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PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED GRANT
IN THE AMOUNT OF SDR 7.831 MILLION (US\$10.08 MILLION EQUIVALENT)
TO THE
GOVERNMENT OF ISLAMIC REPUBLIC OF PAKISTAN
FOR A
GEF-PROTECTED AREAS MANAGEMENT PROJECT

March 23, 2001

**Rural Development Sector Unit
South Asia Regional Office**

CURRENCY EQUIVALENTS

(Exchange Rate Effective February 28, 2001)

Currency Unit = Pakistani Rupee

SDR 1.28723 = US\$1.00

US\$1.00 = Pakistan Rupees (Rs.) 57.58

FISCAL YEAR

July 1 - June 30

ABBREVIATIONS AND ACRONYMS

AJK	Azad Jammu and Kashmir	NP	National Park
AKRSP	Aga Khan Rural Support Programme	NTFPs	Non-timber forest products
AKLASC	Azad Kashmir Logging and Sawmill Corporation	NWFP	North West Frontier Province
CAS	Country Assistance Strategy	OP/BP/OD	Operational Procedures/Bank Policy/Operational Directive
CBD	Conventional Biological Diversity	PAMIA	Project Areas Mutual Interaction Assessment
CBOs	Community-based organizations	PAs	Protected Areas
EA	Environmental Assessment	PIP	Project Implementation Plan
EMP	Environmental Management Plan	PMR	Project Monitoring Reporting
FSC	Federal Steering Committee	PMT	Project Management Team
GEF	Global Environment Facility	PMU	Project Management Unit
GOP	Government of Pakistan	PRA	Participatory Rural Approach
ICR	Implementation Completion Report	PSC	Project Steering Committee
IUCN	International Union for Conservation of Nature and Natural Resources	QBS	Quality-based Selection
LAC	Local Advisory Committee	QCBS	Quality and Cost-based Selection
MELGRD	Ministry of Environment, Local Government and Rural Development	SA	Social Assessment
MOP	Memorandum of the President (World Bank)	SOE	Statement of Expenditure
MOU	Memorandum of Understanding	SWCB	Sindh Wildlife Conservation Board
NBF	Not Bank Financed	UNDP	United Nations Development Program
NCCW	National Council for Conservation of Wildlife	VCCs	Village Conservation Committees
NCS	National Conservation Strategy	VCF	Village Conservation Fund
NGOs	Non-Governmental Organizations	VOs	Village Organizations
		WWF	World Wildlife Fund

Vice President:	Mieko Nishimizu
Country Director:	John Wall
Sector Manager/Director:	Ridwan Ali
Task Team Leader:	Najib Murtaza

PAKISTAN
GEF-PROTECTED AREAS MANAGEMENT PROJECT

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MAP(S)

IBRD 31282: Protected Areas of Chitral Gol, Hingol, and Machiara National Parks

PAKISTAN

GEF-Protected Areas Management Project

Project Appraisal Document

South Asia Regional Office
Rural Development Unit

Date: March 23, 2001	Team Leader: Najib Murtaza
Country Manager/Director: John Wall	Sector Manager/Director: Ridwan Ali
Project ID: P035823	Sector(s): VM - Natural Resources Management
	Theme(s): Environment
Focal Area: B - Biodiversity	Poverty Targeted Intervention: Y

Project Financing Data			
<input type="checkbox"/> Loan	<input type="checkbox"/> Credit	<input checked="" type="checkbox"/> Grant	<input type="checkbox"/> Guarantee <input type="checkbox"/> Other:
For Loans/Credits/Others:			
Amount (US\$m):			

Financing Plan:	Source	Local	Foreign	Total
BORROWER		0.67	0.00	0.67
GLOBAL ENVIRONMENT FACILITY		5.35	4.73	10.08
Total:		6.02	4.73	10.75

Borrower/Recipient: GOP
Responsible agency: MELGRD
 Ministry of Environment, Local Government and Rural Development (MELGRD)
 Address: 9th Floor, UBL Building, Blue Area, Islamabad
 Contact Person: Mr. Kalimullah Shirazi, Deputy Secretary
 Tel: (92-51) 9202960 Fax: (92-51) 9205883 Email:

Other Agency(ies):
 (i) Tourism, Wildlife, Archeology and Fisheries Department, Government of Azad Jammu & Kashmir
 (ii) Wildlife Department, Government of NWFP
 (iii) Environment, Livestock, Wildlife, Forests and Tourism Department, Government of Balochistan
 Address: (i) Chella Bandi, Muzaffarabad, AJK (ii) Shami Road, Peshawar (iii) Spinny Road, Quetta
 Contact Person: (i) AJK - Mr. Yousaf Qureshi, Deputy Director (Fisheries)
 (ii) NWFP - Dr. Muhammad Mumtaz Malik, Conservator of Wildlife
 (iii) Balochistan - Mr. Manzoor Ahmed, Conservator of Forests
 Tel: (i) AJK - (92-58810) 42281/43699, (ii) NWFP - (92-91) 9211479, (iii) Balochistan - (92-81) 9202547
 Fax: (i) AJK- (92-58810) 46012, (ii) NWFP - (92-91) 9212090, (iii) Balochistan - (92-81) 9201139
 Email: (i) AJK - yousaf@wildlife.isb.sndpk.org, (ii) not available, (iii) Balochistan - mzramdcf@qta.paknet.com.pk

Estimated disbursements (Bank FY/US\$m):							
FY	2002	2003	2004	2005	2006	2007	
Annual	0.42	1.87	2.29	2.00	2.14	1.36	
Cumulative	0.42	2.29	4.58	6.58	8.72	10.08	

Project implementation period: 5 years.
 Expected effectiveness date: July 1, 2001; Expected closing date: June 30, 2006

A. Project Development Objective

1. Project development objective: (see Annex 1)

To conserve globally important habitats and species in three Protected Areas (PAs) of Pakistan (Chitral Gol in NWFP, Machiara in Azad Jammu and Kashmir, and Hingol in Balochistan) encompassing mountain, arid rangeland, estuarine and marine ecosystems.

2. Key performance indicators: (see Annex 1)

Active conservation of habitats and species and reduction in loss of threatened species and vulnerable vegetation types in three PAs by the end of the project and improved implementation capacity of government technical departments and local participatory community institutions.

B. Strategic Context

1. Sector-related Country Assistance Strategy (CAS) goal supported by the project: (see Annex 1) Document number: R98-307 Date of latest CAS discussion: Jan 21, 1999

The CAS identifies the deterioration of Pakistan's natural resources as a key concern, and rough estimates attribute partial costs of environmental damage and pollution to the economy at about 3% of GDP per year. The conservation of Pakistan's natural resources, including biological diversity, is an urgent priority if resource degradation is to be contained. The proposed project will contribute to this goal by achieving the conservation of several globally important species and their habitats in the three PAs.

1a. Global Operational strategy/Program objective addressed by the project:

The project complies with the **GEF's Operational Strategy** for Biodiversity Conservation by choosing sites that are representative, threatened and globally important. Within the GEF's Operational Program based on ecosystems, the chosen sites correspond to semi-arid, coastal, marine, forest and mountain ecosystems. The chosen sites also correspond to the underlying reasons for developing the Operational Program in these selected ecosystems – species diversity, endemism and degree of threat. **Species diversity** is evident from the variety of flora and fauna that exist within each PA site, a good measure of which is the number of bird species. The Machiara NP, for example, has 255 bird species while Chitral Gol and Hingol contain 199 and 168 bird species, respectively. Given the lack of detailed inventories, it is difficult to provide the exact number of floral and faunal diversity, but all sites are situated in ecosystems that are valued by local, national and global studies as containing species richness (ref. studies conducted by WWF 1993, ICBP 1992 and Mallon 1991). Machiara, located in the Moist and Dry Temperate Himalayan Forest, is a global hotspot for avian diversity and an important wildlife habitat while Hingol NP consists of a subtropical scrub that is rich in associated flora and coastal semi-desert noted for species that thrive in extreme conditions. While species **endemism** is low in Pakistan, the proportion of restricted range species is very high and for many of these species, Pakistan contains the bulk of the global population. The selected sites contain several of the endemic, threatened and vulnerable species, especially birds. Machiara and Chitral Gol also comprise part of the Western Himalayan Endemic Bird Areas (ICBP). These sites also comply with the GEF's emphasis on conserving **threatened species** and ecosystems because they contain habitats for several vulnerable and threatened species identified in the latest "IUCN Red list of Threatened Animals" (1996). See report on Rapid Surveys of Shortlisted PAs in project files, for a fuller description of threatened, vulnerable and endemic species. Several species found in the selected sites are also listed in the Bonn Convention as threatened or vulnerable. Further, the project addresses operational concerns identified in the GEF Operational Strategy in the following respects: (i) priorities were country driven; (ii) meeting incremental costs; (iii) providing leveraged long-term financing through the establishment of a special Park

Association comprising of an endowment fund; and (iv) incorporating an objective monitoring and evaluation process that would be continued beyond the life of the project.

The project also addresses several key issues identified in the **Convention on Biological Diversity (CBD)**. Specific aspects of the project that address issues related to the CBD include conserving in situ biodiversity (habitats and species), strengthening ecosystem conservation in semi-arid and mountainous regions, involving local and indigenous peoples in sustainable resource conservation and promoting the protection of globally significant species and the sustainable use of endemic species. In particular, the project corresponds to:

- Article 6 on Measures for Conservation and Sustainable Use (contribution to the development of strategy or plan on biodiversity conservation);
- Article 8 on *In Situ* Conservation (enhancing Protected Areas management, management and rehabilitation of degraded areas, monitoring and conflict management in PAs);
- Article 11 on Incentive Measures (involvement of local communities, capacity building, education and property rights);
- Article 13 on Public Education and Awareness.

Further, the project also responds to the guidance provided by the various Conference of Parties on the Convention on Biological Diversity (COPs). It specifically responds to the COP3 held in 1996 with emphasis on supporting projects aimed at providing socioeconomic incentives at the local, national and GEF levels. Through regulating land and forest use, the project responds to COPs call for developing and managing sustainable land and forest use practices. Its institutional strengthening and awareness raising components respond to COPs emphasis on capacity building. Within the COPs guidance on terrestrial biodiversity, this project supports the guidance on mitigation of harmful human impacts on forest biodiversity, addressing the underlying causes of biodiversity loss, development and use of criteria and indicators for monitoring forest use and filling gaps in forest biodiversity knowledge. Another area of compliance with COPs guidelines is the project's emphasis on capacity building for taxonomy, development of indicators for taxonomy and applying a "bottom up" approach to developing indicators. COPs guidance on involvement of local communities and benefit sharing is reflected in the project's emphasis on community involvement, its activities on alternative income generation and ensuring that economic benefits flow to local communities.

2. Main sector issues and Government strategy:

Main Sector Issues:

Loss of habitats and species: The primary issues in the sector involve the rapid loss of habitat leading to depletion of species, populations and genetic diversity. **Habitat loss, fragmentation and degradation** are the principal causes of the present high rate of extinction mainly due to deforestation, grazing, fodder collection and soil erosion. Deforestation in Pakistan has reduced the area of natural and modified coniferous, scrub, riverine and mangrove forests to 4% of the land area of the country. Pakistan's woody biomass is also declining at a rate of 4-6% per year (GoP 1992 and Hosier 1993). Rapidly increasing domestic livestock population has led to persistent overgrazing. Soil erosion is exacerbated due to a reduction in forest cover, agriculture and overstocking (some 11 million ha of Pakistan are affected by water erosion and 2 million ha by wind erosion). The result of these activities is the rapid loss of habitat for several key species. In recent decades several species such as the Asiatic Cheetah and Indian Wild Ass have become extinct due to habitat loss. Although changes in habitat quality produce less dramatic results than habitat loss, they may alter the quality of the habitat in such a way as to reduce or threaten the number of

species and their populations. Habitat fragmentation has also increased the risk of extinction of key species in Pakistan due to isolating small pockets of previously more connected populations.

Human use has resulted in a reduced number of species and/or their population: Species are also adversely affected by poaching and other factors that reduce population viability. Hunting, for which there is a strong tradition in Pakistan, has seriously affected several “charismatic” species including threatened bird populations, such as the Houbara Bustard. Over-fishing is another underlying cause for species loss because marine catches have steadily increased. This has also caused damage to other species such as turtles along the coast of Hingol NP, which are killed by commercial fishing trawlers.

Weak implementation capacity of environmental agencies: Although the Government of Pakistan (GoP) has established environmental agencies at both national and provincial levels, these are relatively new, lack clarity over implementation responsibilities, face a severe shortage of properly trained personnel and have little enforcement capacity. The PA system, in particular, is an apt example of these weaknesses. Of the 219 PAs in Pakistan, most exist only on paper. Management plans are few, and where they exist they are almost invariably technically deficient. Further, management of PAs is widely seen as policed management with little or no active participation of local communities. Physical demands on existing staff and equipment levels are high – for example, the ratio of area conserved per staff member reaches up to 7,537 ha per staff member in Balochistan; and equipment for surveillance, monitoring and management is inadequate. Recent GoP initiatives are attempting to address these public sector deficiencies with external assistance support.

Lack of information and awareness: The lack of adequate baseline information on biodiversity resources in PAs is another factor that hinders biodiversity conservation. No inventories of plant and animal species in PAs have, as yet, been undertaken. This restricts an accurate analysis of populations of key species, changes in their numbers over a period of time and the effect of conservation initiatives. Awareness building mechanisms for increasing public support toward conservation issues are also restricted; although supported by several NGOs, a larger audience needs to be targeted than at present to build widespread support for conservation activities.

Government Strategy:

To date, GoP’s strategy on conservation of biodiversity has been defined by the establishment of an institutional framework, development of some legal and policy guidelines and the establishment of a Protected Areas system.

The **institutional structure** essentially consists of two tiers – federal and provincial. The Federal Government is responsible for overall policy and planning, inter-provincial and territorial coordination and international liaison for environmental concerns. Wildlife and Protected Areas issues are coordinated through the Ministry of Environment, Local Government and Rural Development’s (MELGRD) National Council for Conservation of Wildlife (NCCW). Set up in 1974, it is currently developing a database on PAs in Pakistan. The office of the Inspector General of Forests in the Ministry conducts all policy and coordination and liaison matters related to forests, rangeland and wildlife management. A branch of the Zoological Survey Department, which advises GoP on the status of key species, is based at Karachi.

In general, biodiversity conservation is the responsibility of the provincial governments. At the provincial level, institutions vary in structure, budgets and implementation capacity. In NWFP, Balochistan and Northern Areas, wildlife is administered through the Wildlife Division – a branch of the Forestry Department. In AJK, the Department of Tourism, Wildlife, Archeology and Fisheries has this responsibility. In Sindh, an active Wildlife Conservation Board (SWCB) exists and has undertaken several special conservation projects with the collaboration of IUCN and WWF. The SWCB pursues vigorous and encouraging attitudes to wildlife conservation and ensures political awareness to conservation issues. After Punjab, Sindh also has the highest budget for wildlife management (Rs.29 million in FY1998), followed by NWFP (Rs.21 million).

The principal **policy** stance on biodiversity conservation is presented in the **National Conservation Strategy** (NCS) of 1992. The NCS called for a national policy on wildlife management, strengthening of the PA system and improving the legal and policy instruments to promote conservation of biodiversity. Within the policy arena, GoP has approved the **Biodiversity Action Plan** (BAP), with GEF support. The BAP recommends the expansion of the information base on biodiversity, strengthening *in situ* conservation through PAs and other means, promotion of sustainable use of biodiversity resources, creation of incentive measures for conserving biodiversity, improving research and training, monitoring impacts of policies and projects on biodiversity and developing long-term financial mechanisms for conserving biodiversity. Similarly, the updated **Forestry and Wildlife Policy of 1991** emphasizes the need to reduce deforestation, conserve forests and biological diversity, promote social forestry and contain environmental degradation in watersheds and catchment areas. The broad policy framework is, therefore, a key indication of GoP's recognition of the importance of biodiversity conservation.

