gross salary for men was 11% higher than the average salary for women. The reasons for differences in salaries is related to the distribution through economic sectors, differences in the professions/occupations, number of working hours, absence from work, work experience, professional training, position etc.

From the context provided above, it is evident that the Gender situation in Croatia is better than average even by EU standards, and hence Gender is not a critical issue for the country. Nonetheless, in implementing its activities, the project will:

- 1) Ensure gender balance when representing different sectors, e.g. in the Steering Committee or Project Board
- 2) Optimising entrepreneurial and direct employment opportunities in work related to subcontracts for various outputs of the project.
- 3) Assess financial impacts of the project for men and what for women; if there would be a difference find out why? (and try to address)

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### B.3. Explain how cost-effectiveness is reflected in the project design:

The project will seek to achieve a catalytic investment in securing the long-term institutional and financial sustainability of the network of national protected areas. Costs incurred in project implementation will focus only on those additional actions required to provide key incremental assistance to the government in undertaking strategic interventions to address the weaknesses in, and improve the financial status of, the national protected areas. To accomplish this, the project will seek to complement and build upon the extensive baseline activities already underway in the sector (e.g. legislative and regulatory reforms; protected area information management systems; semi-autonomous protected area public institutions with high levels of local involvement; skilled and experienced staff complement in protected areas; significant levels of self-generated income for protected area public institutions; extensive tourism and recreational planning and development activities proposed for financing from EU Structural and Investments Funds, NIP funding, Government grants and EU IPA project funds; moderate levels of government grant allocations for staff and operational management costs; etc.). Wherever possible, the project will use the competencies and technical skills within the mandated government and public institutions to implement project activities. Where applicable, project resources will also be deployed to strengthen and expand existing initiatives and programmes (e.g. implementing the mooring fee system in marine parks; integrating and linking existing tourism products and services in selected parks; rationalising and consolidating the marketing and booking system for national protected areas; adopting more energy efficient technologies in selected parks; improving economic efficiencies of existing tourism products and services; etc.) to avoid duplication of effort. Increased co-financing commitments will continue to be targeted by the project during the project implementation (e.g. co-financing of the Shared Service Centre model from PI funds; co-financing of automatic entry vending ticket systems from PI funds; co-financing of integrated tourism and recreational product development from NIP funds and IPA project funds; co-financing of the introduction of energy efficient technologies from EPEEF funds; etc.).

The incremental cost-effectiveness ratio (ICER)<sup>3</sup> (i.e. the ratio of the change in costs to incremental benefits) for the project is calculated as  $(\text{US\$}138.75 \text{ costs/ha/annum} - \text{US\$}136.25 \text{ /ha/annum}) / (5\% - 1\%) = 0.625$ . This suggests that an investment by GEF of US\$2.5/ha/annum in improving the management of national protected areas will yield an overall improvement by end of project of a 4% increase in the METT scores for the 19 national protected areas.

The project is considered cost-effective for the following primary reasons:

Project support to strengthening the financial capacity (including financial planning, auditing, policies, guidelines, skills and management capacity) of PIs is expected to improve the overall cost-effectiveness of the management of the national protected areas under the stewardship of each of the 19 PIs. It is anticipated that a modest investment of GEF resources will result in: (a) significant improvements in the internal financial controls and financial systems in PIs; (b) more efficient flows of financial information within the PIs, and to the MENP and the Ministry of Finance; (c)

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<sup>3</sup> The incremental cost-effectiveness ratio (ICER) is an equation used commonly in health economics to provide a practical approach to decision-making regarding health interventions. The equation for ICER is  $\text{ICER} = (C1 - C2) / (E1 - E2)$ , where C1 and E1 are the cost and effect in the project intervention and where C2 and E2 are the cost and effect in the business as usual scenario. For the purposes of the calculation of ICER for this project, costs are measured in average annual operating budget/ha (over the 4-year term of the project) for national protected areas (with GEF investment = C1 and without GEF investment = C2). Effect is measured in terms of total improvement in METT score (over the 4 year-term of the project) for national protected areas (with GEF investment = E1 and without GEF investment = E2). The desired ICER is one where the costs are low and effect (i.e. return on investment) is high.

improvements in the individual skills of financial management staff in PIs and the MENP; (d) more cost-effective user fee collection mechanisms; and (e) sustained investments in protected areas by donors and government.

Project support to introducing a more market-based user fee structure for national protected areas will ensure that the PIs can better justify the pricing of protected area goods and services, and that fees are more closely linked to the real costs of providing those goods and services.

An investment by the project in piloting a centralised shared service centre for the 19 public institutions is expected to reduce the costs of providing a number of common services to national protected areas by reducing duplication of effort, optimising economies of scale and allowing PIs to better focus on their core conservation responsibilities.

Project funding for the preparation of an overarching national planning framework for protected areas will ensure that the implementation of conservation best practice is more consistently applied in national protected areas and that the activities of the PIs are more closely aligned with the overall vision for the national protected area network and the government's national, European and international conservation obligations. GEF resources will also be used to strengthen the capacity (staffing, skills and performance reporting system, information management) of the MENP (with support from the SINP) to monitor conformance of the PIs (and by implication, national parks and nature parks) with this national planning framework.

