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THE WORLD BANK/IFCMIGA

OFFICE MEMORANDUM

DATE: December 4, 1995
TO: Mr. Ian Johnson, GEF Secretariat
FROM: Ken Newcombe, Chief, ENVGC 
EXTENSION: 36010
SUBJECT: DECEMBER 14, 1995 GEFOP Meeting - PDF Block B Request

Please find attached two PDF Block B requests for consideration at the December 14, 1995 GEFOP meeting:

PDF Block B

International Waters
Albania/Macedonia:

Lake Ohrid Conservation and Management Project

Biodiversity
Nicaragua:

Atlantic Biodiversity Corridor Project

Attachments

Distribution:

Messrs./Mmes:

I. Johnson, GEF Secretariat (Fax: 23240)
R. Asenjo, UNDP (Fax: 212-906-6998)
W. Mansfield, UNEP (Nairobi) (Fax: 9-011-254-2-520-825)
R. Khanna, UNEP (Washington) (Fax: 202-331-9333)
S. Li, Biological Diversity Convention Secretariat (Fax: 9-011-41-22-797-2512)
P. Vellinga, Vice-Chair, STAP (Fax: 9-011-31-20-444-9553)

cc: Messrs./Mmes. L. Vidaeus, J. Albert, R. Paton,
J. Suter (ENVGC); M. Kosmo (EC2AU);
L. Constantino (LA2NR); ENVGC ISC

PROPOSAL FOR PDF BLOCK B GRANT

Country Name:	Nicaragua	
GEF Project Name:	Atlantic Biodiversity Corridor Project	
Associated Project Name	Natural Resources and Rural Poverty Project	
GEF Focal Area:	Biodiversity	
Total Project Cost (IDA, GEF, GON, Munic. Govs., Donors):	US\$49.2 million	
Financing Plan:	IDA Credit	US\$30.0 mn
	GEF Financing:	US\$ 7.0 mn
	GON, Munic. Govs,beneficiaries	US\$ 10.2 mn
	Donor co-financing:	US\$ 2.0 mn
	Requesting Agency:	World Bank
Executing Agency (GEF)	Ministry of Environment and Natural Resources	
PDF Block B Fund Request:	US\$330,000	
PDF Co-financing:	US\$200,000 PHRD for GEF component;	
	US\$700,000 PHRD for IDA components	
	US\$230,000 GON/Donors	
	US\$135,000 Institutional Development Fund (IDF)	
Block A Grant Awarded:	No	

Summary Project Objectives and Description

1. This project seeks to ensure the long-term conservation and sustainable use of the biological resources of an Atlantic Biodiversity Corridor (ABC) through the Atlantic slope of Nicaragua. This corridor would be a critical link in a larger MesoAmerican Biological Corridor (MABC) extending from southern Mexico to Colombia. The Nicaraguan ecoregions and ecosystems within the proposed ABC represent some of the most intact natural habitats remaining in Central America.

Link w/OP in CA.

GEF Project Description

2. The GEF project has six components designed to support activities and programs to promote conservation and sustainable use of biodiversity to maintain corridor integrity and key ecosystem functions:

(1) Strengthening Protection and Management of Protected Areas through support for management activities and training both within priority protected areas and their buffer zones.

(2) Biodiversity conservation outside Protected Areas through support for planning, policy work, studies and extension activities in the production landscape of the ABC outside the protected area network; such interventions would promote landuse activities consistent with maintenance of an ecological corridor and prevent habitat fragmentation and loss of key habitats.

(3) Biodiversity monitoring and assessment system. This component will support the implementation of a biodiversity assessment and monitoring system in the ABC and the carrying out of environmental impact assessments (especially on biodiversity) of proposed

logging and mining concessions, fisheries licenses, and roads and other infrastructure developments.

(4) Establishment of a financing mechanism for the ABC. This component will establish financing mechanisms to provide long-term recurrent costs for conservation activities in the ABC above and beyond proposed project investments, including private sector financing.

(5) Support for selected community development activities in the ABC. Such activities must be consistent with the objectives of the Conservation Land Use Plan and support the overall goal of maintaining the core area of the ABC and minimizing development pressures in its buffer zone. These activities are expected to consist primarily of training and technical assistance for local governments, small farmers, and indigenous communities. These activities would be primarily financed through IDA co-financing, with GEF funds covering only the incremental costs of activities with a positive impact on globally important biodiversity.