The policy framework is supported by **legislation** on biodiversity conservation that has been enacted mainly at the provincial level. Provincial legislation includes: Sindh Wildlife Protection Ordinance (1972), Punjab Wildlife Act (1974), Balochistan Wildlife Protection Act (1974), NWFP Wildlife Act (1975), Northern Areas Wildlife Protection Act (1975), Azad Jammu and Kashmir Wildlife Preservation Act (1975), and Islamabad Wildlife Ordinance (1979). However, Pakistan's major initiative in preserving biodiversity rests in a **system of Protected Areas**. Categorized as national parks (10), wildlife sanctuaries (82), game reserves (83) and private unclassified reserves (14). The provincial governments collectively had planned to spend approximately Rs.170 million in FY1998 on managing PAs. At this level of expenditure the lack of enforcement capacity and enabling management biodiversity conservation remains a critical concern. The recent economic deterioration of the country has only placed further pressure on the Government to reduce budgets for the protected areas system.

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

The project will address the following sectoral issues:

Loss of Habitats and Species: The principal focus of project activities will be to conserve habitats supportive of key ecosystems and arrest the decline in the number and populations of species within the PAs. Two components address this objective: (i) habitat improvement measures to protect and support threatened and vulnerable species and habitats and (ii) regulation of the level of human use to ensure that this does not damage habitats and species contained in PAs. To achieve this objective, the project will undertake management planning in order to ascertain the key factors effecting globally threatened habitats and species and define the protective measures required to reverse current negative trends and better ensure their protection.

Because PAs are connected to their socioeconomic surroundings and are affected negatively and positively by human use, the project will develop interventions to reduce harmful human use and maximize the economic benefits derived from responsible use of the PA. These economic benefits will provide incentives to local communities to protect ecosystems and species within PAs. The project will implement this by raising public awareness, involving communities in management planning to chalk out the level of human use in PAs, building community support and institutions for conservation initiatives, formalizing legal agreements between the government and local communities to establish and clarify resource rights and levels of use, encouraging tourism and tourism-related enterprises, supporting alternative income-generating programs for local people to enhance income foregone due to checks on resource use and developing alternatives to meet community needs such as community woodlots and stall feeding of livestock.

The success of integrating community development with habitat and species protection measures is strongly based on community involvement. The project will, therefore, encourage local communities to act as equal partners with governmental agencies in planning, implementing and monitoring habitat improvement initiatives. In addition, the project will address habitat and species loss through improved surveillance and enforcement of conservation measures and conduct research to ascertain the impact of activities on threatened and vulnerable species and habitats.

Weakness of Implementing Agencies: A key impact of the project will be to improve the implementation capacity of agencies, since this is a major cause of biodiversity loss due to unchecked and excessive use of PAs. To address this issue, the project will (i) develop contractual obligations between implementing agencies to delineate clearly their implementation responsibilities, (ii) review and coordinate plans with Local Advisory Committees (LACs) that have been involved in project preparation and will serve to coordinate the efforts of NGOs, local government and line ministries and (iii) include financing for training and skills upgrading. Enlisting the support of local communities will also reduce conflicts between PA staff and local people.

Information and Awareness: The project will support the conduct of research studies and baseline inventories to compile information on biodiversity in the three sites. Regular monitoring and evaluation of impacts will also enable the project to gain valuable information on the effect of conservation initiatives on species and populations of great concern. Education and awareness campaigns under the project will target tourists to promote sustainable use of PAs, school children through field visits and the wider society through innovative means of communication and dissemination

C. Project Description Summary

1. Project components (see Annex 2 for a detailed description and Annex 3 for a detailed cost breakdown):

Component	Sector	Indicative Costs (US\$M)	% of Total	Bank financing (US\$M)	% of Bank financing	GEF financing (US\$M)	% of GEF financing
1. Protected Area Biodiversity Management	Natural Resources Management		0.0	0.00	0.0		0.0
1.1 Participation of Custodial Communities in Park Management & Conservation		4.36	40.6	0.00	0.0	4.23	42.0
1.2 Improvement of Park Infrastructure		1.59	14.8	0.00	0.0	1.40	13.9

1.3 Improvement of Park Operations	1.06	9.9	0.00	0.0	0.83	8.2
1.4 Research, Habitat Improvement & Wildlife Enrichment	0.29	2.7	0.00	0.0	0.26	2.6
1.5 Public Environmental Awareness	0.40	3.7	0.00	0.0	0.36	3.6
2. Sustainability of Park Management	2.16	20.1	0.00	0.0	2.15	21.3
3. Human Resource Development	0.40	3.7	0.00	0.0	0.38	3.8
4. Project Coordination and Monitoring	0.49	4.6	0.00	0.0	0.47	4.7
Total Project Costs	10.75	100.0	0.00	0.0	10.08	100.0
Total Financing Required	10.75	100.0	0.00	0.0	10.08	100.0

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

One of the key policy reforms sought by the project is assurance from the provincial governments and GoAJK that no activities that may damage biodiversity or hinder the successful implementation of the project or reduce its benefits would be undertaken in the three National Parks. The provincial governments and GoAJK have reiterated their support for this policy reform. For description of steps taken by provincial governments and GoAJK to cease harmful activities or abandon plans that may be harmful for biodiversity conservation in the project sites, please see Section D4: Indication of Beneficiary Commitment and Ownership. To enable local communities to be equal partners in implementation agreements, the project has sought assurance from implementing agencies that the legal and institutional framework must be amended where required for community involvement along the lines identified in the project. The implementing agencies have provided written assurance of their willingness to review the institutional and legal framework where necessary for this purpose. Institutional reforms undertaken by the project include a reorganization of the current procurement and financial management arrangements pursued by the provincial governments and GoAJK. The implementing agencies have agreed to reform the current arrangements for procurement to ensure that they are consistent with the Bank's guidelines for procurement. The project has also sought to reform the financial management arrangements, including disbursement of funds, in the three implementing agencies to ensure that project funds are disbursed, accounted and managed efficiently. For procurement and disbursement arrangements, see Section E4 on Institutional assessment, and Annex 6.

3. Benefits and target population:

The project will have significant **benefits** for the global community. Conservation and enrichment of globally important biodiversity will secure the existence of endangered, threatened, endemic and rare species. The option and use value of biodiversity thus saved is invaluable, despite being difficult to quantify. Other benefits to the world will include enhanced knowledge on biodiversity through research, inventories and monitoring of species and ecosystems in PAs. Significant lessons for replication in other countries and regions can be drawn from monitoring and studying the effect of project activities on biodiversity conservation.

Several national and local benefits will also be associated with the project. Local benefits will include improved employment opportunities for communities living in and around PAs. These may be temporary such as employment in infrastructure improvement activities, or long term, such as employment as park

staff, through reforestation and from ecotourism. Local communities will also benefit from sustainable use of resources especially in buffer zones and from mechanisms for resource sharing. In addition, local communities will be empowered in the management of their resources and in making choices that promote their own economic uplift in conjunction with conservation of their resource base. The project will target communities that have a high-to-medium dependency on natural resources for their livelihood or everyday needs. Other benefits will include reduction in soil erosion and watershed protection.

At the national level the project will improve environmental management and secure watershed protection and sustainable agricultural practices. The project will also provide an opportunity for testing innovative community management that can be replicated in other PAs and create mechanisms for sharing the burden of resource management across public and private sectors.

The project's **target population** will include communities living around the PA sites and those interacting with it on an irregular basis. The total numbers of households judged to be moderately or highly dependent on Park resources in 1998 were 2,800 in Machiara, 1,900 in Chitral Gol and 750 in Hingol. As key stakeholders, the participation of local communities in planning, management and monitoring of the project is of utmost importance to project success. This target group will include livestock farmers, fuelwood collectors, hunters/poachers, grazers and fishermen. These groups will form the target of resource use agreements and alternative income development programs to regulate harmful use of the PAs. The majority of people involved in these activities are poor and degrade the resource base within the PA because they have limited or no alternative means of livelihood, little or no knowledge of and access to other forms of resource use that can be compatible with biodiversity conservation and little incentive to conserve biodiversity. By providing alternative forms of income generation and linking the conservation of biodiversity to direct income benefits for these communities, the project will, in particular, provide incentives for their participation. In Chitral Gol NP, the communities who will be the target of project activities and benefits will directly or indirectly include 1,900 households that have a high-to-medium dependence on grazing and/or fuelwood collection. In Hingol NP the number of households that display medium-to-high dependency on fishing, fuelwood collection and grazing is approximately 750, while for Machiara NP the number of households dependent on timber, fuelwood collection and grazing amounts to about 2,800.

Additionally, the project includes special mechanisms to ensure that activities take account of the social, economic and cultural factors of ethnic minorities living around Chitral Gol and Machiara. Another key target group will be women whose support to project activities will be elicited through encouraging and ensuring their participation in social surveys and village organizations.

Visitors to PAs, including both local and foreign visitors, will be another target group. In particular, school children will be the target audience of summer camps, educational and awareness campaigns organized by the project. Awareness campaigns will also target the public at large. Both international and domestic tourists from other parts of the country will benefit from improved conservation of biodiversity and PA management. Thus, the unique indigenous culture of the Kalash attracts around 3,000 foreign and 7,000 Pakistani visitors each year.

4. Institutional and implementation arrangements:

The project will follow a decentralized approach to implementation. Each Provincial Implementing Agency will have a Project Director, who will be based in the provincial capital. The Conservator (Wildlife) based in Peshawar will be the Project Director for Chitral Gol. In AJK, the Director-General of Tourism, Wildlife, Archaeology and Fisheries located at Muzaffarabad will assume this role. In Balochistan, the Chief Conservator of Forests, located at Quetta will act as the Project Director. Each of the Provincial Implementing Agencies will designate a full-time Park Manager to each of the Protected Areas. The Park Managers will be located at the respective Park Headquarters. Each implementing agency will designate a small number of full-time staff, including accounts officer, for the project.

In order to facilitate participation of local communities, the project will form **Village Conservation Committees (VCCs)** at the village level or for each cluster of hamlets. All households in a village would be members of the VCC and would be responsible for nominating 3-7 members to serve as officers of the VCC. Existing **community-based organizations (CBOs)** will be used wherever feasible in terms of their functions, composition and representativeness.

A **Project Management Team (PMT)** will be constituted at each park site to provide the technical and planning inputs for implementing project activities. The PMT will be a tripartite entity consisting of park staff with the Project Manager as Team Leader, the TA entity, and nominated representatives of the custodial communities. The Project Management Team will be in a position to continue to function beyond the project period as a Park Management Team, with the same composition of implementing agency staff and community representatives, but without the TA staff. The PMT's primary responsibilities will include (i) information dissemination, social mobilization and formation of village-level institutions, (ii) the design and conducting of social and resource utilization surveys, (iii) formulation of a management plan for the PA in conjunction with local communities, (iv) undertaking of field surveys/studies and implementation of habitat improvement measures in conjunction with local communities, (v) implementation of community development and income generation activities to mitigate limitations in access to resources in the PAs. (v) implementation of park infrastructure, (vi) communication, and (vii) monitoring of community and conservation activities. All management arrangements and community microplan investments at the local level will be detailed in legal agreements between the VCCs and the PMT. In addition, the PMT will coordinate with other development projects through the **Local Advisory Committee (LAC)** or any existing coordinating arrangement.

Community representation in the PMT will reflect the major stakeholders (e.g. villages and ethnic groups) whose resource utilization has an influence on the planned conservation in the PA. The community representatives in the PMT will be nominated by the VCCs, and will help coordinate community participation and investment strategies at the level of the park and its vicinity, as well as assist in ensuring that approved microplan investments and community-based park management activities are implemented according to agreements reached. They would also nominate suitable persons to attend training courses in order to build local capacity to plan and implement agreed activities.

To assist the PMT with regard to the planning, implementation and monitoring of microplans for clusters of villages around the PAs, a **Park & Community Planning Unit (PCPU)** will be established comprising the Park Rangers, TA entity, and nominated community representatives. Whereas the PMT will operate at the level of the project, the PCPU will deal with different clusters of VCCs defined in terms of the nature of their dependency and impacts on the PA, or other characteristics that define them as an entity on a higher level than the individual VCC. The PCPU will help coordinate community participation and investment strategies for the involved VCCs, and ensure that approved microplan investments and community-based

park management activities are implemented according to agreements reached.

Overlapping or conflicting claims to resources by stakeholders are likely to come out in the open during the participatory resource mapping and planning exercise. If such disputes cannot be solved by the PMT and the concerned VCCs, the project will pursue arbitration under an arrangement which closely resembles customary conflict resolution. Each party to the conflict nominates one representative who then agrees on an independent mediator/arbitrator to facilitate reaching a compromise. The decision mediated by the arbitrator and agreed to by the two representatives of the conflicting parties will be binding.

Local Advisory Committees (LACs) were formed during project preparation and will continue to function during implementation. Each LAC will comprise representatives of the PMT, the local communities, local government, NGOs and related rural support agencies. The LAC's role will be to ensure integration of project activities in the overall development strategies and activities in the three project areas. LACs will liaise with other governmental and development agencies active in the area to where possible coordinate project implementation and access resources from other programs.

Upstream of the PMT, a **Project Steering Committee (PSC)** will be constituted at the provincial level for policy advice and guidance. The PSC will be composed of senior representatives of government agencies responsible for forestry, environment, agriculture, local government, land, etc., and conservation NGOs and specialist groups.

At the federal level, coordination in terms of ensuring consistency in approach, dissemination of lessons and experiences, overall wildlife policy and priorities, etc., will be provided by the **Federal Steering Committee (FSC)**. Activities that could be undertaken more cost effectively by being organized at the federal level will be arranged by the Ministry of Environment, Local Government and Rural Development (MELGRD). These will include workshops, seminars on information sharing and lessons learnt from all three sites, specialized training and dissemination and impact monitoring and evaluation of activities.

Private/Public Interaction: To secure the financial sustainability of project activities, a non-profit **Park Association** will be established in the second or third year of operation. To be fully operational, the Endowment Fund will be expected to generate matching funds from in-country sources in order to avail project funds allocated for this purpose. A volunteer Board of Directors (15-30 members) will be constituted to administer the Endowment Fund. The Board will develop, in collaboration with its initial principal donors, an internationally accepted mission, objectives, laws and operating procedures for the Park Association. The precise financial and institutional arrangements for the management of the Endowment Fund will be finalized following technical assistance provided under the project for designing the Endowment Fund.

Monitoring and Evaluation (M&E): The monitoring exercise will be designed to provide for continuous learning and adjustment of approach, and will involve participatory monitoring based on self-defined indicators (by community focus groups, VCCs, PMTs), input and output monitoring data from the PMT and PMU, impact/outcome monitoring by an independent monitoring agency (for midterm review and ICR), and Bank supervision. A framework for monitoring will be developed before project implementation begins, which will include description of the institutional arrangements and processes incorporating participatory monitoring and learning systems, selection of indicators, sampling methods, interval and intensity of sampling and mechanisms for feedback and project improvement. Three areas of significance for monitoring the achievement of project objectives will be (i) the ecological aspects of field activities for biodiversity protection and PA management, (ii) community participation in conservation, mitigation

planning and implementation, community compliance with resource use agreements, and the outcomes of income generation activities, and (iii) legal and institutional frameworks impacting on project activities in the three sites. Key indicators for monitoring these categories will include:

- (i) Ecological aspects: Although the changes in numbers of rare species are difficult to identify within the life span of the project, the overall monitoring for ecological aspects will determine if the project has succeeded in slowing the rate of loss of vulnerable flora and fauna, and attempt to evaluate the potential increase in population density and range of some threatened species. Specifically, M&E activities will investigate maintenance of populations of animals, reduction of hunting, reduction of livestock inside the PAs, extent of successful rehabilitation of habitats and land, success in species re-introduction and level of in situ breeding. Quantifiable indicators will be used to monitor the success of the project. Methods of monitoring will include inventories, surveys, transect sampling, site evidence, and game warden records.
- (ii) Community participation and socio-economic aspects will be monitored through indicators regarding
 - (a) VCC formation, functioning and sustainability (e.g. target population knowledge about the purpose of VCCs; inclusiveness of VCCs; transparency in decision making and financial management; mobilization of community contributions; poverty focus and equity in activity plans; maintenance of assets created).
 - (b) Community involvement in planning and implementation of PA management plans (e.g. inputs to resource utilization mapping; participation in decision making by VCCs and community representatives in PMTs for planning of restrictions in resource use and mitigation measures; willingness of communities to contribute towards costs of measures to mitigate reductions in resource access).
 - (c) Compliance with resource use agreements by communities (e.g. number of affected households complying with or violating different types of restriction; role of VCCs community representatives in PMTs in ensuring compliance; attitudes of community members utilizing resources covered by restrictions; role of locally employed PA staff).
 - (d) Income generation outcomes (e.g. changes in the incomes of households affected by restrictions in resource access; whether benefits from income generation accrue to those affected by the restrictions in resource access; and whether income generation alternatives are culturally compatible and acceptable to the affected communities).
 - (e) Efficacy of conflict resolution and grievance redress arrangements (e.g. type and number of conflicts resolved or pending; processing time; type of grievance redress process applied).
- (iii) Institutional impacts: Monitoring of institutional impacts will evaluate the training of staff, increase in surveillance, enforcement of controls on harmful use of the PA and frequency of interagency collaboration. Other measures to monitor institutional aspects will include the management of the Park Association and the level of domestic and international contributions collected for it.