Project investments in the adoption of alternative technologies and approaches to collecting entry fees in national protected areas will significantly reduce the high transaction costs (notably the staff costs, infrastructure costs and running/maintenance costs) typically associated with physical park entry points.

Project funding for the establishment of environmentally-friendly integrated transport systems that link points of attractions, and for establishing overnighting facilities, in national protected areas will contribute to: (a) the diversification of the tourism and recreational products in inland parks; (b) increasing the length of stay of visitors; and (c) providing an alternative source of revenue and employment for local rural communities living in and surrounding the park. Collectively these activities will increase the income streams to national protected areas, particularly the low-income protected areas. This additional financing will then be used to subsidise an incremental improvement in the quality and extent of conservation management activities in national protected areas.

Project support for a detailed assessment of the feasibility of rationalising and consolidating the current institutional framework – comprising 19 PIs, the DPA in SINP and the PD in MENP - into a single park agency may contribute, over the long-term (i.e. beyond the term of the project), to addressing some of the fundamental weaknesses in the current administration of the national protected areas. Of particular importance will be the ability of the agency to more equitably distribute the revenue generated from 'flagship' high income tourism parks to other high biodiversity value parks (without compromising the ability of these high income parks to sustain, maintain and grow the nature-based tourism products).

Finally, an investment by the project in improving the productive efficiencies of existing tourism products and services in three high income parks (improving the management arrangements, pricing structure and fee collection mechanisms) and two low income parks (adoption of more energy efficient technologies) will ensure that PIs start to utilise their limited resources (i.e. staff, infrastructure, equipment, finances) more efficiently in the conservation stewardship of these parks.

### **C. DESCRIBE THE BUDGETED M & E PLAN:**

The project will be monitored through the following Monitoring and Evaluation (M&E) activities.

#### **Project start-up:**

A Project Inception Workshop will be held within the first 2 months of project start with those with assigned roles in the project organization structure, UNDP country office and where appropriate/feasible regional technical policy and

programme advisors as well as other stakeholders. The Inception Workshop is crucial to building ownership for the project results and to plan the first year annual work plan.

The Inception Workshop should address a number of key issues including:

- a) Assist all partners to fully understand and take ownership of the project. Detail the roles, support services and complementary responsibilities of UNDP CO and the UNDP-GEF Regional Office vis-à-vis the project team. Discuss the roles, functions, and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms. The Terms of Reference for project staff will be discussed again, as needed.
- b) Based on the project results framework and the relevant GEF Tracking Tool, if appropriate, finalize the first AWP. Review and agree on the indicators, targets and their means of verification, and recheck assumptions and risks.
- c) Provide a detailed overview of reporting, monitoring and evaluation (M&E) requirements. The Monitoring and Evaluation work plan and budget should be agreed and scheduled.
- d) Discuss financial reporting procedures and obligations, and arrangements for annual audit.
- e) Plan and schedule Project Board meetings. Roles and responsibilities of all project organization structures should be clarified and meetings planned. The first Project Board meeting should be held within the first 6 months following the inception workshop.

An Inception Workshop report is a key reference document and must be prepared and shared with participants to formalize various agreements and plans decided during the meeting.

#### **Quarterly:**

Progress made shall be monitored in the UNDP Enhanced Results Based Management Platform.

Based on the initial risk analysis submitted, the risk log shall be regularly updated in ATLAS. Risks become critical when the impact and probability are high.

Based on the information recorded in ATLAS, a Project Progress Report (PPR) can be generated in the Executive Snapshot.

Other ATLAS logs can be used to monitor issues, lessons learned etc. The use of these functions is a key indicator in the UNDP Executive Balanced Scorecard.

#### **Annually:**

Annual Project Review/Project Implementation Reports (APR/PIR): This key report is prepared to monitor progress made since project start and in particular for the previous reporting period. The APR/PIR combines both UNDP and GEF reporting requirements.

The APR/PIR includes, but is not limited to, reporting on the following:

- Progress made toward project objective and project outcomes - each with indicators, baseline data and end-of-project targets (cumulative)
- Project outputs delivered per project outcome (annual)
- Lesson learned/good practice
- AWP and other expenditure reports
- Risk and adaptive management
- ATLAS Quarterly Progress Reports (QPR)
- Portfolio level indicators (i.e. GEF focal area tracking tools) are used by most focal areas on an annual basis as well.

#### **Periodic Monitoring through site visits:**

UNDP CO and the UNDP RCU will conduct visits to project sites based on the agreed schedule in the project's Inception Report/Annual Work Plan to assess first hand project progress. Other members of the Project Board may

also join these visits. A Field Visit Report/BTOR will be prepared by the CO and UNDP RCU and will be circulated no less than one month after the visit to the project team and Project Board members.

### **Mid-term of project cycle:**

The project will undergo an independent Mid-Term Evaluation at the mid-point of project implementation. The Mid-Term Evaluation will determine progress being made toward the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization, terms of reference and timing of the mid-term evaluation will be decided after consultation between the parties to the project document. The Terms of Reference for this Mid-term evaluation will be prepared by the UNDP CO based on guidance from the Regional Coordinating Unit and UNDP-GEF. The management response and the evaluation will be uploaded to UNDP corporate systems, in particular the UNDP Evaluation Office Evaluation Resource Center (ERC).