(6) Involvement of local communities and indigenous groups in biodiversity management. The project will establish conservation agreements with local communities and indigenous groups, clarifying natural resource use rights and obligations and enabling local stakeholders to play a central role in biodiversity protection and management in the ABC. To ensure that such activities take place within a sound legal framework, the associated IDA project would help clarify issues such as land tenure and natural resource use rights.

Associated Project Description

3. The GEF project is a component of the larger IDA Natural Resources and Rural Poverty Project (NRRPP). The objective of the NRRPP is to benefit the rural poor and the environment by: (1) strengthening the capacity of local governments in rural areas to deliver environmental services; (2) financing local rural development and environmental subprojects identified by communities in a participatory manner; (3) supporting the decentralization agenda of GON in matters of municipal financing and natural resources management; and (4) reforming the natural resources and environmental legislation and policies and strengthening institutions in charge of environmental monitoring and enforcement.

4. The IDA project would contribute to the specific objectives of the GEF project by: (1) channeling rural development investments and agricultural intensification in the heavily populated Pacific region, thereby reducing the causes leading to outmigration and expansion of the agricultural frontier into the lowly populated Atlantic region; (2) putting in place critical legislation on natural resource use and environment and supporting the enforcement of this legislation; (3) clarifying responsibilities over natural resource management between GON and the autonomous governments of the Atlantic region in the context of supporting the decentralization agenda of GON; (4) strengthening the protected areas system (SINAP) and the institutional capacity of the Division of Protected Areas of MARENA, charged with its management; and (5) training and strengthening nine Atlantic municipal governments in environmental planning and monitoring and in providing services to indigenous communities.

5. The GEF project would contribute to the overall objectives of the IDA project by (1) identifying priority areas for conservation and sustainable use within a biological corridor to guide local public spending and resource management decisions; (2) establishing sustainable mechanisms, including economic incentives, biodiversity monitoring and biodiversity impact assessment procedures to ensure that local investment decisions adequately internalize global biodiversity concerns related to the ABC; (3) financing the incremental costs of local projects in

the ABC related to global biodiversity benefits; and (4) training local governments and communities on methodologies and technologies consistent with the overall objective of biodiversity protection.

Parallel Projects

6. The proposed GEF project would be the Nicaraguan contribution to an integrated Meso-American Biodiversity Corridor (MABC), the framework for which is being developed under a PDF managed by UNDP. Representatives from the UNDP preparation team participated in initial workshops in Nicaragua and will continue to provide input to ensure full consistency between the regional and the national initiatives.

7. In addition to the proposed MABC framework, there are various donor financed initiatives in and around protected areas in the Atlantic region, namely by USAID, GTZ, Holland, DANIDA, Austria, Japan, Nature Conservancy, WWF, etc. During preparation, and with assistance from the local UNDP office, efficient coordinating mechanisms would be agreed to ensure collaboration, complementarity and partnerships to meet the overall goals of the biodiversity corridor.

Preparatory Activities for the GEF Project

8. The PDF preparation funds, in combination with co-financing indicated in Table 1, would finance the following preparatory activities :

(1) **Atlantic Biodiversity Corridor Land Use Plan:** Preparation resources would finance consultants, studies, aerial surveys, ground truthing, data collation and workshops, for the elaboration of a draft Conservation and Land Use Plan to identify priority areas for conservation and sustainable use within the context of a biological corridor. The national office of the UNDP will assist with preparation of the plan. The following activities would be undertaken: (i) Delineation of the Corridor. The delineation of the core and buffer areas of the ABC would expand on the concept proposed under the "Paseo Pantera" project and would be closely coordinated with planning to be carried out for other Central American countries under the framework of the UNDP-managed PDF for a Mesoamerican Biodiversity Corridor Project. Delineation of the ABC would take into consideration factors such as biodiversity importance, degree of threat, potential for conflicting landuses, likelihood of success, demographic and socioeconomic factors, and land tenure status. (ii) Identification of Appropriate Activities/Sub-projects. These activities to support conservation and sustainable use in the core and buffer zone of the Corridor would be compatible with ensuring the integrity of the corridor but take into account the needs and aspirations of local communities, assessed through participatory planning exercises. (iii) Preparation of a Draft Plan. This plan, fine tuned through workshops and consultations at the regional and national levels, would detail conservation needs and options, priority sites, appropriate interventions, sources of financing, and implementation responsibilities.