Indicators for Project Impact Monitoring

Development Objectives	Sub-Development Objectives	Impact Indicator
(A) Protected Areas being managed effectively on a long-term basis for the conservation of biodiversity	(1) External disturbances or pressures on protected areas managed effectively	<p>(a) Reduction of poaching by 30% by mid-term and 60% by project end.</p> <p>(b) Reduction of unregulated livestock grazing and fuelwood collection within the core zones of protected areas by 20% by mid-term and 40% by project end</p>
	(2) Viable participatory management system for protected areas in operation	<p>(a) Protected area managed in accordance with agreed participatory park management plans</p> <p>(b) Number of management interventions being implemented in protected areas in accordance with participatory park management plans</p> <p>(c) Number of Village Conservation Committees formed and percentage of target population as members of Village Conservation Committees</p> <p>(d) Changes in incomes of households affected by restriction in resource use in protected areas</p> <p>(e) Number of complaints lodged, cases resolved, cases pending and grievance resolution meetings held to resolve conflicts.</p>
	(3) Sustainable financial system in place and functioning for management of protected areas	<p>(a) Endowment Fund established for supporting management of protected areas</p> <p>(b) Extent of financing for Endowment Fund being generated through external public and private sources for management of protected areas</p> <p>(c) Extent of non-project funding accrued to Village Conservation Funds in each protected area</p>

(B) Enhanced capacity and knowledge on biodiversity and protected areas	(1) Improved skills available for management of protected areas	<p>(a) Increase in number of persons with enhanced skills and competence in protected area management.</p> <p>(b) Increase in number of research projects/studies addressing critical management issues</p> <p>(c) Increase in number of issues for which management responses have been identified and being implemented in the protected areas</p>
	(2) Improved awareness and knowledge of biodiversity and protected areas	<p>(a) Increase in number of schools, students and community members exposed to project-related educational materials and programs</p> <p>(b) Increase in number of management issues solved with political and public support</p> <p>(c) Increase in visitation to protected areas</p>

D. Project Rationale

1. Project alternatives considered and reasons for rejection:

a. Without project scenario:

Current conditions leading to continued loss of species and reduction in populations of threatened and endangered species are most likely to continue in a without project scenario. GoP lacks the resources to invest in biodiversity conservation, and without support from the Global Environment Facility (GEF), the global benefits from conserving rare and endemic species would not be realized. Staff skills would remain weak, leading to poor enforcement and management capacity and mechanisms for participatory planning would not be established. Habitat degradation, fragmentation and loss of key species and their populations would continue. Several globally important and endemic species will be severely reduced in number and may become extinct. The proposed project, as an alternative to this scenario, will ensure the conservation of threatened and globally important species.

b. Choice of Sites and Approach:

In early stages of preparation, the project underwent a ranking exercise to select the number of sites and their suitability for the project. Site selection was based on the ranking of areas according to the presence of globally important species; urgency of threat to ecosystems, habitats and species; likelihood of social participation; and viability of sustainable park incomes through tourism. Where alternative sites for the project were identified, these were evaluated to determine if there were other conservation initiatives planned by donors. In general, the project has selected sites that satisfy its selection criteria but are not the focus of other similar efforts.

Similarly, the project chose to conserve biodiversity by focusing on PAs. In order to implement targeted initiatives for protecting habitats and species in areas that they are globally important, vulnerable and threatened, the project chose a PA approach instead of a community-based approach. A community-level approach to biodiversity conservation is, at present, being piloted by the United Nations Development Program (UNDP) in Chitral Valley, and it is too early to draw lessons on its replicability. Further, the PA-based approach of this project complements the approach of the UNDP-supported pilot project in Chitral Valley.

c. Decentralized implementation arrangements:

The project rejected a centralized approach to implementation, favored under the current PA management system, in order to follow a more effective and responsive management system that is closer to communities whose participation will be a critical factor in project success. Accordingly, the Park Management Committee will be based at or close to the site. Each PA will have separate arrangements for procurement of Technical Assistance based on the particular needs of each PA site and will have a team of specialists supporting project activities. In contrast to centralized project management, this approach was deemed necessary in light of the varying ecological and socioeconomic considerations of each PA and to ensure that project management integrates closely with the needs of local communities.

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

Sector Issue	Project	Latest Supervision (PSR) Ratings (Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
Bank-financed Natural Resource Conservation and Environmental Protection	Environment Protection and Resource Conservation Project. (IDA credit closed June 30, 1999). (The project had undertaken strengthening of federal and provincial environmental agencies through training, support to the development of legislation, environmental awareness, policy studies and pilot works on riverine afforestation along the Chenab and Ravi rivers, wildlife planning in the Punjab and Alpine pasture studies.)	S	S

Natural Resources Management	Balochistan Natural Resources Management Project. (IDA credit closed June 30, 2000). (Strengthening Balochistan Environmental Protection Agency and Balochistan Forest Department through additional staff, training and skills upgrading, public awareness, policy development. Small rehabilitation subprojects on sand dune stabilization, Chiltan National Park, rangeland rehabilitation and juniper forest conservation.)	U	U
Forestry	Punjab Forest Sector Development Project. (ongoing) (Institutional development of the Punjab Forestry Department, expansion of farm forestry, promotion of irrigated timber plantations and improvement of range and scrub forest in Pothwar through participatory planning and management.)	S	S
Trust Fund	Bhutan Trust Fund for Environmental Conservation (completed.) (Establishment of Trust Fund for providing a long-term funding mechanism for biodiversity conservation.)	S	S
Other development agencies			

UNDP/IUCN/GEF	<p>Managing Biodiversity in Pakistan with Rural Community Development.</p> <p>Mountain Areas Conservancy Project (ongoing)</p> <p>(Pilot project in Northern Areas to assess the effectiveness of rural village management of wild species and habitats to conserve biodiversity in Pakistan, build capacity in governmental agencies and review policy and legal requirements)</p>		
Birdlife International and World Pheasant Association-Pakistan	<p>Palas Conservation and Development Project (ongoing.)</p> <p>(Conservation of Himalayan forest and management and sustainable use of natural resources through participatory management. Improvement of basic infrastructure, health, nutrition and sanitation.)</p>		
WWF-Pakistan	<p>Small-scale community-based conservation efforts in Bar Valley and Khunjerab National Park and Chitral Valley. (ongoing)</p>		

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

3. Lessons learned and reflected in the project design:

- Establishing clear linkages between economic benefits and resource conservation (India: Ecodevelopment Project and Palas Conservation Project): Long-term sustained economic benefits from conservation such as through tourism and employment in PA management are essential to ensure the sustainability of project interventions. The Ecodevelopment Project in India has also highlighted that support for alternative livelihoods and provision of alternative means to meet benefits derived from PAs must be contingent on cost sharing by local communities. This lesson is incorporated in the proposed project by establishing reciprocal agreements with communities regarding continued limited resource use, and community contributions to mitigation measures to offset loss of resource access in PAs.
- Building understanding and consensus among stakeholders (Palas Conservation Project and Punjab Forestry Sector Project): A key lesson from the other projects in the sector is the need to build consensus among stakeholders on project objectives, activities and roles. In the proposed project, mechanisms for consensus building created at the preparation stage (such as LACs) will be continued

during the implementation phase. For consensus building on resource use at the sites, PMCs will function as dispute-resolving and benefit-sharing entities.

- Providing start up funding, appropriate asset management arrangements and assessing the legal framework for the establishment of a Trust Fund (Bhutan Trust Fund for Environmental Conservation Project): The Bhutan Trust Fund Project has highlighted the value of having reliable funding available during the initial stages of a trust fund establishment, so that it does not depend on investment income. The project will apply this lesson through investing US\$2 million for initial seed money for the Park Association. In addition, the project will support a study during the second year of its operation to advise on optimal asset management arrangements and assessment of the existing legal framework to institutionalize collaboration between donors and recipients, make decision making and implementation transparent and make management accountable.

4. Indications of borrower and recipient commitment and ownership:

By taking key steps in support of the project and by their active involvement in project preparation, the provincial governments and GoAJK have demonstrated their commitment to the project. The implementing agencies, by being part of the Biodiversity Working Group (an advisory committee formed to guide project preparation) were closely involved in providing oversight to project preparation. Additionally, they have agreed to implement key policy and institutional changes that clearly demonstrate their support for the project. These include the GoAJK's decision to cease logging operations in Machiara National Park after the completion of existing logging contracts and Balochistan's support to abandon plans to construct a dam in Hingol National Park. The provincial governments and GoAJK have also agreed to extend the boundaries of the National Parks if necessitated by ecological considerations. A recent demonstration of this support has been the extension of Hingol National Park, which has resulted in the *de facto* formation of Pakistan's first marine sanctuary. GoAJK has also agreed to extend Machiara National Park to include 23,610 acres from the Jagran Range in Neelum Valley, which is ecologically similar to the Park and in need of protection. In addition, the provincial governments and AJK have reiterated their support for the participatory approach to be followed under the project and have agreed to amend any existing legislation for this purpose.

However, as is the case in several other countries, the implementing agencies concerned with biodiversity/wildlife conservation in Pakistan are weak and under-funded. This is due, in part, to lack of training and capacity but also to budgetary constraints. The project will make a modest but effective contribution to raising the profile of biodiversity conservation in Pakistan through awareness building, involving civil society in PA management through the appointment of well-reputed people as Directors of the Park Association and efficient management of PAs with community support. The project will also demonstrate the economic potential of such ventures by providing an example of public-private cooperation through the Park Association to convince policymakers that conservation activities can be supported through innovative means of financing to supplement public funds.

5. Value added of Bank and Global support in this project:

GEF's support is vital for enabling the project to conserve globally important species in the three Protected Areas. Without its support, the population of several globally important species in each PA will dwindle as a result of existing conditions and as their habitat is degraded or destroyed. In addition, GEF's support to these PAs adds value to biodiversity conservation at a regional level. Since the selected PAs offer a wintering ground for several endangered species of migratory birds, improved protection of their habitat will increase the chances of survival for these bird species. With other conservation efforts planned in the sector, GEF's support will have a "leveraging impact" on other initiatives such as the proposed

UNDP-supported wetlands conservation project and implementation of the pilot project on Maintaining Biodiversity in Pakistan (in Northern Areas). The project provides an opportunity to test a replicable model of PA management that will conserve threatened and vulnerable biodiversity and promote the sustainable management of natural resources.

Under the baseline scenario, the provincial governments would continue to provide the current or even a reduced level of funding for the traditionally weak PA management system, except possibly in the case of NWFP. Human encroachment and degradation of core areas would continue, quite likely leading to the loss of key “charismatic” species such as the snow leopard and the Kashmir Markhor (a species with a narrow distribution) or the more widely distributed western Tragopan pheasant. The extent of degradation would vary but is likely to be pervasive in all PAs. With GEF funding, GoP would be able to supplement its ongoing efforts and develop efficiently managed PAs in which local communities are a leading management force along with NGOs. In addition, the PAs could serve as a model for replicability for other PAs in Pakistan.

The project benefits from the **Bank’s** experience of involvement in forest and agricultural policy development in Pakistan and fills an important niche in the existing program of activities, particularly in the natural resources sector, currently being pursued by the Bank under the direction of the CAS. The Bank Group has already supported projects in various sectors with components to improve the environment or to rehabilitate and develop natural resources. In the agriculture sector, World Bank projects have focused on correcting waterlogging and salinity. For example, these include SCARP VI, SCARP Mardan, Drainage IV, Leftbank Outfall Drain, Private Tubewells Development, and Fordwah Eastern Sadiqia Irrigation and Drainage Projects. Arising from inadequate irrigation drainage, reversing deforestation and de-pasturing Punjab Forestry Sector Project and securing watersheds and rangelands protection Hill Farming and Technical Development Project, Integrated Hill Farming Development Project, Environmental Protection and Resource Conservation Project, Balochistan Natural Resource Management Project and Punjab Forest Sector Development Project. At the federal and provincial levels, the Bank has supported institutional development and capacity building through the Environment Protection and Resource Conservation Project, and the Balochistan Natural Resource Management Project. The proposed project consolidates the Bank’s efforts in the sector by conserving biodiversity within PAs.

The Bank Group’s other projects in the energy, private sector development, health, education and social sectors comprise the range of its activities in Pakistan. In particular, the Social Action Program Project allows the integration of human resource development and community participation. This will be a key source of support for alternative income generation activities in the proposed project. The proposed project, therefore, consolidates and enhances existing Bank’s efforts in Pakistan and in the sector.

E. Summary Project Analysis (Detailed assessments are in the project file, see Annex 8)

1. Economic (see Annex 4):

- Cost benefit NPV=US\$ million; ERR = % (see Annex 4)
- Cost effectiveness
- Incremental Cost
- Other (specify)

As a stand-alone GEF project, the principal economic evaluation criteria to be considered was the “incremental cost” justification in relation to the project’s potential contribution to global biodiversity conservation (appearing in Annex 4). The implementation of proposed activities relies heavily on local community participation to realize lower costs for operations over time than would otherwise have been necessary for a comparable level of surveillance and protection of the sites. The Government, moreover,

would not have the resources to achieve the degree of protection that should be feasible under the community-based approach. If the project were not implemented, the Government would not have more resources than are presently available for biodiversity conservation in the selected areas. The design of the project has also constrained the scale of the proposed interventions to imply incremental recurrent costs that eventually could be accommodated under the operation of a small local trust fund, the proposed not-for-profit Park Association, without further demands on Government resources. The expenditures on the proposed development of infrastructure and the provision of equipment and other physical assets for the selected areas are expected overall to be comparable to, and in many instances more modest than, similar undertakings for the establishment of protected areas elsewhere in South Asia.

2. Financial (see Annex 4 and Annex 5):

NPV=US\$ million; FRR = % (see Annex 4)

The NPV and FRR are undefined. The primary concern regarding the expected financial performance of the proposed project is the sustainability of incremental recurrent costs in the projected areas, which in total are estimated in today's values at less than \$200,000 per annum. The issue of financial sustainability is addressed through the project's strategy to establish a Park Association that would build on a small endowment, actively engaging in local fund-raising and linking into international donor networks that assist ongoing commitments.

Fiscal Impact:

The community-based management strategy of the national parks will develop incentives for surrounding villages to maintain the environmental integrity of the parks. This approach will help impart an overall beneficial fiscal impact to the Project, and is expected to minimize Government recurrent expenditures. The main recurrent costs are for the O&M of additional park infrastructure, such as trails, roads, park amenity structures and information centers, and for some incremental departmental staff, particularly for the Hingol National Park, which is at present not staffed. Wherever possible, the project will reduce personnel costs attributed to surveillance and patrolling through the recruitment of honorary wildlife wardens from local communities. Communities would also be involved in biodiversity monitoring. Specific site investments in such improvements will be selected so as to ensure that total associated recurrent costs are commensurate with prudently expected incremental revenues from activities linked to the parks. At present, recurrent cost obligations are estimated to range between 3-5% of the total investment costs in habitat improvements and wildlife enrichment and protection. In the case of Chitral Gol, incremental revenues will partly arise directly from access fees for visitors on foot or by vehicle. In general, the project will promote ecological and wilderness tourism in the parks as a means of generating strong local incentives to preserve the environmental integrity of the parks. The economic activity derived from tourism, especially to the extent that foreign visitors can be attracted, will provide a potential tax base for the Government that is sufficient to justify some incremental budgetary allocation to the concerned departments. Any transfers from this income to custodian communities for development investments will be carried out through the park association trust described below:

Financial sustainability will be supported through the formation of a Park Association. The Endowment Fund will administer the proceeds of an endowment to support the sustainability of conservation efforts, in the first instance, within the Project's three protected areas. The initial size of the endowment shall be US\$2 million from the project with matching contributions from in-country sources being solicited after start-up. Proceeds from the endowment shall help finance park operations, including the incremental operating and maintenance costs of surveillance and protection introduced by the project in the protected areas. Incremental operating costs include stipends for game watchers recruited from local communities. Interest from the endowment could also be used by the Park Association to finance the purchase of

equipment and other goods used for the park operations. Such items would be procured by the Park Association and lent to the parks for the use of field staff. Under the project this working relationship with provincial wildlife departments will be established in the first two to three years of the implementation with the purchase of some replacement equipment by the Park Association. Similarly, the equipment procured for the park management Technical Assistance (TA) teams, including all vehicles, will be the property of the Park Association, which will be authorized, upon the completion of the teams' contracts, to loan the equipment for periods of continued use by field staff. Additionally, funds would be dispensed for park-specific activities that meet designated guidelines, such as community-based micro-enterprise and resource management agreements, action-oriented research, and habitat improvement activities. The recurrent costs of the Park Association and the operation of field schools will not become part of the government's non-development budget, but will be financed through the Endowment Fund's own private fund-raising efforts. In some instances, communities will be required to assume the maintenance costs of minor structures, such as livestock stockades that reduce threats of predating. These costs will be small and within the ability of local communities to support through economic activities that will develop about the parks.