The relevant GEF Focal Area Tracking Tools will also be completed during the mid-term evaluation cycle.

### **End of Project:**

An independent Final Evaluation will take place three months prior to the final Project Board meeting and will be undertaken in accordance with UNDP and GEF guidance. The final evaluation will focus on the delivery of the project's results as initially planned (and as corrected after the mid-term evaluation, if any such correction took place). The final evaluation will look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental benefits/goals. The Terms of Reference for this evaluation will be prepared by the UNDP CO based on guidance from the Regional Coordinating Unit and UNDP-GEF.

The Terminal Evaluation should also provide recommendations for follow-up activities and requires a management response which should be uploaded to PIMS and to the UNDP Evaluation Office Evaluation Resource Center (ERC).

The relevant GEF Focal Area Tracking Tools will also be completed during the final evaluation.

During the last three months, the project team will prepare the Project Terminal Report. This comprehensive report will summarize the results achieved (objectives, outcomes, outputs), lessons learned, problems met and areas where results may not have been achieved. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the project's results.

### **Learning and knowledge sharing:**

Results from the project will be disseminated within and beyond the project intervention zone through existing information sharing networks and forums.

The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation through lessons learned. The project will identify, analyse, and share lessons learned that might be beneficial in the design and implementation of similar future projects.

Finally, there will be a two-way flow of information between this project and other projects of a similar focus.

Lessons learned from the previous GEF activities: Lesson from the UNDP-GEF project COAST (Conservation and Sustainable Use of Biodiversity in the Dalmatian Coast Through Greening Coastal Development), Terminal Evaluation Report, March 2013:

- 1) The COAST project experience has shown the high value of having a project managed by a competent and dedicated professional project team, and that human and financial resources are adequate to achieve the

planned outputs. Project management must be flexible, and in that sense the COAST project team showed high capacity for adaptive management.

- 2) For projects such as the COAST project, which are addressing environmental issues and engaging a wide range of stakeholders over a larger geographic area, a strong communications program is vital to project success. For projects such as the COAST project, which are addressing environmental issues and engaging a wide range of stakeholders over a larger geographic area, a strong communications program is vital to project success.
- 3) It is important to gather and involve project stakeholders from the early stage of the project design and also to ensure their participation later in the process of the project implementation, particularly government stakeholders. This is crucial for establishing the feeling of ownership of the project results. From the early stages the COAST project established stakeholder involvement as one of the key approaches for implementation of project activities. There is no doubt that participation in decision-making enables conflict minimization and improves ownership of the solutions.

Lessons from the UNDP-GEF and CBD publication “Protected Areas for the 21<sup>st</sup> Century” (2010):

- 1) Incorporate ecosystem services into management planning, especially to improve climate adaptation actions that help sustain quality, quantity and security of freshwater and improve resilience of freshwater ecosystems;
- 2) Incorporate sustainable livelihoods into management planning – engage in participatory planning;

Create sustainable protected area finance plans with diverse finance mechanisms and systematically assess the financial sustainability of protected area systems (i.e. use financial scorecard).

### Communications and visibility requirements

Full compliance is required with UNDP’s Branding Guidelines. These can be accessed at <http://intra.undp.org/coa/branding.shtml>, and specific guidelines on UNDP logo use can be accessed at: <http://intra.undp.org/branding/useOfLogo.html>. Amongst other things, these guidelines describe when and how the UNDP logo needs to be used, as well as how the logos of donors to UNDP projects needs to be used. For the avoidance of any doubt, when logo use is required, the UNDP logo needs to be used alongside the GEF logo. The [GEF logo](http://www.thegef.org/gef/GEF_logo) can be accessed at: [http://www.thegef.org/gef/GEF\\_logo](http://www.thegef.org/gef/GEF_logo). The [UNDP logo](http://intra.undp.org/coa/branding.shtml) can be accessed at <http://intra.undp.org/coa/branding.shtml>.

Full compliance is required with the GEF’s Communication and Visibility Guidelines (the “GEF Guidelines”). The GEF Guidelines can be accessed at: [http://www.thegef.org/gef/sites/thegef.org/files/documents/C.40.08\\_Branding\\_the\\_GEF%20final\\_0.pdf](http://www.thegef.org/gef/sites/thegef.org/files/documents/C.40.08_Branding_the_GEF%20final_0.pdf). Amongst other things, the GEF Guidelines describe when and how the GEF logo needs to be used in project publications, vehicles, supplies and other project equipment. The GEF Guidelines also describe other GEF promotional requirements regarding press releases, press conferences, press visits, visits by Government officials, productions and other promotional items.