(2) **Preparation of Monitoring and Biodiversity Assessment Component.** PDF resources would finance consultants for the design of a rapid biodiversity assessment and monitoring system and a biodiversity impact assessment process geared at proposed logging and mining concessions and roads and other infrastructure projects.

(3) **Financing Mechanisms:** PDF resources would finance consultants, studies, and a local consultation process to identify potential needs and modalities for a financing mechanism to

ensure long term sustainability of the ABC, including strategies for generating revenues such as resource rents and private sector financing.

(4) **Protected Area Strengthening:** The Atlantic Biodiversity Corridor Land Use Plan will define, *inter alia*, priority protected areas for strengthened management within the corridor. The PDF resources would finance preparation of an investment plan for the protected area network within the corridor, including training and resource needs.

In addition to PDF resources co-financing will provide support for complementary preparation activities:

(5) **Community Development Activities:** Co-financed preparation resources would finance consultants, studies, public consultation, and participatory planning to design a program for training and technical assistance for local governments, small farmers, and indigenous communities and planning for community development investments which would be implemented during the project. A social assessment being financed for the associated IDA project will also benefit GEF preparation activities.

(6) **Indigenous Land Tenure and Natural Resource Rights:** Co-financing would fund studies on the legal status of indigenous land tenure and natural resource rights and would design activities to be implemented during the project for clarifying the tenure situation including, if appropriate, indigenous land titling. An Indigenous Peoples Development Plan (IPDP) will also be prepared in a consultative and participatory manner. It will be designed to strengthen mechanisms to involve indigenous peoples directly in protection activities as well as in the design of community-level investments. Finally, a training program financed by the World Bank's Institutional Development Fund (IDF) will train indigenous communities in project preparation and community organization skills.

(7) **Coordination of PDF Activities:** MARENA staff, assisted as necessary by consultants contracted under the above activities, will coordinate the preparatory activities and overall preparation of the GEF project.

Eligibility

9. Nicaragua ratified the Convention for Biological Diversity on November 20, 1995. The proposed project is consistent with the operational programs of the GEF Operational Strategy since it focuses on the MesoAmerican region and a corridor of habitats from mountains and forests to coastal wetlands and marine ecosystems. The Miskito Pine Savannas of the Atlantic slope are a globally distinctive grassland/savanna ecoregion while the Atlantic Moist Forests and Central American Pine-Oak Forests, which make up the bulk of the corridor represent the most extensive areas of remaining natural forests in Central America. The proposed corridor also includes extensive coastal wetlands along the Mosquitia coast.

10. The combined IDA and GEF projects address conservation and sustainable use of biodiversity within a crucial segment of the MesoAmerican Biological Corridor. Protection of biodiversity in the Atlantic region and strengthening of the protected area system have been identified as priorities in the Nicaraguan National Environment Action Plan and in the Draft Biodiversity Strategy. The project is consistent with COP1 and COP2 guidance as it addresses in-situ conservation and would include capacity building; strengthen conservation, management and sustainable use of ecosystems and habitats, including coastal and marine ecosystems and

mountain regions; and would strengthen the involvement of local and indigenous people and integrate social dimensions, including those related to poverty.

National Level Support

11. Nicaragua has joined the other six Central American republics in the Central American Commission of Environment and Development (CCAD) to support the concept of a MesoAmerican Biological Corridor. A draft national biodiversity strategy is being finalised in consultation with government agencies, academic institutes, NGOs and the public. A National Environmental Action Plan (NEAP) has been completed with assistance from the World Bank to provide the framework for actions in the natural resources sector. The proposed GEF project is consistent both with the draft national biodiversity strategy and the NEAP.

12. The GON, through the Ministry of MARENA, has recently taken important decisions not to award logging and mining concessions in the Atlantic in spite of substantial pressure to do so. The land use plan to be prepared under the PDF Block B grant would be an important tool for rationalizing the concession awarding process. In addition, the Minister of MARENA (the institution charged with biodiversity protection) has established a separate unit in MARENA to oversee and coordinate inputs to biodiversity protection in the Atlantic region and is considering the establishment of an independent foundation which would be charged with biodiversity protection in Atlantic Nicaragua.