3. Technical:

The project recognizes that endangered and threatened species must be managed at the meta-population level (sub-population groups) in a manner that offers a maximum likelihood of preserving genetically intact numbers of animals over the long term (i.e. 50 to 100 years or more). Virtually all PAs are far too small to protect a sufficiently large population. For this reason, the project advocates an ecosystem approach that will combine two linked approaches: (i) networking of populations in adjacent reserves by linking management of separate PAs at the regional level; and (ii) securing of habitat within the intervening corridor and the buffer zones adjacent to individual reserves in an effort to augment the PA's relatively small population of species. The limitations of each provincial wildlife department in terms of its habitat and species protection programs is widely recognized and this deficiency will be primarily addressed through community involvement in conservation activities and the linking of wildlife to project-supported enterprises such as ecotourism. In addition, local people will be vested with full responsibility for utilizing resources within the PAs on a sustainable basis through a series of sound economical enterprises including ecotourism, indigenous fishing and rotational rangeland grazing. Restrictions on resource use within a PA will be defined in consultation with the concerned communities, and alternative sources of income will be developed for meeting the needs of those affected.

The need for reliable baseline information on the target animal populations is clear and the capacity of each wildlife agency to conduct defensible surveys and censuses in concert with locally deputized wildlife wardens will be strengthened by the project. The project will conduct scientific data collection to maintain information on species found in each PA. Adequate attention will be paid to ensure that scientific data collection does not have any adverse impacts on threatened or rare species. Although improving patrols to prevent internal and external poachers is the principal need of each PA, long-term management requires a sound understanding of species-specific natural histories, the local ecological processes and inherent or modified constraints to habitat-carrying capacity. Over the long term, research will be sustained by a special Endowment Fund whose skilled staff will forge ties with national and international research institutions, especially universities interested in exchange programs as potential collaborators.

4. Institutional:

4.1 Executing agencies:

The executing agencies consist of the Ministry of Environment, Local Government and Rural Development for coordination at the federal level. At the provincial level, the executing agencies will be Tourism, Archaeology, Wildlife and Fisheries Department in AJK, Wildlife Department of NWFP and Wildlife Division of the Forest Department of Balochistan. At present, many provincial conservation policies bear more resemblance to the modus operandi of the parent agency, namely the Forestry Department, rather than reflecting the special needs of wildlife and community-based resource utilization. Residual, overlapping jurisdiction is a common problem within Pakistan, especially between wildlife management agencies and the departments of forestry. This creates weak links in PA administration, which will be addressed by this project. As indicated by staffing allocations, the capacity of the three PA agencies varies greatly, with NWFP being the most developed and Balochistan the least developed. Among the more important constraints common to all provincial and territorial wildlife management authorities are:

- Insufficient annual operational and development funds to meet the tasks at hand. The traditional conservation model of a centralized, “top-down” government PA authority is costly to administer, requiring significant investments for building infrastructure, equipment inventories, park managers, guards and other administrative staff. This fact is reflected by the relatively low mean annual expenditure per hectare of PAs during 1994 to 1997, which amounted to US\$2.19 million for AJK (with 9 PAs), US\$2.78 million for NWFP (with 52 PAs) and only US\$0.12 million for the 31 Protected Areas in Balochistan. Over the long term, the project will decentralize management control and provide local communities with a greater share of resource management responsibilities in exchange for assistance in improving local livelihoods. It will also assure increased sustainability and enhanced biodiversity conservation, especially within the particular Protected Area. Decentralizing government responsibilities to more local levels is a stated priority of the GoP, which requires a sound policy and legal framework, as well as a commitment to guarantee local communities a voice and responsibility for sustainable resource management.
- Buffer zone and community-based management and participation in national parks is presently limited by the narrowly focused wildlife Conservation Acts and Ordinances of the provincial and territorial governments. These were enacted in 1974 (Balochistan) or 1975 (NWFP and AJK), following similar language and directives that primarily aimed to control human encroachment, and especially activities like the hunting of wildlife. Little or no provision was made for encouraging community involvement in protecting or managing natural resources or the rare species that are found in or near all Protected Areas. Presently, very few local communities are involved in resource planning, management or enforcement.

4.2 Project management:

The project will assist the provincial and territorial governments to develop collaborative procedures and structures for managing the three candidate national parks. These will include mechanisms for delineating critical resources and their boundaries, allowable uses and management regimes for sustainable utilization and biodiversity conservation, clarification of stakeholder rights, functions and responsibilities, conflict resolution, and procedures for enforcing decisions and monitoring compliance. Buffer zone communities will be engaged in the development of a management plan from its inception to its implementation and evaluation.

- Trained largely as traditional foresters or wildlife biologists, most wildlife department staff lack the necessary skills for constructively engaging local communities and conducting the necessary socioeconomic assessments required for effectively integrating and reconciling the dual goals of conservation and development using holistic management plans to guide the parks operations and

to achieve its biodiversity objectives. Thus, professional training is a key component of the proposed project.

- In most cases, PA management follows a centralized government model, with decisions emanating downward from the provincial headquarters to the field. Park managers frequently lack flexibility, in large part due to the absence of management plans to guide decision making and action. The project will offer strong hands-on management planning training for park managers and seek to institutionalize management planning, implementation and monitoring. Project managers will be stationed in the field, in or very close to the park in question. The project will also have a strong element of support for community participation and institutions through TA provided at crucial times such as during the early stages of the project. This will help to ensure that a collaborative management and decision-making structure is in place from the outset.

4.3 Procurement issues:

Procurement capacity: Current procurement capacity of the provincial governments and AJK needs to be strengthened to ensure that they are able to make procurement decisions effectively. Accordingly, provincial governments will assign staff for training on a basic procurement training course conducted by the Bank. This training will be complete before project activities commence. The implementing agencies will also prepare detailed plans for procurement. Procurement under the project will take place at the provincial level and the three implementing agencies will independently procure goods, equipment and works and select the TA entity for implementing the project according to quality and cost-based selection. Goods and works will where feasible be procured through local communities organized into VCCs. Procurement arrangements currently in place in the three implementing agencies will need to be adapted for this arrangement and made acceptable to the Bank. For details of procurement arrangements, please see Annex 6.

4.4 Financial management issues:

Financial management capability: An assessment of financial procedures followed by the implementing agencies reveals several discrepancies in financial management. These issues and the measures that the project will take to address them are:

- The financial management system lacks segregation of responsibilities. The custodians of cash (Divisional Forest Officer (DFO)/Drawing and Disbursement Officer(DDO) are responsible for approving, processing, recording and custody of cash. The same situation characterizes auditing arrangements. In AJK, an internal audit is arranged so that DFO/DDO Wildlife checks accounts of DFO Fisheries and vice versa. The project will ensure that cash payments are discouraged and that all cheques are signed jointly by more than one officer. Where cash payments are made, these would be supported with vouchers and payments verified by the DFO/DDO. Appropriate segregation of duties and responsibilities within the provincial and AJK project financial management systems shall be defined and elaborated in a financial management plan, which shall be part of an action plan to be agreed upon during negotiations. Each implementing agency will appoint Accounts Officer (AO) in the core staff appointed for project management.
- Auditing is done on an infrequent basis and audits are undertaken for more than one year at the same time. In NWFP, funds from aid agencies are also not subject to audits. To redress this situation, regular internal audits will be conducted on a yearly basis, and these will be supplemented by yearly external audits performed by the Auditor General's office within 6 months following the end of each fiscal year. The reports of these external audits will be presented to the Bank within 6 months following the end of each fiscal year.

- Project Monitoring Reporting (PMR) requirements are also not adequate. Sample formats acceptable to the Bank have been provided to the implementing agencies, to enable agencies to present full details of expenditure by each category.

Initially, the project will not be eligible for disbursement using PMRs; however, following the first year of project implementation a re-assessment of the project's financial reporting can be undertaken to determine eligibility for PMR-based disbursements under FMI guidelines.

Disbursement: The project funds would be disbursed over five years, with the project closing at or near the end of June 2006. For expenditure eligible for GEF funding, the Bank will disburse GEF funds at the following rates for these items: (a) civil works and field works (90% of expenditure); (b) vehicles and equipment [100% of foreign expenditure, 100% of local expenditure (ex-factory cost) and 70% of local expenditure for other items procured locally]; (c) consultant services and studies (100% of expenditures); (d) Parks Association endowment and start-up costs (100% of expenditure); (e) training (95% of expenditure); and (f) specified project operating costs (95% of expenditure). The Bank will provide retroactive financing for eligible expenditures up to \$20,000 to the federal Ministry of Environment, Local Government and Rural Development, and up to \$100,000 to each province, for equipment, and consulting services and training on account of payments made for expenditures before the Grant Agreement signing date but after July 1, 2000.

Funds will flow to the project sites through "Special Accounts" to be opened by each implementing agency. Under the Project, four US Dollar Special Accounts will be established, Fund A, Fund B, Fund C, and Fund D, one per project implementing agency. Fund A will concern expenditures incurred by the Ministry of Environment, Local Government and Rural Development at the federal level. Fund B will concern expenditures incurred by Balochistan components, Fund C NWFP components, and Fund D the AJK components. The Bank has allocated US\$40,000 as the initial deposit into Special Account A, and US\$200,000 for each of the other Special Accounts, Fund B, Fund C and Fund D (Annex 6). The amount in each account will be sufficient to meet four months of estimated project expenditures. The "Special Account" will be operated and maintained in accordance with the procedures already accepted by the Government of Pakistan through the Ministry of Finance. The payments will be made against actual liabilities (GEF share of project financing), and no advances will be made for the estimated expenditures. The respective Governments will ensure timely provision of counterpart funds for payment of taxes and their share of project financing. Staff salaries will also be paid by the respective Governments.

Assurances were sought at negotiations that funds would be channeled to Village Conservation Committees (VCC) for carrying out the project activities. At the village level, funds will be disbursed to the Village Conservation Funds (VCFs) opened in local banks by VCCs. All village investments, whether from the project or other sources as feasible, will flow through the VCF. The terms and conditions for disbursement will be agreed upon in a collaborative framework between the communities and the Project Management Unit and formalized in a Memorandum of Understanding (MOU). A MOU format will be developed (as per sample used in UNDP's pilot project, and to be signed by participating communities at the village or village cluster level, with the PA management authority, designated VCC and facilitating NGO as signatories) and cleared by the Bank. Initial funds will be advanced to the VCF by the government after: (i) VCCs have been constituted, (ii) the VCF established, (iii) microplanning workshops completed, (iv) resource intervention and income generation opportunities have been identified, (v) commitments on cost sharing in cash or labor by beneficiaries made, (vi) annual work plans finalized, and (vii) conservation agreements agreed between the communities and PMTs. The first advance of funds is expected to take place during the second half of FY2002 for Machiara, Chitral Gol and Hingol respectively. Funds will be released on a quarterly basis to VCCs based on annual work plans agreed with PMTs. Installments would be released based on project progress reports, evidence that previously released funds have been spent in accordance

with the agreed upon work plans and the outstanding budget has been adjusted. The monitoring process will allow the project to adjust disbursements based on amendments to annual work plans. The Bank has agreed to provide retroactive financing for eligible expenses detailed in Annex 6, II-E.

5. Environmental: Environmental Category: B (Partial Assessment)

5.1 Summarize the steps undertaken for environmental assessment and EMP preparation (including consultation and disclosure) and the significant issues and their treatment emerging from this analysis.

In accordance with the World Bank's OP/BP4.01 on environmental assessment, the project is classified as Category B, because it is anticipated that there will be no irreversible adverse impacts on the environment. On the contrary, the project is expected to contribute to improving environmental benefits by supporting the management of existing pressures on biological resources in three PAs. A more detailed discussion of environmental issue is found in Annex 2b.

Project activities are expected to produce wide-scale beneficial impacts, by protecting habitats, population of threatened and vulnerable species and promoting the sustainable use of resources within the PAs and their buffer zones. The alternative income-generating activities planned under the project will be designed to ensure that they benefit biodiversity conservation. These activities are aimed at reducing or managing existing pressures that threaten biodiversity in the three PAs, and might include handicrafts, sericulture, apiculture, bee-keeping, value added of medicinal and non-timber forest products, etc. Other project activities, such as awareness raising, training and capacity building, will also have beneficial environmental impacts by raising public support for biodiversity conservation and improving the skills for PA management.

Adverse environmental impacts of project activities are expected to be minimal or negligible. No major infrastructure development or construction activities will be undertaken by the project. Small-scale improvements to trails, camp sites and water and wastewater disposal envisaged under the project will be planned carefully to avoid soil disturbance. Improvement activities will be undertaken in the dry season to avoid any possibility of soil erosion. Income-generation activities which are expected to be small, labor intensive, based on local materials and low technology would meet the eligibility criteria that ensures protection of the environment. Further, information gaps in terms of existing baseline conditions will be addressed through a focused, cost-effective applied research program that also seeks to demonstrate new approaches to resource protection and sustainable harvesting of forest products. Monitoring and evaluation of project activities and impacts will provide continuous feedback to the project and allow for adjustments to ensure a positive impact on biodiversity.

5.2 What are the main features of the EMP and are they adequate?

The project design provides for the development of guidelines and procedures to identify the scope and nature of project investments on a village by village basis in accordance with local environmental conditions and social needs. Specific eligibility criteria and procedures (to be finalized at an early stage of project implementation as a dated covenant to the Project Legal Agreement) will guide the selection of appropriate investments. Project staff at the protected area-level, participating NGOs, technical specialists and community groups will evaluate environmental and social soundness of potential project investments. Only activities that are environmentally sound would be eligible for financing under the project. Project performance review and impact monitoring would ensure compliance with environmental and social standards. Project review and monitoring (the latter to be undertaken by an independent institution) will provide adequate feedback to enable management to make changes in project activities so that objectives of conservation of biodiversity and improvement of livelihoods are met.

5.3 For Category A and B projects, timeline and status of EA:

Date of receipt of final draft: Not applicable.

5.4 How have stakeholders been consulted at the stage of (a) environmental screening and (b) draft EA report on the environmental impacts and proposed environment management plan? Describe mechanisms of consultation that were used and which groups were consulted?

Consultations on the project concept, objectives and design were undertaken with representatives of all community groups as an integral part of project preparation. Additional consultations were held with representatives of provincial and local level government agencies and NGOs and related professionals on identification of local dependencies on PA resources, identification of natural resource use patterns, mitigation measures and potential risks associated with likely investments. Public consultation was undertaken through stakeholder consultation meetings, informal discussion protected area level public meetings, etc. The key concerns stem from implementation of alternate measures for managing current unsustainable dependencies on protected area resources, and in particular the impacts of ecotourism, increased visitation and resource flows. These concerns will be addressed through the careful selection of PA investments, close scrutiny of its implementation and monitoring.

Local feedback was used during project preparation as inputs to design process for identifying and mitigating any potential adverse impacts. To manage the environmental concerns during project implementation, participatory arrangements will be instituted to ensure that investments conform to the agreed eligible environmental criteria, are implemented in accordance to environmental standards, and respond to feedback from monitoring.

5.5 What mechanisms have been established to monitor and evaluate the impact of the project on the environment? Do the indicators reflect the objectives and results of the EMP?