### M&E work plan and budget

Type of M&E activity	Responsible Parties	Budget US\$ <i>Excluding project team staff time</i>	Time frame
Inception Workshop and Report	<ul style="list-style-type: none"> <li>▪ PM</li> <li>▪ UNDP CO, UNDP GEF</li> </ul>	Indicative cost: 6,000	Within first two months of project start up
Measurement of Means of Verification of project results.	<ul style="list-style-type: none"> <li>▪ UNDP GEF RTA/PM will oversee the hiring of specific studies and institutions, and delegate responsibilities to relevant team members.</li> </ul>	To be finalized in Inception Phase and Workshop.	Start, mid and end of project (during evaluation cycle) and annually when required.
Measurement of Means of Verification for Project Progress on <i>output and implementation</i>	<ul style="list-style-type: none"> <li>▪ PM</li> </ul>	To be determined as part of the Annual Work Plan's preparation.	Annually prior to ARR/PIR and to the definition of annual work plans



Type of M&E activity	Responsible Parties	Budget US\$ <i>Excluding project team staff time</i>	Time frame
ARR/PIR	<ul style="list-style-type: none"> <li>▪ PM</li> <li>▪ UNDP CO</li> <li>▪ UNDP RTA</li> <li>▪ UNDP EEG</li> </ul>	None	Annually
Periodic status/ progress reports	<ul style="list-style-type: none"> <li>▪ PM</li> </ul>	None	Quarterly
Mid-term Evaluation	<ul style="list-style-type: none"> <li>▪ PM</li> <li>▪ UNDP CO</li> <li>▪ UNDP RCU</li> <li>▪ External Consultants (i.e. evaluation team)</li> </ul>	Indicative cost: 40,000	At the mid-point of project implementation.
Final Evaluation	<ul style="list-style-type: none"> <li>▪ PM</li> <li>▪ UNDP CO</li> <li>▪ UNDP RCU</li> <li>▪ External Consultants (i.e. evaluation team)</li> </ul>	Indicative cost: 45,000	At least three months before the end of project implementation
Project Terminal Report	<ul style="list-style-type: none"> <li>▪ PM</li> <li>▪ UNDP CO</li> <li>▪ local consultant</li> </ul>	0	At least three months before the end of the project
Audit	<ul style="list-style-type: none"> <li>▪ UNDP CO</li> <li>▪ Project manager and team</li> </ul>	Indicative cost per year: 6,000	Yearly
Visits to field sites	<ul style="list-style-type: none"> <li>▪ UNDP CO</li> <li>▪ UNDP RCU (as appropriate)</li> <li>▪ Government representatives</li> </ul>	For GEF supported projects, paid from IA fees and operational budget	Yearly
TOTAL indicative COST <i>Excluding project staff (PM and PAA) time and UNDP staff and travel expenses</i>		US\$ 115,000	

\*Note: Costs included in this table are part and parcel of the UNDP Total Budget and Work Plan (TBW) in the PRODOC, and not additional to it.


**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):**

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
Hrvoje Dokoza	Deputy Minister and GEF OFP	Ministry of Environment and Nature Protection	21 March 2012

**B. GEF AGENCY(IES) CERTIFICATION**

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for CEO endorsement/approval of project.

Agency Coordinator, Agency Name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
Adrian Dinu, Officer-in-Charge and Deputy Executive Coordinator, UNDP - GEF		December 13, 2013	Maxim Vergeichik, Regional Technical Advisor	+421 2/59377152	maxim.vergeichik@undp.org

## ANNEX A: TOTAL BUDGET AND WORK PLAN AND PROJECT RESULTS FRAMEWORK

### (i) Total Budget and Work Plan

GEF Outcome/ Atlas Activity	Responsible Party/ Implementing Agent	Fund ID	Donor Name	ATLAS Budget Code	ATLAS Budget Description	Amount YEAR 1 (USD)	Amount YEAR 2 (USD)	Amount YEAR 3 (USD)	Amount YEAR 4 (USD)	TOTAL	Budget #
<b>Component 1</b> Reforming the institutional framework to strengthen the management effectiveness of national protected areas	NIM	62000	GEF-10003	71200	International Consultants	24 000	42 000	9 000	30 000	105 000	1
				71300	Local Consultants	26 000	36 000	6 000	18 000	86 000	2
				71400	Contractual Services - Individuals	26 000	42 000	34 000	13 000	115 000	3
				71600	Travel	0	1 500	0	1 500	3 000	4
				72100	Contractual Services - Companies	290 000	344 000	355 000	195 000	1 184 000	5
				72200	Equipment and furniture	10 000	35 000	0	0	45 000	6
				72800	Information Technology equipment	8 000	24 000	2 000	0	34 000	7
				74100	Professional Services	9 000	33 000	51 000	27 000	120 000	8
				74200	Audio-visual & printing production	0	8 000	12 000	0	20 000	9
				75700	Conference & events	8 000	20 000	18 000	4 000	50 000	10
<b>Total - Component 1 (GEF)</b>						<b>401 000</b>	<b>585 500</b>	<b>487 000</b>	<b>288 500</b>	<b>1 762 000</b>	
<b>TOTAL COMPONENT 1</b>						<b>401 000</b>	<b>585 500</b>	<b>487 000</b>	<b>288 500</b>	<b>1 762 000</b>	
<b>Component 2</b> Improving the financial sustainability of the network of national protected areas	NIM	62000	GEF-10003	71300	Local Consultants	58 000	34 000	0	0	92 000	11
				72100	Contractual Services - Companies	150 000	235 000	260 000	146 000	791 000	12
				72200	Equipment and furniture	115 000	415 000	145 000	27 000	702 000	13
				72300	Materials and goods	235 000	410 000	270 000	26 000	941 000	14
				72800	Information Technology equipment	105 000	180 000	15 000	0	300 000	15
				74100	Professional Services	8 000	8 000	0	0	16 000	16
<b>Total - Component 2 (GEF)</b>						<b>671 000</b>	<b>1 282 000</b>	<b>690 000</b>	<b>199 000</b>	<b>2 842 000</b>	
<b>TOTAL COMPONENT 2</b>						<b>671 000</b>	<b>1 282 000</b>	<b>690 000</b>	<b>199 000</b>	<b>2 842 000</b>	
<b>Project management</b>	NIM	6200	GEF-10003	71400	Contractual Services - Individuals	65 000	68 000	71 000	72 000	276 000	17
				71600	Travel	10 000	12 000	14 000	12 000	48 000	18
				72400	Comms and audio-visual equipmt.	6 000	6 000	6 500	6 500	25 000	19