13. Given that Nicaragua has not yet formally nominated a GEF focal point, the Minister of MARENA, the responsible ministry vis-a-vis the Convention on Biological Diversity, has prepared a letter of endorsement which indicates that the project is considered a national priority (see attached).

Justification for PDF Grant

14. The PDF grant will finance preparation only of those components of the project which are expected to have an entirely or largely global benefit. Preparation of components that are expected to generate significant national benefits are being financed with preparation funds from the associated IDA project, the GON and other sources.

Items To Be Financed

15. The PDF grant would finance studies, workshops, seminars, local participation activities, local and international consultants, training, and limited equipment. The proposed allocation of funds is detailed in Table 1.

Preparation Costs

16. The cost of the proposed preparatory activities is US\$895,000. This amount consists of: US\$330,000 requested as a PDF Block B grant; US\$200,000 to be financed by a PHRD Grant; US\$230,000 invested by the GON and by MARENA-coordinated donors; and US\$135,000 from the Institutional Development Fund (IDF). Not included are an additional US\$900,000 for preparatory and pilot activities under the associated IDA project which may also indirectly benefit the GEF project preparation.

Implementation of PDF Activities

17. MARENA would be the recipient of the PDF grant and would be responsible for executing the PDF work program. PDF activities would be completed by July 1996.

Table 1. Project Preparation Costs (in US\$)

Project Component Preparation Activity	PDF	PHRD	GON/ Donors	TOTAL
1. Corridor Land Use Plan				
<i>Delineation of Atlantic Biological Corridor</i>				
Tenure and land use surveys Consultants Data/maps/images		20,000	40,000	60,000
Biodiversity and resource trends Consultants Data/maps/surveys	70,000 20,000			90,000
Demographic analysis			10,000	10,000
Development of planning database Consultants Equipment Training			10,000 10,000 5,000	25,000
<i>Identification of Activities/Sub-projects</i>				
Workshops and seminars Consultants/facilitators Participatory planning Facilities	30,000 20,000 5,000			55,000
<i>Preparation of Draft Plan</i>				
Preparation of plan Consultants Consultations			20,000 5,000	25,000
2. Biodiversity Monitoring and Impact Assessment Component				
Consultants	20,000			10,000
3. Financing Mechanism				
Preparation of component Consultants Workshops	90,000 5,000			95,000
4. Protected Area Strengthening				
Preparation of component Consultants Public consultation	40,000 10,000			60,000
5. Community Development Activities				
Preparation of component Training and technical assistance Social assessment		35,000	80,000	115,000
6. Indigenous Land Tenure and Natural Resource Rights				
Preparation of component Consultants Workshops Study tours Indigenous Peoples Devpt. Plan Training (IDF grant)		40,000 5,000 20,000 60,000	135,000	260,000
7. Coordination of PDF Activities				
Coordination MARENA staff Equipment and office expenses	20,000	20,000	50,000	90,000
TOTAL	330,000	200,000	365,000	895,000

MINISTERIO DEL AMBIENTE Y RECURSOS NATURALES

MARENA



Managua, 30 de Noviembre 1995

Doctor
MICHAEL BAXTER
Jefe de la División de
Pobreza Rural y Recursos Naturales
Banco Mundial, Washington D.C.
Su Despacho.

Estimado Doctor Baxter:

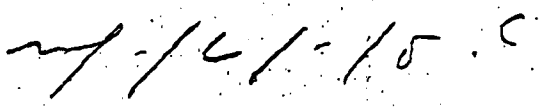
Tengo el agrado de someter a su consideración la presente solicitud de Donación para la ventanilla B del GEF para financiar la preparación del Proyecto de Corredor de Biodiversidad del Atlántico de Nicaragua.

Esta solicitud es por un monto de US\$ Trescientos treinta mil (US\$ 330 mil) dólares americanos.

No omito manifestarle que este Proyecto tiene una alta prioridad para el Gobierno de Nicaragua. Sin embargo, debido a las limitaciones financieras del MARENA, estamos solicitando fondos del GEF para su preparación y su implementación de acuerdo a la propuesta anexa.

Hago propicia la ocasión para suscribirme con las muestras de mi respeto y consideración.

Atentamente,


Milton Caldera Cardenal
Ministro

cc:

Archivo/Cronológico