Project performance review and participatory monitoring will be instituted to ensure that investments conform to the agreed environmental standards. Project field staff, participating local NGOs, and technical specialists at each protected area will screen and ensure that site-specific plans meet the environmental standards. They will guide and oversee the implementation of these plans, ensure that monitoring is relevant and useful, and provide feedback to enable project managers to adjust project activities so that objectives of protection of the environment are met.

Field-level participatory monitoring would be an integral part of microplan design and implementation. Community members, local PA staff and NGOs will be jointly responsible for monitoring the implementation of the microplans, which will include site-specific monitoring indicators to assess project performance, impacts on biodiversity and environmental conditions, and reciprocal commitments of local communities to protect biodiversity. In addition, an independent review and impact monitoring is envisaged. The objective of this exercise is to assess if project activities are meeting key objectives, namely conservation of biodiversity and environmental conditions, and improving participation and livelihoods of adjacent communities. The independent monitoring contract assignment will entail the design, development and implementation of a conceptual framework for implementation of the monitoring program.

6. Social:

6.1 Summarize key social issues relevant to the project objectives, and specify the project's social development outcomes.

a. Social Issues:

The project is not planning any involuntary resettlement of people from communities and settlements around or inside the PAs. The preliminary social assessment undertaken by IUCN as part of project

preparation has identified three key issues that must be taken into consideration during the detailed project planning at the start of implementation. These include:

1. Restrictions on the access by surrounding communities to utilize resources within PAs to eliminate ecological degradation of the PAs. Such restrictions will be based on a participatory baseline community resource mapping to assess the carrying capacity of the PAs with regard to specific forms of resource utilization (pasture, fuelwood collection, cultivation, fishing, hunting), and possible restrictions will be defined through consultation with the stakeholders utilizing the resource in question. Specific forms of resource use may continue on a reduced scale or adhering to agreed management principles, and alternative income generation measures will be agreed with those losing livelihood as a result of the restrictions. For the three PAs, the situation is as follows:

Machiara: An estimated 2,800 households with varying ethnic affiliation live in communities around the PA and are directly or indirectly dependent on resources within the PA for cultivation, grazing, and collection of fuelwood and medicinal plants. The grazing involves migration to high altitude summer pastures and temporary residence by both local and itinerant herdsmen. Data from the social assessment indicates that 1,826 households have a high dependency on resources in the PA through reliance on a combination of grazing, fuelwood collection, and agriculture. A total of 187 households own 12.2 acres of agricultural land within the PA, and there are two permanent habitations located inside it. A MOU has been drafted, which will provide for continued grazing as well as fuelwood and timber extraction for subsistence needs by those dependent on PA resources under the oversight of VCCs and park administration.

Chitral Gol: An estimated 1,900 households live around the PA utilizing areas either bordering on or inside the PA for grazing and collection of fuelwood and medicinal plants. The majority of the neighboring population are Chitralis (mostly Sunni Muslims, but some Ismaili Shia), and around 280 households from three villages are Pashtuns. Some of the Chitrali villages around the PA combine agriculture with livestock rearing in high altitude pastures, and have pasture areas bordering or in the case of one village, inside the PA. In addition, members of the non-Muslim Kalash minority from the Rumbor valley situated within the buffer zone utilize areas bordering and possibly inside the PA for summer grazing and fuelwood collection. For the Kalash, livestock husbandry centered on goat rearing has an important ritual and ideological significance in being segregated from all other activities as an exclusively male and sacred domain, where transhumant herding is almost the sole subsistence occupation of the male population. The Kalash summer pastures, which are held as the collective property of each valley community, are situated above the upper tributaries of their rivers. In contrast, agriculture in the valley bottoms is predominantly a female domain. This dichotomy, which is at the center of Kalash culture, poses a particular challenge in terms of introduction of culturally compatible alternative livelihood measures to offset possible restrictions in the utilization of high alpine pastures.

Hingol: Around 750 households representing Makrani, Zikri Baloch and Baloch utilize the area for fishing, subsistence livestock raising, and fuelwood and drinking water collection, while outsiders hunt inside the PA. Most settlements are small, but the major village with around 380 households is located inside the PA. The Baloch are further subdivided into three major tribal groups, each with its own tribal leadership residing outside the area.

2. Different livelihood strategies and competing claims to utilize resources involving different ethnic groups constitute a potential source of conflict. Such potential for conflict seems to be most pronounced in Chitral, where the Chitralis, who claim that their use rights predate the existing enforcement structure, graze their livestock within the PA boundaries and the buffer zone. In contrast, the Pashtuns have less well-established access rights than Chitralis, and there is a possibility that this will translate into conflicts over resource use during project implementation. Moreover, in Chitral a potential for conflict may derive from the seasonal migration into the area for summer grazing by people from communities in the upper

Chitral valley. In this context, the Kalash appear particularly vulnerable, and special measures will have to be taken to ensure that their customary use rights are accommodated and their cultural identity not undermined by restrictions on resource utilization in the PA. The project will endeavor to include these ethnic and religious factors in designing community participation by ensuring that (a) all communities who are stakeholders in the project are consulted; (b) access to resources is agreed upon in a collaborative framework aiming for a balance between traditional rights and needs of communities; (c) the PMT is composed of representatives of various ethnic groups, (d) close ties are maintained with traditional structures for conflict resolution; and (e) project field staff are properly trained and involved in community participation.

3. Effects on poor, women and other marginalized groups: Women are closely involved in resource use in all three project sites, particularly in collection of drinking water. Around Machiara National Park, women spend 13% of their time daily in fetching water, fuelwood collection and partially in grazing. Their inclusion in project activities is, therefore, an important aspect of community participation. However, women from communities around the three PAs display varying levels of education and mobility, highest in Machiara, which also comprises a high level of female-headed households due to male out-migration, and therefore possibly a higher level of female involvement in natural resource use. The project will assess these factors in designing mechanisms for female participation. The project will endeavor to provide an increased level of income for female-headed households and poor households dependent on natural resources by providing opportunities for alternative income generation, together with credit and market linkages. This effort will focus on such products as embroidery, cap and basket weaving, and carpet making which are mostly done by women.

Alternative income generation for poor households dependent on the Park will also aim to ease pressure on Park resources and provide a steady source of income. This will also help eliminate the cyclical nature of poverty that affects local communities, particularly during winter. In addition, the project will encourage the participation of women and marginalized groups by involving them in resource management and ensuring that they are represented in VCCs and PMTs.

b. Negative effects of the project:

Changes in resource use pattern could lead to an increased volume of work for communities and place greater demands on their time. Community woodlots, for example, may be situated away from the area where fuelwood is gathered at present. In addition, changes in resource use may take time to bear fruit, and in the intervening period this may cause communities to view the project negatively. It is also likely that communities will resent the undesirable effects of tourism, such as pollution and a perceived erosion of the cultural base. The project will carefully evaluate changes in resource use both in terms of time and labor costs, and of the cultural appropriateness of the alternative income generation activities.

6.2 Participatory Approach: How are key stakeholders participating in the project?

a. Primary Beneficiaries and Other Affected Groups: Primary stakeholders include affected communities that are resident in and around the Parks and make use of resources within core and buffer zones. In Machiara these number around 2,800, in Chitral Gol about 1,900 households, and in Hingol around 750. These communities will be the project's primary target group for provision of alternative sources of income to offset possible loss of access to resources in the protected areas. Among this primary target group, women, poor households and indigenous people (e.g. Kalash in Rumboor valley bordering Chitral Gol PA) will be awarded special attention to ensure that the project provides particular benefits to them due both to their dependence on resources in the parks and buffer zones, and their vulnerability.

b. Other key stakeholders: Other important stakeholder groups consist of NGOs, CBOs, governmental

agencies, and the private sector. NGOs are an important stakeholder group, particularly in the Chitral Valley, because of their active involvement in biodiversity conservation and social mobilization. There are also foreign-funded development projects in the area, including the Chitral Area Development Program and the Environmental Rehabilitation Program, which are also semi-governmental in nature. Other potential stakeholders include the private sector, particularly individuals and business concerns that have a direct or indirect interest in biodiversity conservation and ecotourism. The benefit of involving private businesses and individuals, particularly with regard to the fund-raising activities of the Park Association, is a major reason for counting them as important stakeholders.

6.3 How does the project involve consultations or collaboration with NGOs or other civil society organizations?

Consultations with a range of stakeholders were undertaken as part of the social assessment process during project preparation. In addition to the concerned wildlife, forestry and other government departments, these consultations included (i) IUCN-P, WWF-P and other NGOs active in the project areas, (ii) communities living in and/or around the protected areas to identify production and livelihood patterns involving a dependence on resources in the parks, and (iii) the ex-Mehtar of Chitral to resolve claims regarding the Chitral Gol PA. Key consultations are summarized below:

Stakeholders	Output	Timing
Local communities of Chitral, Machiara, and Hingol dependent on resources in the PAs	<ul style="list-style-type: none"> ● Extent of resource utilization in PAs, ● Local perceptions, ● Seasonal resource utilization patterns, ● Gender roles and needs assessment, ● Problem identification and ranking, ● Potential mitigation measures 	Nov-Dec 1996
MELGRD, Prov. Departments of Wildlife & Forestry, Ex-Mehtar of Chitral, and Tribal Leaders in Hingol area	Measures to resolve claims regarding the protected areas (e.g. dialogue between Gov. of NWFP and the ex-Mehtar)	Dec. 96 to March 1997
Local NGOs	Identification and impact assessment of existing awareness raising concerning conservation and environment, and of development activities in the areas	From Nov-Dec 96 onwards
IUCN-P, WWF-P, MELGRD, Provincial Wildlife & Forestry Departments, and Federal level agencies	Discussions within the Biodiversity Working Group on global priorities for PA development, PA selection criteria, shortlisting and identification.	At various stages during project preparation

In August 2000, consultations between the Tourism, Wildlife, Archaeology and Fisheries Secretariat from the Government of Azad Jammu & Kashmir, and the custodian communities of Machiara resulted in an MOU which provides the custodial communities access to resources like grazing and fuelwood collection in the PA.

During project implementation, local NGOs with experience in planning and implementation of participatory community development and income generation activities will be engaged to facilitate the involvement of custodial communities in the planning and execution of resource management strategies and mitigation measures.

6.4 What institutional arrangements have been provided to ensure the project achieves its social development outcomes?

The social development outcome of improved livelihood for custodial communities through their involvement in biodiversity conservation will be achieved through a participatory planning process regarding both restrictions in resource use within the PAs and alternative income generation activities to offset income losses from such restrictions. The scope, nature and range of investments will be determined and implemented by local communities on a village by village basis according to local environmental conditions and needs. With the use of participatory rural appraisal surveys and techniques, village communities will be assisted to determine alternative income and development investments based on agreed criteria and procedures which ensures that investments are focused on addressing current pressures on the protected area resources. Using these eligibility criteria, the project team will ensure that (i) investments are ecologically and environmentally sound and support the conservation objective, (ii) they constitute economically viable and culturally acceptable alternatives to the resource use they replace, and (iii) they are financially, technically, and institutionally sustainable. The institutional arrangements for participatory project preparation and implementation is described in Section C: *Project Description Summary*.

6.5 How will the project monitor performance in terms of social development outcomes?

The monitoring system will be designed to provide for continuous learning and adjustment of approach, and will involve participatory monitoring based on self-defined indicators (by community focus groups, VCCs, PMTs), input and output monitoring data from the PMT and PMU, impact/outcome monitoring by an independent monitoring agency (for midterm review and ICR), and Bank supervision. Social development outcomes will be monitored through indicators regarding community participation in conservation, mitigation planning and implementation, community compliance with resource use agreements, and the outcomes of income generation activities. The monitoring arrangements and key indicators are described in Section C: *Project Description Summary*. A detailed monitoring plan will be prepared before implementation begins, and will be submitted for Bank clearance.

7. Safeguard Policies:

7.1 Do any of the following safeguard policies apply to the project?

Policy	Applicability
Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Natural habitats (OP 4.04, BP 4.04, GP 4.04)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Forestry (OP 4.36, GP 4.36)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Pest Management (OP 4.09)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Cultural Property (OPN 11.03)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Indigenous Peoples (OD 4.20)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Involuntary Resettlement (OD 4.30)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Safety of Dams (OP 4.37, BP 4.37)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Projects in Disputed Areas (OP 7.60, BP 7.60, GP 7.60)	<input type="radio"/> Yes <input checked="" type="radio"/> No

7.2 Describe provisions made by the project to ensure compliance with applicable safeguard policies.

Environmental Assessment (OP 4.01): The project is classified as Category B, requiring environmental analysis at the level of village-level investments and short of a full-scale environmental impact assessment. Simplified environmental screening will be undertaken for all project-level investments to be financed. Standard formats and checklists will be developed early in project implementation to facilitate screening of village level investments. Comprehensive training of staff, NGOs and local communities will be instituted to enable them to apply criteria on proposed investments for their conformity with environmental, social,

technical and economic feasibility requirements, and monitor conformity to these standards.

Involuntary Resettlement (OD 4.30) and Indigenous Peoples (OD 4.20): Since the exact social impacts of sub-projects will only be established during project implementation, compliance with the requirements of both ODs is established through a process framework, which will ensure that mitigation of any negative impacts deriving from restrictions on access by local communities to resources in the PAs will be based on participatory resource mapping involving the affected stakeholders, and on their consent regarding the scale of the restrictions and the type of mitigation measures to compensate loss of income. This approach is described in the *Process Framework for Participation of Custodial Communities* in Annex 2, and under Section C.4 on *Institutional and Implementation Arrangements* and Section E.6 on *Social*.

Involuntary Resettlement: While the project is not planning any involuntary resettlement, elimination of ecological degradation of the PAs will require introduction of restrictions on the utilization of resources in the PAs by people from communities or settlements neighboring or inside these areas. In Machiara, the restrictions and mitigation measures will focus on (i) a participatory fuelwood impact assessment and alleviation strategy, (ii) a management strategy for use of summer and winter pastures, (iii) management of no-timber forest products, and (iv) management of illegal timber extraction. For Chitral Gol, the issues are the same, whereas for Hingol, the issue is management of fisheries within the estuarine and marine zone of the PA.

In addition to changes of management practices to make continued resource utilization near or inside the PAs sustainable, a range of income generation measures to mitigate income losses are being considered under the project. These income generation activities are based on initial field appraisal during project preparation and the experience from similar projects in the country (e.g. by AKRSP), and could include improved agricultural practices, minor irrigation and erosion protection works, processing of agricultural products, medicinal and non-timber forest produce, energy conservation measures, and skills development in non-farm enterprises such as cottage industries, bee keeping, sericulture and eco-tourism. Some of these activities would require access to credit and establishment of market linkages. The specific types of income generation activities to be included in microplans will be determined through site specific feasibility assessments in consultation with the concerned stakeholders. Annual project work plans including management arrangements for community access to resources in PAs and associated mitigation measures will require Bank agreement.

Indigenous Peoples: In all the three PAs, the groups affected by the project exhibit characteristics which conform to some or all of the criteria defining indigenous groups (i.e. identification by self and others as culturally distinct, close attachment to ancestral land, distinct language, customary social and political institutions, and primarily subsistence oriented production). The approach described above (and in Section C.4 and E.6) for involvement of stakeholder communities is legally covenanted in the Trust Fund Grant Agreement, which stipulates that the provincial authorities shall ensure that any desired changes in the ways in which local populations exercise customary tenure rights in the PAs will not be imposed on them but will emerge from a consultative process, satisfactory to the Bank.

F. Sustainability and Risks

1. Sustainability:

Sustainability of project intervention is assured through various means, including (i) financial mechanisms to cover the recurrent costs of activities through a Trust, which will itself be sustained through fund-raising activities within the country; (ii) establishment of grassroots institutions, which will empower local communities to conserve biodiversity within PAs; (iii) building capacity within provincial agencies for effective management of PAs without increasing the total number of staff unduly and (iv) creating awareness of the importance of conservation. The project faces the risk of increasing the expectations of local communities regarding the levels of expected income from tourism and other activities. Tourism may not provide adequate income generation to create the necessary incentives for people to honor agreements controlling resource use. The project will aim to manage this risk through creating a Trust Fund that will support, among other initiatives, alternative income-generating programs as an incentive mechanism for local communities to satisfy the agreements on resource use. Another risk involves the potential for escalating tensions between communities on resource-sharing arrangements. This is particularly true for Chitral Gol, where several ethnic groups are stakeholders in the project. The project will include this risk in timing the pace of establishing community structures. Special attention will need to be given to establishing a consensus on restrictions placed on resource use and access to resources before formalizing them, so that common consent to respect these arrangements is in place.