			<b>Total - Project Management (GEF)</b>	<b>81 000</b>	<b>86 000</b>	<b>91 500</b>	<b>90 500</b>	<b>349 000<sup>4</sup></b>		
NIM	11999	UNDP-DAS	71600	Travel	8 000	8 000	9 000	9 000	34 000	20
			72400	Comms and audio-visual equipmt.	8 000	4 000	0	0	12 000	21
			72500	Supplies	2 000	2 000	1 000	1 000	6 000	22
			72800	Information Technology equipment	15 000	0	0	0	15 000	23
			73100	Rental and maintenance - premises	12 000	12 000	14 000	14 000	52 000	24
			74100	Professional Services	106 000	100 000	90 000	85 000	381 000	25
			<b>Total - Project Management (UNDP-DAS)</b>	<b>151 000</b>	<b>126 000</b>	<b>114 000</b>	<b>109 000</b>	<b>500 000</b>		
<b>TOTAL PROJECT MANAGEMENT</b>				<b>232 000</b>	<b>212 000</b>	<b>205 500</b>	<b>199 500</b>	<b>849 000</b>		
<b>TOTAL PROJECT</b>				<b>1 304 000</b>	<b>2 079 500</b>	<b>1 382 500</b>	<b>687 000</b>	<b>5 453 000</b>		

<b>SUMMARY OF FUNDS:</b>	Year 1	Year 2	Year 3	Year 4	TOTAL
GEF	1 153 000	1 953 500	1 268 500	578 000	4 953 000
UNDP-DAS	151 000	126 000	114 000	109 000	500 000
Ministry of Environmental and Nature Protection					16 700 000
Public Institutions					811 116
<b>TOTAL</b>	<b>1 304 000</b>	<b>2 079 500</b>	<b>1 382 500</b>	<b>687 000</b>	<b>22 964 116</b>

#	Budget notes
1	Contracting: (i) a Tourism Economist to support the market-based pricing strategy for, and to assist in the annual determination of the fee structure of, national protected areas products, services and facilities (15wks @ \$3000/wk) in Output 1.2; and (ii) Monitoring and Evaluation experts for the mid-term evaluation (10 weeks @\$3000/wk) and for the final evaluation (10 weeks@\$3000/wk).

<sup>4</sup> This represents ~7% of the GEF grant amount, slightly more than the norm of 5%. The justification for this is as follows: The project deals with complex issues and activities that involve intensive work across a large number of institutions (there are 19 protected areas public institutions, the Nature protection directorate of the Ministry, the State nature protection institute and a range of service providers (planning, financial, technical, tourism, marketing, construction...)). This will require a lot of coordination, communication, management and procurement-related activities and increased workload. Also, for such a complex 4-year project it is critical to have a competent, full-time core project management team. It is planned to engage as a core team a project manager on a full-time bases for the whole duration of the project (4 years or 192 weeks) and a project assistant on a part-time bases (96 weeks over the 4 years). As per UNDP rules and salary scales for the service contracts, the annual salary for the PM goes into salary band 4 (SB4, peg3) with gross annual amount of \$49.100, while the PA goes into salary band 3 (SB3, peg3) with gross annual amount for part-time engagement of \$19.300. When these amounts sum-up to four-year project duration, the amount for full-time PM and part-time PA salaries is \$273.600. We have built-in some flexibility (eg. exchange rate fluctuation) into the planned amount for the project management for salaries of \$276.000. Since UNDP country office Croatia is transforming into a self-financing project office as of July 2014 onwards (with a 4-year horizon at least i.e. until the end of this project) and the core office staff is downsizing, the support to the project management will be limited. That is why we see it crucial to minimise risk of insufficient support for management thus it is previewed amount for salaries for the key project management staff (PM and PA) in the GEF part of the budget. On top of that amount, UNDP will co-finance the amount of \$500.000 for the professional support services to the project management team, premises, equipment and supplies.

2	Contracting the services of: (i) a business advisor to develop a business case for the SSC (25 weeks @ \$1000k/wk) in Output 1.3; (ii) a facilitator to support the establishment and operationalisation of the PI association and SSC (21 wks @ \$1000/wk) in Output 1.3; and (iii) a national counterpart monitoring and evaluation experts for the mid-term evaluation (12 weeks @\$1000/wk) and for the final evaluation (13 weeks@\$1000/wk).
3	Contractual appointment of (i) a stakeholder consultation specialist (55 wks @\$1000/wk) to facilitate all stakeholder consultation communications and organise and host all stakeholder meetings in support of the strategic planning framework for national protected areas in Output 1.1; and (ii) the Director of the association of PIs in Output 1.3 (GEF will finance 50% of the total 'cost-to-company' - on a sliding scale basis - and the 19 PIs membership fees will finance the remaining 50% of total 'cost-to-company') @ 100wks @ \$600/wk.
4	Travel costs of international consultant (mid-term and end of project evaluation).
5	Contracting the services of: (i) a protected area planning consortium to prepare the strategic plan and policies and guidelines manual for national protected areas in Output 1.1; (ii) a financial planning company to prepare a sustainable financing plan for the national protected area network in Output 1.1; (iii) a financial planning company to develop financial policies and procedures, provide professional financial support to PIs, develop and implement financial training programmes, and provide project development donor fund-raising support services to PIs in Output 1.1 and 1.2; (iv) legal firm to support the establishment processes of the association of PIs and provide legal backstopping support to PIs to address legal conflicts in national protected areas in Output 1.3; (v) a marketing and advertising agency to develop an 'umbrella branding' for the national PAs, develop a marketing strategy and plan and design and publish marketing materials and website in Output 1.3; (vi) an Information Technology company to develop and maintain a web-based booking system for the SSC in Output 1.3; and (vii) a change management consortium to undertake a feasibility assessment (CBA, conceptual design, change process requirements and transitional budget estimates) of establishing a single agency for national protected areas in Output 1.4.
6	Procurement of office space and office equipment (chairs, tables, storage, desks, etc.) for the Association of PIs (30% financing from GEF, with the remaining costs funded by the membership fees of the 19 PIs) in Output 1.3.
7	Procurement and installation of hardware (4 desktop computers, 1 notebook, 3 printers, HDDs, routers and 1 A3 scanner/copier) software, networking in Output 1.3. The 19 PIs membership fees will be used to finance the running and maintenance costs of all computer equipment.
8	Implementation of: (i) professional financial skills development and training for 26 pre-selected staff from PIs and MENP in Output 1.2; (ii) a stakeholder consultation process in support of the feasibility assessment in Output 1.4; (iii) independent annual project audits (@ US\$6000/annum); and (iv) project inception meeting (including costs of translation, venue hire, travel, accomodation, facilitation, etc).
9	Web publishing and the design, printing, binding and circulation of the policies and guidelines manual for national protected areas in Output 1.1.
10	(i) Costs of venue hire for, and catering of, stakeholder consultation meetings and workshops in support of strategic planning for national protected areas in Output 1.1; (ii) Handout materials, catering costs and travel costs for staff orientation sessions (2 x half-day sessions) in 19 national and nature parks (~1500 staff) in Output 1.1 and 1.2; and (iii) Costs of venue hire for, and catering of, technical task team and stakeholder consultation meetings and workshops in support of the feasibility assessment of a single park agency option in Output 1.3.
11	Contracting the services of: (i) a mooring business consultant to conduct a feasibility study for the deployment of buoys (4 wks @ \$1000/wk) and the design and implementation of an integrated mooring fee system (10 wks @ \$600/wk) in Output 2.1; (ii) a nature-based tourism development specialist to prepare a detailed concept (site plan and key routes), business plan, technical specifications, conceptual design and cost estimate for the info-point and parking space at Hrvatsko and the river crossings and bridges in the Kupa valley (22 wks @ \$1000/wk) in Output 2.2; (iii) a nature-based tourism development specialist to prepare a detailed concept for an environmentally friendly transport system, site plan and technical specifications for the upgrade of the road to Vojak Peak (24 wk @ \$1000/wk) in Output 2.2; and (iv) a nature-based tourism specialist to prepare a detailed concept and business plan for a guided boat tour on Vransko jezero (8 wk @ \$1000/wk) in Output 2.2.
12	Contracting the services of: (i) a smart card systems technology company to develop a software solution for a smart card system for national protected areas, including defining the technical specifications of the system and security of the system in Output 2.1; (ii) a marketing and communications firm to design the smart card system and to then implement an advertising, communications strategy and branding for the smart card system in Output 2.1; (iii) an automated fare collection firm to define the detailed technical specifications for, and to supply, automated vending machines (including the installation, maintenance, administration and short term support for the ticket vending machines) in Output 2.1; (iv) a professional mooring company to install, maintain and administer the mooring system in Output 2.1; (v) a construction/engineering company to develop the infrastructure, at the Kupa river valley in Output 2.2; (vi) a tourism marketing company to develop branding and print promotions for a guided and catered tour around the Kupa river valley in Output 2.2; (vii) a