Another risk is posed by the lack of community organizations in communities around Hingol NP. In particular, the female population in Hingol is not easily approached due to tribal and traditional practices. The risk that community organizations will not involve all key stakeholders is, therefore, a relatively high risk in Hingol. The project aims to pace activities in this area at a slow rate, which will allow local communities to organize effectively and to facilitate the involvement of women by using NGOs that have experience dealing with participation and gender issues in similar circumstances.

The process of public participation may increase local conflicts in communities affected by the project. Conflicts on sharing of resources, limits on resource use and on access to alternative income generation activities are possible. The diversity of communities may pose as the backdrop for these conflicts and consensus building on sharing of resources may prove to be difficult. To manage this risk, the project will involve NGOs and CBOs active in the area to organize appropriate forum for discussion and to assist communities decide on resource sharing and conflict resolution arrangements.

Another possible risk faced by the project is that alternative means for meeting people's dependence on natural resources (set aside cultivation plots, forest plantations for fuelwood) may take a long period of time to be fully operational and effective. Benefits from these activities and from ensuing reduction in PA use may not appear until the later stages of the project. These activities will need to be closely programmed, monitored and enforced. Additionally, people may not respect restrictions on resource use or honor the agreements that place curbs on their access to the PA. This may result in raising people's income through income-generating activities with no corresponding reduction in harmful resource use. The project will approach this risk by vesting the responsibility for compliance with VCCs and monitored by the PMC. The VCCs are likely to exert peer pressure on sections of the community who violate agreements on resource use. During the life of the project, revenue disbursement arrangements could be structured to ensure that funds are disbursed fully once the community has complied with the village agreements. These risks are real and have the potential to effect the project's success.

2. **Critical Risks** (reflecting the failure of critical assumptions found in the fourth column of Annex 1):

Risk	Risk Rating	Risk Mitigation Measure
<p>From Outputs to Objective Continued political will to support the integrity of the PAs as wildlife refuges.</p> <p>Enforced prohibition of mineral and other resource extraction. No other development plans or projects are implemented that could pose a threat to biodiversity conservation in the three PAs. PA staff are adequately trained.</p>	<p>M</p> <p>N</p> <p>S</p>	<p>Ongoing involvement of provincial and federal government in project implementation, capacity building.</p> <p>Confirmation from provincial governments that no projects/development plans will be implemented that threaten biodiversity.</p> <p>Strong training component to upgrade staff skills. Technical Assistance will be planned to be available at the most critical times when staff skills may need support (e.g., at project start-up).</p>
<p>From Components to Outputs Transparent, mutually endorsed checks and balances in place between communities and Govt. decision making that are respected by both parties. Communities continue to perceive linkage between PA conservation and income sources. Foreign and local interest in initiating educational tours of the PAs is maintained; information gained from tours/training is applied to PA management. Availability of domestic and foreign resources.</p> <p>Govt. implements commitments on site-specific land-use decisions and political and institutional support to the project. Political will to preserve the ecological integrity of PAs.</p>	<p>S</p> <p>M</p> <p>S</p> <p>N</p> <p>N</p> <p>M</p>	<p>Public environmental awareness; facilitation of internal tourism.</p> <p>Income generation projects, ecotourism development. Awareness building.</p> <p>Publicity and awareness building for tourism, tourist facilities provided.</p> <p>Park Association management to involve fund-raising activities, involvement of private sector.</p> <p>Park Association Endowment funds from the project to be released once criteria for the incorporation of the Park Association are met.</p> <p>Demonstrations of the economic significance of the PAs through the development of tourism and the capability of the Park Association to contribute financially towards the sustainability of conservation activities in the PAs</p>

Potential reluctance of implementing agencies to grant project planning and implementation decision-making powers to local communities.	M	With strong TA support, a clear participatory decision-making process from the outset involving local communities and staff from government technical agencies within Project Management Teams that develop enforceable resource-sharing agreements and resolve people-wildlife management conflicts.
Community ownership and integration will be a slow process and prone to increasing conflicts on resource use. Transparent mutually respected checks and balances are in place between the government and communities, which are respected by both.	M	Communities will be consulted from the outset in microplanning exercises for each PA. The TA component for social integration will be provided by international and local experts with proven experience in participatory implementation. Existing social structures for conflict resolution will be involved in formulating restrictions on resource use and clarifying resource rights to manage conflicts.
Overall Risk Rating	S	Substantial Risk

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

3. Possible Controversial Aspects:

Part of the land in Chitral Valley is disputed by the ex-Mehtar (chief) of Chitral who ruled Chitral State until it became a part of Pakistan in 1974. The GoNWFP's stance on the issue is that the Mehtar has been provided adequate compensation for the land. The Mehtar contests that compensation was not adequate and did not cover the entire area owned by him, which was acquired by the Government. The issue is pending a legal decision. The Bank had sought legal advice on the case and its potential effects on the project's activities, and the Bank had also encouraged GoNWFP to seek similar advice. Based on the outcome of this exercise, the Bank has requested GoNWFP to take specific steps to ensure that project activities are implemented without hindrance. The GoNWFP has accordingly revised the Notification of October 28, 1984 related to the delimitation of the Chitral Gol National Park to include the following principles: (i) that private lands within the park boundaries remain under their current status, and (ii) that without prejudice to the objective of biodiversity conservation, the rights of the owners of private lands within the Park will be fully respected under the law of Pakistan. It is unlikely that project outcomes would be affected due to this dispute, therefore, this aspect is rated as modest risk.

Logging activities were carried out in Machiara National Park by an AJK parastatal – Azad Kashmir Logging and Sawmill Corporation (AKLASC). Licenses to extract dead and fallen trees had been provided to extractors before the area was declared a National Park. GoAJK has terminated all logging operations as of December 31, 1999. Prior extraction has taken place with minimum damage to biodiversity in the Park. The project had undertaken a rapid assessment of the logging operations in Machiara and come to the conclusion that logging operations were small and confined in nature, and incurred limited environmental disturbances. Since GoAJK has provided assurance that no new logging activity will be initiated in the National Park area in the future, this aspect is rated as low risk.

G. Main Grant Conditions

1. Effectiveness Condition

None

2. Other [classify according to covenant types used in the Legal Agreements.]

1. Each Beneficiary shall, not later than July 31, 2001 and for purposes of guiding and monitoring the implementation of Parts A, B and C of the Project, establish, and thereafter maintain, a Provincial Project Steering Committee, consisting of senior representatives of government agencies responsible for land, forestry, environment, planning, finance, agriculture and local government, and other such agencies as are deemed relevant for coordination of activities in the relevant Protected Area, and representatives of conservation Non-Government Organizations and specialist groups.

2. The Recipient shall, not later than July 31, 2001 and for purposes of ensuring consistency in project approaches, disseminating lessons and experiences and providing overall guidance on wildlife policy and priorities, establish a Federal Steering Committee, consisting of senior representatives of MELGRD and the Recipient's Planning and Development, Economic Affairs and Finance Divisions, and representatives of each Provincial Project Steering Committee referred to in paragraph 1 above and key national level conservation Non-Government Organizations.

3. Each Beneficiary shall, not later than July 31, 2001, establish and thereafter maintain a Project Management Team, consisting of: (a) a Project Manager, who shall be a park staff, as team leader, together with other park staff as needed; (b) a Park Planner, a Social Planner, and two Social Mobilizers selected from the consultants' team appointed in accordance with the provisions of Section II of Schedule 3 to Trust Fund Grant Agreement, and (c) representatives of the custodial communities.

4. The Recipient and each Beneficiary shall ensure that:

(a) key staff involved in carrying out the Project will not be transferred during the Project implementation period without the prior concurrence of the Bank; and

(b) without limiting the generality of Section 9.05 of the General Conditions, all vehicles financed out of the proceeds of the GEF Trust Fund Grant will be used exclusively for the purposes of carrying out the Project.

5. Each Beneficiary shall, for the purposes of Part A.1 of the Project, develop and furnish to the Bank for its concurrence, not later than October 31, 2001:

(a) procedures and criteria for preparation and implementation of Micro-plans;

(b) standard format for a memorandum of understanding between a local community and park management authorities for implementation of Micro-plans;

(c) procedures and eligibility criteria for financing Village-Level Investment Activities;

(d) procedures and principles for channeling resources to village conservation committees for sanctioned Village-Level Investment Activities; and

(e) conflict resolution and grievance redress procedures for managing conflicts between custodial communities over resource use rights, and between custodial communities or individuals and park management authorities.

6. Each Beneficiary shall develop and furnish to the Bank for its concurrence, not later than December 31, 2001, procedures and criteria for preparing and implementing the park management plan included in Part A.2 of the Project.

7. The Recipient, in consultation with the concerned Beneficiary, shall, for the purposes of Part B of the Project:

- (a) not later than December 31, 2002 , develop and furnish to the Bank for its concurrence detailed procedures, criteria, bye-laws, legal instruments and other documentation for the establishment of a Park Association or Park Associations and a Park Endowment or Park Endowments; and
 - (b) not later than September 30, 2003, implement policy and legal measures, satisfactory to the Bank, required to allow the Park Association or the Park Associations and the Park Endowment or the Park Endowments to operate in accordance with its or their bye-laws.
8. Each Beneficiary shall ensure that, with respect to the Park Endowment to be established by it separately or jointly with the other Beneficiaries under Part B of the Project:
- (a) during the Project implementation period or the first three years of the Park Endowment's operations, whichever is longer, the selection and appointment of each member of the Board of Directors of the Park Association responsible for the Park Endowment will be subject to the Bank's no-objection;
 - (b) the Board of Directors of the Park Association responsible for the Park Endowment will exercise close control over the use of the Park Endowment;
 - (c) the Park Endowment will follow the Bank's procurement and financial management guidelines; and
 - (d) during the Project implementation period or the first three years of the Park Endowment's operations, whichever is longer, the Bank will be promptly furnished with the Park Endowment's annual audit reports of such scope and in such detail as the Bank shall have reasonably requested.
9. To assist with the implementation of Parts A and C of the Project, the Recipient and the Beneficiaries shall furnish to the Bank, not later than June 30 of each year, starting June 30, 2002, for its review, a preliminary annual work plan, including updated Project cost tables, training and contracting plans and other matters agreed with the Bank; and shall thereafter implement the final work plans taking into account the Bank's comments. The preliminary work plan for the first project year shall be submitted not later than September 30, 2001.
10. The Recipient shall develop and furnish to the Bank for its concurrence, not later than October 31, 2001, draft terms of reference for the study included in Part D.3 of the Project.
11. The Beneficiaries shall not undertake any activities which will undermine the bio-diversity conservation and participatory management objectives of the Project. For the purposes of this paragraph, such objectives shall be deemed to be so undermined if there is:
- (a) an increase in the level of encroachment or displacement of persons such as to materially and adversely affect the objectives of the Project;
 - (b) a disruption of migrations of ecologically important species, such as a net loss of wildlife corridors; or
 - (c) fragmentation or degradation of habitats or disturbance to ecosystems and species or changes in the legal status of any of the Protected Areas such as to materially and adversely affect (i) the viability of ecologically important ecosystems and species, or (ii) the strategy of increased collaboration between custodial communities and park management authorities.
12. The Beneficiaries shall ensure that any schemes for the voluntary relocation of persons from within and around the Protected Areas, will be prepared and implemented in accordance with principles and procedures agreed with the Bank, and after prior approval of the Bank.

13. The Beneficiaries shall ensure that any desired changes in the ways in which local populations exercise customary tenure rights in the Protected Areas will not be imposed on them but will emerge from a consultative process, satisfactory to the Bank.
14. AJK shall not carry out, or permit to be carried out, any logging operations in the Machiara National Park.
15. Balochistan shall not construct water diversion works or dams on the Hingol River which will disturb the ecology of the Hingol estuary.
16. Balochistan shall, not later than September 30, 2002, implement appropriate measures, satisfactory to the Bank, to restrict illegal trawler fishing within the Hingol National Park marine area..
17. The Recipient and the Beneficiaries shall:
 - (a) maintain or cause to be maintained policies and procedures adequate to enable them to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Bank, the carrying out of the Project and the achievement of the objectives thereof;
 - (b) prepare or cause to be prepared, under terms of reference satisfactory to the Bank, and furnish to the Bank, by September 30, 2003, reports integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said reports and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and
 - (c) review with the Bank, by December 31, 2003, or such later date as the Bank shall request, the reports referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said reports and the Bank's views on the matter.

The following conditions of Negotiations have been satisfied:

- (a) the Governments of AJK, Balochistan and NWFP have confirmed that they will not undertake activities that will undermine the objectives of biodiversity conservation in the protected areas;
- (b) the Government of AJK has confirmed that all logging operations in Machiara have been terminated, as of December 31, 1999, and that no such new activity will be initiated in the National Park area;
- (c) the GoNWFP has provided the revised Notification of October 28, 1984 related to the delimitation of the Chitral Gol National Park to include the following principles: (i) the private lands within the park boundaries remain under their current status, and (ii) without prejudice to the objective of biodiversity conservation, the rights of the owners of private lands within the Park will be fully respected under the law of Pakistan;
- (d) the key project staff consisting of a Project Director, a Park Manager and an Accounts Officer have been appointed for each Protected Area (PA) by the Governments of AJK, Balochistan and NWFP, respectively; and
- (e) the Governments of AJK, Balochistan, NWFP and MELGRD have established a computerized procurement and contract management system.

- (f) the Governments of AJK, Balochistan and NWFP have endorsed the addition of '*Process Framework for Participation of Custodial Communities in Park Management and Conservation*' to the PAD.
- (g) that the Governments of AJK, Balochistan and NWFP have each completed the TA procurement and selected the firm/NGO for providing technical assistance support for project implementation.

H. Readiness for Implementation

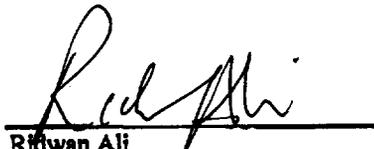
- 1. a) The engineering design documents for the first year's activities are complete and ready for the start of project implementation.
- 1. b) Not applicable.
- 2. The procurement documents for the first year's activities are complete and ready for the start of project implementation.
- 3. The Project Implementation Plan has been appraised and found to be realistic and of satisfactory quality.
- 4. The following items are lacking and are discussed under loan conditions (Section G):

I. Compliance with Bank Policies

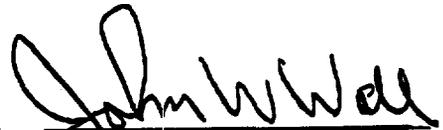
- 1. This project complies with all applicable Bank policies.
- 2. The following exceptions to Bank policies are recommended for approval. The project complies with all other applicable Bank policies.



Najib Murtaza
Team Leader



Rifiwan Ali
Sector Manager



John Wall
Country Manager

Annex 1: Project Design Summary
PAKISTAN: GEF-Protected Areas Management Project

Hierarchy of Objectives	Key Performance Indicators	Monitoring & Evaluation	Critical Assumptions
Sector-related CAS Goal: To conserve Pakistan's natural resources and foster their stability.	Sector Indicators: Improvement in the quality and extent of natural resources in Pakistan and reduction in the degree of threat to their existence.	Sector/ country reports: Reports of Ministry of Environment; donor sector reviews, reports of environmental organizations.	(from Goal to Bank Mission) GoP maintains its commitment to biodiversity conservation.
GEF Operational Program:			
Global Objective: To achieve active, sustainable conservation of globally and nationally significant habitats and species within Protected Areas (PAs) of Pakistan.	Outcome / Impact Indicators: Reduction in rate of loss of threatened species and vulnerable vegetation types in three PAs by the end of the project. Active Village Conservation Committees achieving reductions in people-wildlife management conflicts within PAs and buffer zones. Local awareness of linkages between PA management, biodiversity conservation and community/household welfare.	Project reports: Report of independent monitors such as NGOs, environmental research bodies.	(from Objective to Goal) Resources are not diverted from other PAs, institutions cooperate in efficient implementation of PA management during and after the project.
Output from each Component: 1. Improved protection and rehabilitation of habitats encompassing mountain, arid rangeland, estuarine and marine ecosystems.	Output Indicators: Maintenance of stable and adequately sized populations of key fauna and flora species.	Project reports: Surveys, transect/plot sampling; fixed point photography.	(from Outputs to Objective) Political will exists to support the integrity of the PAs as wildlife refuges.