	construction/engineering company to upgrade the road to, and improve parking and turning points at, Vojak Peak in Output 2.2; (viii) a tourism marketing company to develop branding and print promotions for the environmentally friendly transport system to Vojak peak in Output 2.2; (ix) a tourism marketing company to develop branding and print promotions for environmentally friendly guided tour around Vransko Ljezero in Output 2.2; (x) construction/engineering company to construct the rest camp facilities at Duboka stream in Output 2.2; (xi) a tourism marketing company to develop branding and print promotions for overnight accomodation at Duboka stream in Output 2.2; (xii) a tourism hospitality and consulting company for the cost-benefit analysis of current management arrangements at high-income national parks in Output 2.3; (xiii) an energy efficiency design company to prepare a conceptual design and cost estimate for the energy efficiency project in Papuk in Output 2.3; and (xiv) construction/engineering company to improve the energy performance of the buildings in Papuk and Risnjak in Output 2.3.
13	Procurement of: (i) equipment for monitoring the use of smart cards at access control points in Output 2.1; (ii) buoys, and asociated equipment, at selected sites (indicative budget is for 200 buoys 'corpo morto' or 100 buoys 'drill' type) in Output 2.1; (iii) an environmentally friendly vehicle (mini bus) with a capacity of about 30 people in Output 2.2; (iv) a vehicle (electric/biodisel train) with a capacity of about 50 people in Output 2.2; and (v) an environmentally friendly boat with a capacity of about 50 people in Output 2.2.
14	Procurement of: (i) electrical grid, solar power or wind power system, booms, concrete base, weatherproof covers and signage for automated entry points in Output 2.1; (ii) materials and goods (e.g. gravel, tar, concrete, etc.) for developing the key infrastructure in the Kupa river valley in Output 2.2; (iii) materials and goods (e.g. tar, armco barriers; concrete, etc.) needed for the reconstruction of the access road to the peak Vojak in Output 2.2; (iv) materials and goods (e.g. pipes, gravel, paving, concrete, etc.) for construction of the rest camp bulk infrastructure in Output 2.2; and (v) environmental friendly materials and goods for Papuk and Risnjak (boiler reconstruction @ \$70k, solar panels @ \$30k, façade + joinery @ \$50k, LED lightning @ \$50k, heating and cooling system reconstruction @ \$150k, façade @ \$25k and solar panels @ \$70k) in Output 2.3.
15	Procurement of: (i) the software, applications and hardware for implementing a smart card system (including installation, testing & printing of smart cards) in Output 2.1; and (ii) the software and hardware required for the automated ticket system (including counters, data loggers, routers, etc.) in Output 2.1.
16	EIA firm/s appointed to undertake all EIAs, and address any other regulatory requirements in Output 2.2.
17	Contractual appointment of: (i) a Project Manager (@ US\$1,125/wk for 192wks); and (ii) a Project Administrative Assistant on a retainer contract (US\$625/wk for 96 weeks).
18	<i>Pro rata</i> travel costs of PM and PAA (including vehicle running costs, flights, maintenance, fuel and DSA).
19	Cell phone costs of PM and PAA (including contract and call costs).
20	<i>Pro rata</i> local travel costs of PM and PAA (including vehicle running costs, maintenance, fuel).
21	Data and landline communication costs for project management unit.
22	Office supplies (paper, writing materials, binders, ink, etc.) for the project management unit.
23	Procurement of laptops (2), software licenses, portable hard drive (2), router, printers (2), 3/4G cards (2) and data projector.
24	<i>Pro rata</i> rental costs of office space for project management unit.
25	UNDP country office administrative (procurement, human resources management, contract administration, government liaison and communications, translation, workshop logistics, etc.) and professional (accounting, audit and legal) support services to the project.

(ii) Strategic Results Framework

	Indicator	Baseline <sup>5</sup> (2012/2013)	Target/s (End of Project)	Source of verification	Risks and Assumptions
<b>Project Objective</b> Enhancing the management effectiveness and sustainability of national protected areas to safeguard terrestrial and marine biodiversity	Financial sustainability scorecard for national system of protected areas	32%	>45%	Project review of Financial Sustainability Scorecard	<b>Assumptions:</b> <ul style="list-style-type: none"> <li>Government continues to view protected areas as a key investment strategy for meeting biodiversity conservation (and selected socio-economic development) targets.</li> <li>Public institutions ensure that a balance is maintained between their core biodiversity and heritage conservation mandate for parks and the sustainable use of these parks for tourism, recreation and natural resource harvesting purposes.</li> <li>The MENP and SINP regularly maintains and updates the METT for protected areas and the national Natura 2000 database for habitats, species and birds</li> </ul> <b>Risks:</b> <ul style="list-style-type: none"> <li>A lack of effective coordination between MENP, SINP and the 19 PIs weakens the efficacy of project investments</li> <li>The individual PIs and government do not collectively commit adequate resources and funding to improve the conservation management in national PAs</li> <li>The cumulative effects of climate change and unsustainable levels of natural resource use exacerbates habitat fragmentation and degradation of the marine and terrestrial</li> </ul>
	Capacity development indicator score for protected area system	Systemic: 58% Institutional: 57% Individual: 46%	Systemic: 67% Institutional: 77% Individual: 72%	Project review of Capacity Development Indicator Scorecard	
	Annual financing gap of the 'optimal management scenario' for national protected areas (US\$)	US\$14.7m	<US\$5m	Execution of State Budget Report  MENP, SINP and national protected area PI Annual Financial Reports	
	Management Effectiveness Tracking Tool scorecard (average): All national PAs National Parks Nature Parks	All national PAs: 63% National Parks: 62% Nature Parks: 64%	All national PAs: >67% National Parks: >67% Nature Parks: >67%	Project review of METT scorecard (every two years)	
	Income/annum (US\$), by source, from national protected areas	Government budget allocation: US\$6,67m Other government allocation: US\$1m Property income: US\$1.4m Own income: US\$58.29m Donor revenue and other income: US\$0,94m	Government budget allocation: US\$5m Other government allocation: >US\$3.5m Property income: >US\$2m Own income: >US\$65m Donor revenue and other income: >US\$1.5m (target year = 2017)	Execution of State Budget Report  MENP, SINP and national protected area PI Annual Financial Reports	

<sup>5</sup> Financial data are from 2011/2012.

	Degree of conservation for the Natura 2000 target species and habitats in national protected areas <sup>6</sup>	Species: A – 184 B – 214 C – 14 Habitats: A – 94 B – 91 C – 8	Degree of conservation for the NATURA 2000 target species and habitats stays the same or improves	National Natura 2000 database (species and habitats)	habitats in national PAs
<b>Outcome 1</b> Reforming the institutional framework to strengthen the management effectiveness of national protected areas	<b>Outputs:</b> 1.1 Develop a national planning framework for the protected area system 1.2 Improve the financial management capacity of protected area institutions 1.3 Establish a shared service centre for national protected areas 1.4 Assess the feasibility of establishing a park agency to administer national protected areas				
	Strategic plan and management guidelines for national protected areas approved.	Strategic plan: None Management guidelines: Partial, but incomplete	Strategic plan: Yes Management guidelines: Complete	Record of approval and adoption of Strategic Plan and management guidelines	<b>Assumptions:</b> – The MENP, SINP and national protected area PIs collaborate and cooperate in the development of the national planning framework for protected areas – The Ministry of Finance continues to support and complement efforts at improving the financial capacities and resources of national protected area PIs – The Ministry of Maritime Affairs, Transport and Infrastructure continues to collaborate in the establishment of a mooring system in marine national protected areas – Individual national protected area PIs commit to supporting the establishment of an association of PIs, and testing the feasibility of developing this association to fulfil the role of a SSC – National protected area PIs continue to update, or prepare
	Number of park management plans conforming with the policies and guidelines for national protected areas	5	>10	Record of approval and adoption of active park management plans	
	Number of financial/business plans adopted and operational	National protected area network: 0 Individual national protected areas: 0	National protected area network: 1 Individual national protected areas: >3	Record of approval and adoption of active national and park financial/ business plans that are linked to a strategic plan for national protected areas or individual park management plans (see above)	
	Number of PI and MENP staff completing specialised, targeted short-course financial training and	0	26	Training records Staff training	

<sup>6</sup> Where: A = excellent level of conservation; B = good level of conservation; and C = average or less than average level of conservation)



	financial skills development programmes			certification Project reports	new, medium-term management plans for the protected area under their stewardship
	Percentage of overall national protected areas bookings/month being administered through the centralised SSC:	0	Overnight accommodation: >20% Camping: >30% Other services: >15%	Online booking statistics Annual PI records of bookings received, by source	<b>Risks:</b> – A lack of effective coordination between MENP, SINP and the 19 PIs weakens the efficacy of project investments – The individual PIs and government do not collectively commit adequate resources and funding to improve the conservation management in national PAs
<b>Outcome 2</b> Improving the financial sustainability of the network of national protected areas	<b>Outputs:</b> 2.1 Reduce the transaction costs of user-pay systems in national protected areas 2.2 Develop integrated tourism and recreational products and services in national protected areas 2.3 Improve the productive efficiency of national protected areas				
	Net income (US\$/annum) from sales of smart cards	US\$0	US\$>4m	Data management systems statistics	<b>Assumptions:</b> – The Director of each national PI takes direct responsibility for ensuring the implementation of project activities linked to the protected area under their stewardship – The co-financing sources committed to supplementing the GEF project investments in individual parks are secured – The Directors of high-income national parks actively participate and support the objective assessments of current tourism/recreation management arrangements in those parks – The current levels of tourism and recreational use in protected areas remains relatively constant.  <b>Risks:</b> – A lack of effective coordination between MENP, SINP and the 19 PIs weakens the efficacy of project investments – The individual PIs and
	Increase in self-generated income (US\$/annum) in target national parks and nature parks	Ucka: US\$49k Risnjak: US\$279k Papuk: US\$32k Telascica: US\$614k Vransko jezero: US\$56k	Ucka: >US\$100k Risnjak: >US\$450k Papuk: >US\$50k Telascica: >US\$1m Vransko jezero: >US\$100k	PI Annual Financial Reports	
	Decrease in costs (US\$/month) of power supply to targeted nature parks	Risnjak Nature Park: US\$1,455 Papuk Nature Park: US\$745	Risnjak Nature Park: <US\$1,000 Papuk Nature Park: <US\$500	PI Annual Financial Reports Monthly power services accounts	
	Surplus/(deficit) per annum (US\$) for high-income national protected areas	Plitvicka jezera National Park: US\$4.7m Krka National Park: US\$0.9m Brijuni National Park: US\$(-0.5m)	Plitvicka jezera National Park: US\$5.7m Krka National Park: US\$1.1m Brijuni National Park: US\$0.5m	PI Annual Financial Reports	

					government do not collectively commit adequate resources and funding to improve the conservation management in national PAs
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