2. Maintenance of animal populations.	Maintenance or increase of animal	Census/transect walking; game	High genetic heterogeneity of founder
3. Security of wildlife.	Reduction/control of hunting and other wildlife disturbances; reduction of livestock kept within the PAs.	Site evidence; game warden records; random surveillance.	Prohibition of mineral and other resource extraction is enforced. Adequate training is provided to government staff and the community.
4. Developed income opportunities reliant on sustained preservation of the PAs.	Number of local residents employed in PA operations; increase in incremental income; increase in tour operator revenues; sustainability of Park Association.	Household surveys; employment records of tour operators; visitor records; inspection of audited accounts of tour operators and the Park Association.	No other development plans or projects are implemented that could pose a threat to biodiversity conservation in the three PAs.
5. Strengthened institutions.	Number of trained technical staff and local community participants; accoutrement of technical staff and community participants; adoption of codes of conduct and conflict resolution procedures.	Departmental training records; community/NGO surveys; inventory records; local language documentation.	Govt. budgetary resources and financial support from the Park Association Endowment are sufficient to maintain investments in human resource development.
Project Components / Sub-components: 1. Protected Area Biodiversity Management	Inputs: (budget for each component) Timely use of project inputs in the form of:	Project reports: PMU project procurement and disbursement documentation.	(from Components to Outputs) Transparent, mutually endorsed checks and balances in place between communities and Govt. decision making that are respected by both parties.

<p>1.1a Integration of custodial communities: community orientation and mobilization, social assessment, design and implementation of microplanning investments</p>	<p>Deployment of sociological teams; mobilization of optimum number of households involved in joint PA management; production of formal agreements between Government and communities for reciprocal responsibilities and benefits in joint PA management.</p> <p>TA and limited financial support in the form of “ matching funds” to support local income generation activities and ecotourism.</p>	<p>PMU semi-annual project implementation reports; documentation on output of project activities.</p> <p>Documentation of Bank/GEF supervision missions inspecting field work.</p>	<p>Communities continue to perceive linkage between PA preservation and income sources.</p> <p>Governments are not reluctant to grant project planning and implementation decision-making powers to local communities.</p> <p>Adequately trained personnel are available for project implementation.</p>
<p>1.1b Formulation and implementation of detailed Park Management Plans and Strategies.</p>	<p>Baseline research program conducted that provides essential information on status of species; periodic update of vegetative mapping/wildlife inventories; fixed-point photography; establishment of zoological and botanical collections; physiognomic vegetation mapping; geological surveys.</p>	<p>Project mid-term and completion studies according to agreed WB/GEF technical terms of references.</p>	<p>Community integration and ownership can be achieved and methods for resolving community conflicts on resource use are in place.</p> <p>Foreign and local interest in initiating educational tours of the PAs is maintained; information gained from tours/training is applied to PA management.</p>
<p>1.2 Improvement of park infrastructure</p>	<p>Improvement of internal PA roads; construction of PA gates and small visitors’ centers and ranger field stations and provision of tourism amenities.</p>		<p>Availability of domestic and foreign resources; Govt. implements commitments on site-specific land-use decisions and political and institutional support to the project.</p>
<p>1.3 Improvement of park operations</p>	<p>Development of internal communications between PA staff; recruitment of local, honorary game wardens; provision of equipment for observation; limited recruitment of professional staff.</p>		
<p>1.4 Habitat improvement and wildlife enrichment</p>	<p>Rehabilitation of land and vegetative resources; modification of land-use patterns; temporary exclosures; in situ breeding; species re-introduction; targeted interventions for key species protection;</p>		

1.5 Public environmental awareness and outreach	Dissemination material and information at the project sites; publicity campaigns targeting decision makers, politicians, foreign hunters, military, coast guard, schools, mass media.		
2. Sustainability of Park Management through the establishment of a Park Association	Project support to define the financial, institutional and administrative functions of the Trust; recruitment of a volunteer Board of Directors; successful fund-raising campaigns raising matching funds for contribution to the Trust.		
3. Human resource development	Training courses; study tours; research opportunities and seminars.	Departmental/PMU training records.	
4. Project coordination and monitoring			

Annex 2: Detailed Project Description

PAKISTAN: GEF-Protected Areas Management Project

BACKGROUND

Independent evaluations of Pakistan's Protected Areas network, comprising some 219 national parks, wildlife sanctuaries and game reserves, indicate that a complex array of interrelated factors must be taken into account when designing investments aimed at strengthening the country's *in situ* biodiversity conservation efforts. The primary factors that influence effective management of PAs in Pakistan are:

- (i) rigid enforcement has almost invariably failed to adequately protect *in situ* wildlife populations, which continue to decline despite the best intentioned efforts of provincial and territorial wildlife departments. Clearly, PAs cannot be ensured through strict application of fines or penalties, as implemented under the traditional "ward and watch" practices followed until recently;
- (ii) poor relations between the local people and park authorities lie at the root of the weak management accomplishments to date. People-park conflicts are usually linked with disputed usufruct rights, an increasing human population and a constantly declining natural resource base;
- (iii) while PAs must retain biodiversity conservation and strictly controlled human exploitation as fundamental objectives, lessons emerging from experiments in PA management throughout the developing world repeatedly point to the need to involve local communities in park planning and decision making. Besides increasing public support for PAs, co-management may also reduce operational and recurrent costs, bring new skills to bear (such as traditional knowledge), and increase the potential area available for biodiversity conservation through the inclusion of landscape-sized ecological management units;
- (iv) in addition to this inherent biological merit, community-based management helps to preserve cultural values within the area concerned. The communities' aspirations, management actions and responsibilities with regard to a particular PA are best conveyed through a well-defined management plan that clearly articulates each entity's management and development goals and objectives; and
- (v) trained largely as traditional foresters or wildlife biologists, most wildlife department staff lack the necessary skills for constructively engaging local communities and conducting the necessary socioeconomic assessments required for effectively integrating and reconciling dual goals of conservation and development using holistic management plans to guide the park's operations and to achieve its biodiversity conservation objectives.

THE PROJECT

The objective of this project is to achieve the sustainable conservation of globally and nationally significant habitats and species within Pakistan through a series of integrated activities aimed at engaging local communities in the management of selected protected areas. Specialist advice, baseline studies, workshops and study tours, training and NGO-based technical assistance will facilitate these activities.

The project consists of the following parts, subject to such modifications thereof as the Recipient and the Bank may agree upon from time to time to achieve such objectives:

- Reduce park-people conflicts by integrating local communities into park planning and management activities.
- Improve park planning processes and build capacity to:

- (i) prepare and periodically update management plans;
- (ii) improve surveillance and enforcement; and
- (iii) enhance park infrastructure.
- Protect and effectively manage species, habitats and ecosystems within and near the PA to:
 - (i) enhance globally important species and habitats, and better assure a functional ecosystem by integrating the park into local landscapes;
 - (ii) control poaching, animal damage and other disruptions;
 - (iii) reduce people-park conflicts; and
 - (iv) manage enterprise opportunities and park visitation without environmental harm.
- Strengthen local, regional and national support for PAs through focused public environmental awareness and outreach activities.
- Train and upgrade the capacity of staff and local communities to guide park management (see Human Resource Development).

By Component:

Project Component 1 - US\$7.02 million

PROTECTED AREA BIODIVERSITY MANAGEMENT

SUBCOMPONENT 1: PROCESS FRAMEWORK FOR PARTICIPATION OF CUSTODIAL COMMUNITIES IN PARK MANAGEMENT AND CONSERVATION

This Process Framework for involvement of communities affected by the project establishes compliance with the World Bank's OD 4.30 on *Involuntary Resettlement* and OD 4.20 on *Indigenous Peoples*. Since the exact social impacts of village level investments will only be identified during project implementation, the Process Framework will ensure that mitigation of any negative impacts deriving from restrictions on access by local communities to resources in the Protected Areas will be based on participatory resource mapping involving the affected stakeholders, and on their consent regarding the scale of the restrictions and the type of mitigation measures to compensate loss of income. Consensus by affected local stakeholders regarding restrictions in resource access is covenanted in the legal agreement for the project - the Trust Fund Grant Agreement - which stipulates, that the provincial authorities in charge of the PAs shall ensure that any desired changes in the ways in which local populations exercise customary tenure rights in the PAs will not be imposed on them but will emerge from a consultative process, satisfactory to the Bank. Annual project work plans including management arrangements for community access to resources in PAs and associated mitigation measures will require Bank agreement.

The setting: conservation and restrictions in resource access in the three PAs

While the project is not planning any involuntary resettlement, restrictions on the access by surrounding communities to utilize resources within the PAs will need to be introduced to stop ecological degradation of the three PAs. However, specific forms of resource use may continue on a reduced scale or through adhering to agreed management principles, and alternative income generation measures will be agreed with those losing livelihood as a result of the restrictions. For the three PAs, the situation is as follows:

Machiara: An estimated 2,800 households with varying ethnic or tribal affiliation (Choudhrys Rajas, Syeds, and Khawajas) live in communities around the PA and are directly or indirectly dependent on resources within the PA for cultivation, grazing, and collection of fuelwood and medicinal plants. The grazing involves migration to high altitude summer pastures and temporary residence by both local and itinerant herdsmen. Data from the social assessment undertaken during project preparation indicates that

1,826 households have a high dependency on resources in the PA through reliance on a combination of grazing, fuelwood collection, and agriculture. A total of 187 households own 12.2 acres of agricultural land within the PA, and there are two permanent habitations located inside it. An MOU has been drafted, which will provide for continued grazing as well as fuelwood and timber extraction for subsistence needs by those dependent on PA resources under the oversight of VCCs and park administration.

Chitral Gol: An estimated 1,900 households live around the PA utilizing areas either bordering on or inside the PA for grazing and collection of fuelwood and medicinal plants. The majority of the neighboring population are Chitralis (mostly Sunni Muslims, but some Ismaili Shia), and there are around 280 Pashtun households in three villages. Some of the Chitrali villages around the PA combine agriculture with livestock rearing in high altitude pastures, and have pasture areas bordering or in the case of one village, inside the PA. In addition, members of the non-Muslim Kalash minority from the Rumboor valley situated within the buffer zone utilize areas bordering and possibly inside the PA for summer grazing and fuelwood collection. For the Kalash, livestock husbandry centered on goat rearing has an important ritual and ideological significance in being segregated from all other activities as an exclusively male and sacred domain, where transhumant herding is almost the sole subsistence occupation of the male population. The Kalash summer pastures, which are held as the collective property of each valley community, are situated above the upper tributaries of their rivers. In contrast, agriculture in the valley bottoms is predominantly a female domain. This dichotomy, which is at the center of Kalash culture, poses a particular challenge in terms of introduction of culturally compatible alternative livelihood measures to offset possible restrictions in the utilization of high alpine pastures.

Hingol: Around 750 households representing Makrani, Zikri Baloch and Baloch utilize the area for fishing, subsistence livestock raising, and fuelwood and drinking water collection, while outsiders hunt inside the PA. Most settlements are small, but the major village with around 380 households is located inside the PA. The Baloch are further subdivided into three major tribal groups, each with its own tribal leadership residing outside the area.

Institutional set-up for integration of custodial communities into park management

In order to facilitate participation of local communities, the project will form **Village Conservation Committees (VCCs)** at the village level or for each cluster of hamlets. All households in a village can become members of the VCC and would be responsible for nominating 3-7 members to serve as officers of the VCC. Provisions should be made to ensure that the interests of women are represented in the VCC. Existing (CBOs) will be used wherever feasible in terms of their functions, composition and representativeness.

A **Project Management Team (PMT)** will be constituted at each park site to provide the technical and planning inputs for implementing project activities. The PMT will be a tripartite entity consisting of park staff with the Project Manager as Team Leader, the TA entity, and nominated representatives of the custodial communities. The Project Management Team will be in a position to continue to function beyond the project period as a Park Management Team, with the same composition of implementing agency staff and community representatives, but without the TA staff. The PMT's primary responsibilities will include (i) information dissemination, social mobilization and formation of village-level institutions, (ii) the design and conducting of social and resource utilization surveys, (iii) formulation of a management plan for the PA in conjunction with local communities, (iv) undertaking of field surveys/studies and implementation of habitat improvement measures in conjunction with local communities, (v) implementation of community development and income generation activities to mitigate limitations in access to resources in the PAs. (v) implementation of park infrastructure, (vi) communication, and (vii) monitoring of community and conservation activities. All management arrangements and community microplan investments at the local level will be detailed in legal agreements between the VCCs and the PMT. In addition, the PMT will

coordinate with other development projects through the **Local Advisory Committee (LAC)** or any existing coordinating arrangement.

Community representation in the PMT will reflect the major stakeholders (e.g. villages and ethnic groups) whose resource utilization has an influence on the planned conservation in the PA. The community representatives in the PMT will be nominated by the VCCs, and will help coordinate community participation and investment strategies at the level of the park and its vicinity, as well as assist in ensuring that approved microplan investments and community-based park management activities are implemented according to agreements reached. They would also nominate suitable persons to attend training courses in order to build local capacity to plan and implement agreed activities.

To assist the PMT with regard to the planning, implementation and monitoring of microplans for clusters of villages around the PAs, a **Park Community Planning Unit (PCPU)** will be established comprising the Park Rangers, TA entity, and nominated community representatives. Whereas the PMT will operate at the level of the project, the PCPU will deal with different clusters of VCCs defined in terms of the nature of their dependency and impacts on the PA, or other characteristics that define them as an entity on a higher level than the individual VCC. The PCPU will help coordinate community participation and investment strategies for the involved VCCs, and ensure that approved microplan investments and community-based park management activities are implemented according to agreements reached.

Local Advisory Committees (LACs) were formed during project preparation and will continue during implementation. Each LAC will comprise representatives of the PMT, the local communities, local government, NGOs and related rural support agencies. The LAC's role will be to ensure integration of project activities in the overall development strategies and activities in the three project areas. LACs will liaise with other governmental and development agencies active in the area to where possible coordinate project implementation and access resources from other programs.

Overlapping or conflicting claims to resources by stakeholders are likely to come out in the open during the participatory resource mapping and planning exercise. If such disputes cannot be solved by the PMT and the concerned VCCs, the project will pursue arbitration under an arrangement which closely resembles customary conflict resolution. Each party to the conflict nominates one representative who then agrees on an independent mediator/arbitrator to facilitate reaching a compromise. The decision mediated by the arbitrator and agreed to by the two representatives of the conflicting parties will be binding.

For each of the PAs, a **technical assistance entity** consisting of a park planner, a social scientist, two social mobilizers, and an environmental awareness specialist will assist the Park Manager and his staff during the project period. The positions for the two social mobilizers will become permanent additions to the PMT. Training of PMT staff including the technical assistance entity and support regarding surveys, community participation, planning and implementation will be provided by a social scientist and park planner, both of whom will be internationally recruited. At the outset of the project, the team, including the social mobilizers, will be trained in community participation techniques. Consultative and planning tools to be used will inter alia include PRA (Participatory Rural Appraisal), and techniques described in PAMIA (Protected Areas Mutual Interaction Assessment used by the World Bank assisted India: Ecodevelopment Project). PAMIA offers diverse tools for identifying mutual interactions between the park and local communities, followed by the identification of possible solutions and the development of reciprocal commitments by the parties regarding conservation and management agreements.

Local NGOs with experience in planning and implementation of participatory community development and income generation activities will be engaged to facilitate the involvement of custodial communities in the

planning and execution of resource management strategies and mitigation measures.

To support the PMT, a **Project Steering Committee (PSC)** will be constituted at the provincial level for policy advice and guidance. The PSC will be composed of senior representatives of government agencies responsible for forestry, environment, agriculture, local government, and etc., and conservation NGOs and specialist groups.

Process framework for community consultation and participation

Planning and implementation will proceed in a staggered fashion beginning with those communities that are most adversely impacting the PA. The key steps that constitute the process framework for participation of custodial communities in park management comprise:

1. Community orientation and mobilization: The project approach (role and composition of VCCs and PMT, resource utilization mapping, strategies for sustainable PA resource management, mitigation and beneficiary contributions) will be disseminated by members of the PMT to all the local communities known or expected to be significantly dependent on utilization of resources in the PAs or buffer zones. In addition to dissemination of the project approach, the orientation meetings should seek to identify the perceptions by different stakeholders regarding the PAs and biodiversity conservation, and identify representatives of the stakeholder groups dependent on PA resources for participation both in the subsequent resource mapping, and as representatives in the VCC.
2. Mapping of community resource utilization: The participatory resource mapping will constitute an input to the planning of PA resource management and mitigation, and will establish the baseline for subsequent impact monitoring. The mapping will draw on PRA techniques, site inspections etc. and will furnish precise information on (a) the scale and seasonality of specific forms of resource utilization (pasture, fuelwood and medicinal plant collection, fishing, cultivation, hunting), (b) the number, location and circumstances of the stakeholders utilizing specific resources, and (c) customary rights and overlapping or conflicting claims by different stakeholders. Under the project, households considered dependent on the PAs will be those who directly impact the PA through resource utilization, and those who are themselves impacted by the presence of the PA (e.g. loss of crops or livestock to wild animals).

During project preparation, specific types of potentially unsustainable resource utilization were identified in the three PAs. In Machiara, the restrictions and mitigation measures will focus on (i) a participatory fuelwood impact assessment and alleviation strategy, (ii) a management strategy for use of summer and winter pastures, (iii) management of no-timber forest products, and (iv) management of illegal timber extraction. For Chitral Gol, the issues are the same, whereas for Hingol, the issue is management of fisheries within the estuarine and marine zone of the PA.

3. Formation of VCCs and selection of representatives for the PMT: Depending on the response from stakeholder communities, formation of VCCs and their nomination of representatives for the PMT and PCPU can take place during the participatory mapping of resource utilization, or later in the process of interaction between the project and the custodial communities. However, both formation of VCCs and nomination of stakeholder representatives should be completed before resource management strategies involving restrictions in resource access and community microplans are developed.

The project would provide training in resource mapping, natural resource management evaluation, planning and budgeting, construction supervision, maintaining minutes of meetings, and account keeping for the stakeholder representatives in both the VCCs, PCPUs and the PMTs.

4. Development of PA resource management strategies and mitigation measures: Meetings will be held with the stakeholder communities to review the results of the resource utilization mapping undertaken as the second step of this Process Framework, and to agree on its implications regarding resource management strategies, mitigation measures, and community contributions to mitigation and development activities. Selected activities should comply with the following requirements:

All project investments must be based on cost-sharing arrangements involving the local community that is being targeted.

Preferably, a clear and transparent linkage must exist between biodiversity conservation and the proposed investment, so that the village specific project agreements help "conserve biodiversity by creating sufficient incentives for consensus which commits people to specific, measurable actions that improve PA management and conservation" (guidelines for the World Bank Ecodevelopment Project).

Agreed management strategies for PA resources, measures to mitigate restrictions in resource use, community development activities and community contributions to such activities will be integrated in a microplan, which will be formalized in a Memorandum of Understanding based on that used in UNDP's pilot project. The MOU will be signed by the participating communities at the village or village cluster level, the PA management authority, the involved VCCs, and facilitating NGO, if any. A special VCF (Village Conservation Fund) will be established for each VCC for channeling all authorized investment funds. This account will be owned and operated by the VCC under supervision by the PMT. Working with community representatives, the project will develop Terms of Reference for the VCF to serve a single village or set of hamlets. The project will disburse funds against actual activities. Project management and village organizations will convene periodic meetings (every 4-6 months) to review project progress and to update the PA management and micro-plans over the life of the project. In addition, the project will ensure that all VCFs are audited annually, and that annual plans are submitted to the Bank for review.

To be eligible for inclusion in the VCC microplan for funding under the project, activities should (as in the World Bank assisted India: Ecodevelopment Project) comply with the following criteria:

Conserve biodiversity either directly or indirectly by creating sufficient incentives to commit local people to specific, measurable actions that improve conservation (beneficiary communities should be aware of the link between the proposed investment and its activities, and conservation of PA resources);

Provide equitable share of benefits to and mitigate negative impacts on tribals, women and poor disadvantaged groups who are currently most dependent on the PA;

Add supplemental resources in cases where alternative non-project sources of funding and support are not readily available;

Be socially and institutionally feasible ensuring that associated activities are culturally acceptable and that local institutional capacity is adequate to organize resource management, distribute benefits from common resources, provide physical maintenance, keep accounts, meet contribution requirements, and monitor the project's impact;

Be low cost and financially feasible, e.g., costs are within norms or approved by the project manager, returns are sufficient to compensate for PA resources foregone, and, for all investments intended to produce cash revenue or benefits that can be monetized, market linkages are adequate, cash flow requirements are viable, and returns compare favorably with alternative investment

options;

Activities with training, community organization and other inherent capacity building should also receive high priority for funding;

Be technically feasible, e.g., inputs and technical advice are adequate; physical conditions are suitable; activity is technically sound;

Be environmentally sustainable, and avoid detrimental environmental impacts such as overuse of agrochemicals or detrimental construction activity;

Be selected and owned by local communities, as ensured by a budgetary constraint mechanism, co-financing or contribution requirement, and a commitment by the community to bear recurrent maintenance costs of any infrastructure component; and

Be consistent with the objectives of the PA Management Plan.

Lessons learned from other conservation/development projects has validated the importance of requiring some form of cost sharing for investments intended to benefit local people, including extremely poor households, since it builds commitment and ownership on the part of stakeholders and strengthens the likelihood of sustainability. Therefore, the project should establish clear and transparent contribution requirements. To this end, it is recommended that:

- local people should contribute to the costs of regular village microplan investments, including community-oriented activities, to be deposited in the specially constituted VCF;
- there should be no upper limit to the amount a community can contribute and deposit in the VCF;
- the project should match village contributions up to a given amount per community, with the upper limit to be decided at project start-up;
- the total investment cost should be calculated as the sum of all resources, cash and non-cash; the value of labor and other in-kind" contributions would be calculated on the basis of local market value;
- to build ownership and long-term sustainability, all village investments (from the project and if feasible also from other sources) would flow through the VCF, thereby encouraging the beneficiary community to seek co-financing and fund-leveraging through the provision of loans for approved community investments and other needs. Over time, this financing management system can continuously build and sustain community fiscal resources.

To finalize these criteria, the project will meet with community committees and village leaders to discuss enabling criteria and institutional mechanisms, and to set mutually acceptable criteria that are consistent across each PA. It is important to ensure the community micro-plans are gender sensitive and include benefits to and input from marginal subgroups. Special approaches will be required to ensure involvement by women or to prevent special interests from dominating the micro-planning process. Communities will be trained in micro-planning procedures, so that they can assume increasingly greater responsibilities as the 5-year project proceeds. However, given project budgetary constraints, the total microplan investment in each village should be computed on the basis of a standard per household cost, which should not exceed Rs.12,400 (US\$250 in 1999 prices) over the 5-year project life.

The project will establish procedures to screen requested resource management or income-generating microplan investments to ensure that they are technically feasible, likely to generate supplementary income,

and comply with biodiversity conservation goals. Decisions regarding the priority investments will be made by mutual consent of the VCC and PMT, with the endorsement of the PMC. If required by budgetary or implementation capacity constraints, proposed activities would be prioritized based on their expected positive impact on biodiversity conservation and livelihood restoration related to restrictions in resource access within the PAs. Examples of appropriate resource management and micro-enterprise activities include: improved agricultural practices, minor irrigation and erosion protection works, processing of agricultural products, medicinal and non-timber forest produce, energy conservation measures, and skills development in non-farm enterprises such as cottage industries, bee keeping, sericulture and eco-tourism. Some of these activities would require access to credit and establishment of market linkages.

5. **Monitoring and evaluation:** A monitoring system will be designed to provide for continuous learning and adjustment of approach, and will involve participatory monitoring based on self-defined indicators (by community focus groups, VCCs, PMTs), input and output monitoring data from the PMT and PMU, impact/outcome monitoring by an independent monitoring agency (for midterm review and ICR), and Bank supervision. A framework for monitoring will be developed before project implementation begins, which will include description of the institutional arrangements and processes incorporating participatory monitoring and learning systems, selection of indicators, sampling methods, interval and intensity of sampling and mechanisms for feedback and project improvement. Three areas of significance for monitoring the achievement of project objectives will be (i) the ecological aspects of field activities for biodiversity protection and PA management, (ii) community participation in conservation, mitigation planning and implementation, community compliance with resource use agreements, and the outcomes of income generation activities, and (iii) legal and institutional frameworks impacting on project activities in the three sites. Key indicators for monitoring the involvement of custodial communities in planning and implementation are:

- (a) VCC formation, functioning and sustainability (e.g. target population knowledge about the purpose of VCCs; inclusiveness of VCCs; transparency in decision making and financial management; mobilization of community contributions; poverty focus and equity in activity plans; maintenance of assets created).
- (b) Community involvement in planning and implementation of PA management plans (e.g. inputs to resource utilization mapping; participation in decision making by VCCs and community representatives in PMTs and PCPUs for planning of restrictions in resource use and mitigation measures; willingness of communities to contribute towards costs of measures to mitigate reductions in resource access).
- (c) Compliance with resource use agreements by communities (e.g. number of affected households complying with or violating different types of restriction; role of VCCs community representatives in PMTs in ensuring compliance; attitudes of community members utilizing resources covered by restrictions; role of locally employed PA staff).
- (d) Income generation outcomes (e.g. changes in the incomes of households affected by restrictions in resource access; whether benefits from income generation accrue to those affected by the restrictions in resource access; and whether income generation alternatives are culturally compatible and acceptable to the affected communities).
- (e) Efficacy of conflict resolution and grievance redress arrangements (e.g. type and number of conflicts resolved or pending; processing time; type of grievance redress process applied).

SUBCOMPONENT 2: FORMULATION OF DETAILED PARK MANAGEMENT PLAN AND STRATEGY

A management plan exists only for the Machiara National Park, but even this document is a draft that has not yet been approved for implementation by the Wildlife Department. Thus, there is an urgent need for

management plans and strategies to guide decision making by field staff and formalize park operations. To this end, the project will strengthen park management through integrated activities leading to the development and implementation of a 5-year detailed Management Plan and Strategy. Since a draft management plan exists for Machiara, the entry point for project-related management support will be at the updating stage, but other management planning actions such as training in park planning and management, data gathering, field surveys, research studies and community-based socioeconomic assessments, and base-map preparation will still be relevant and supported under the project.

Interim management priorities will be enacted to bridge the time gap until baseline studies have been undertaken, management needs detailed and a comprehensive management plan prepared. The final management plan will critically address key issues affecting biodiversity degradation, especially with respect to globally threatened habitats, species and genomes, and detail the various reactive and proactive remedial measures required to reverse current trends and better ensure optimal conditions for sustaining each PA's special attributes.

Park management will concentrate strongly on actions that reduce negative impacts of local people on biodiversity and provide alternatives for traditional resources such as summer grazing pastures and nearby forested areas (like Machiara's Himalayan Moist Temperate Forest, which sustains breeding populations of the western Tragopan pheasant). Therefore, an important objective will be to closely link participatory social mobilization with the core park planning process, so that local participation and cooperation can be broadened on a site-specific basis, within both core and buffer zones. Local participation in PA management plan preparation is probably best promoted by ensuring that local representatives play a substantive role in developing its mission statement, objectives and preferred outputs. In order to ensure diverse opinions are adequately incorporated, project management should consider using an impartial facilitator to help guide public meetings and other important working sessions involving plan formulation. Regular progress meetings should be held that are open to all.

Another important PA planning activity involves rationalization of the PA boundaries, involving zonation with respect to core, buffer and special use values; as far as possible, these need to be based on ecological considerations that form the basis for holistic management directives. Where possible, the planning team should seek to increase the effectiveness of the PA by extending the boundaries (especially into uninhabited areas, if any exist), or more likely, through habitat and species management plan agreements with local communities using the area or holding tenurial and resource harvesting rights. Such landscape-level biodiversity conservation and ecosystem enrichment may represent a very real output and benefit of well-planned co-management agreements with local people living outside of the PA. Toward this end, critical PA issues and people-park conflict will have to be debated and win-win solutions solicited through the sharing of PA by-products and employment opportunities among other strategies. This exercise will also be contingent upon sufficient baseline knowledge, and would be greatly advanced by the preparation of baseline ecosystem or habitat-type maps for each PA (see next sub-component). Baseline maps needs to include other information, such as geomorphologic information, trail and access routes, village locations, land-use, sensitive wildlife sites, degraded areas and so forth.

The park's management plan must carefully integrate community microplanning and micro-enterprise initiatives with the PA's environmental awareness and outreach programs, visitor management, ongoing social assessment, monitoring and research, and project management. PA management activities should incorporate traditional ecological knowledge to the extent possible, by involving local people from the earliest stage in planning to the finalization of identified interventions.

Data from baseline studies will be used to rationalize the optimal boundary for each PA with respect to

management and influence zones, including the demarcation of central core, satellite cores, buffer, tourism and other use zones that are largely defined on administrative or legal bases. Adjustments to better ensure inclusion of key ecological processes and critical sites will be made in light of established land tenure rights and the needs of the local communities with respect to their basic needs, as determined through socioeconomic participatory means. Baseline ecological or community maps would be prepared for each PA. In the case of wide-ranging species like the snow leopard, wolf and bear, efforts will be made to cluster and link adjacent existing reserves through series of “natural” corridors, in which species-sensitive management interventions are promoted (e.g., native prey species protection and enhancement, construction of predator-proof nighttime enclosures for livestock, education of herders on improved herd and range management procedures).

Procedures need to be established for debating and fairly resolving critical PA issues that lie beyond the capacity of the PA manager, VOs, or VCCs to resolve. The PMC or the LAC may represent options in this regard; the latter could also play a role in generating funds for continued operations and investments that sustain local communities and biodiversity. Procedures will also be needed to coordinate and integrate development activities proposed by other line agencies, projects and institutions. Environmental review procedures will be required to vet the impact of local and regional development activities to protect against detrimental land uses and development schemes from logging to mining and further human encroachment. For example, the park manager could measure projected impacts against a list of criteria required for the long-term maintenance of in situ biodiversity, such as potential for habitat fragmentation, disruption of corridors and the displacement of people or growth-inducing capacity.

The plans drafted by the multidisciplinary project team, and aided where necessary by research-based technical assistance, should be reviewed by qualified third parties and fully discussed at special planning workshops attended by diverse stakeholders, from local villagers to peers from the park management authority and scientific community. It is imperative that local language summaries of proposed management actions be prepared and disseminated widely among local communities for review and comment. Finally, the project must ensure that the local communities are fully involved in ongoing management plan monitoring and evaluation.

Park management is a strategic process requiring iterative planning and consultation with involved stakeholders; as a minimum, management plans should be renewed every 4-5 years. Regional and international park specialists could be invited to the final workshop convened by the federal coordinating agency (MELGRD) to more widely share experiences and lessons learned. The following sections of the report details specific steps in the management planning process:

The first step in the preparation/updating management plans is the mobilization of the PMT, which will consist of the Park Manager, Local Park Planner, Local Social Planner, with input from International Park Planner and Sociologist. This will be followed by a training workshop on park planning and management (including the role of management plans, their formulation, review and periodic revision) in each park, led by the international park specialist with input from senior park staff, drawing on relevant case-examples from the general region, and ensuring staff are provided with technical manuals, examples of management plans and other relevant background materials.

Once trained, team members will hold a working session to detail the tasks for the work plan required to formulate the draft PA Management Plan (Initial Draft). This would include (a) reviewing and documenting existing information (e.g., physical attributes; environmental profiles; project preparation-phase socioeconomic profiles of park communities; relevant political, administrative and legal elements; existing infrastructure, staffing and budgetary allocations, etc); (b) identifying potential sources

of additional information and all important remaining gaps in baseline information; (c) identifying relevant existing or projected district-level or provincial development programs that may impact the PA directly or indirectly; (d) listing preliminary park objectives and overall mission for local communities participatory feedback to the team; (e) evaluating critical time line research activities and review Terms of References (TORs) prior to contractual action or fieldwork to ensure key issues are addressed and appropriate methods are being proposed; and (f) drafting a detailed list of specific activities detailing the next steps in the park planning process, including time lines, assigned roles and responsibilities.

The Team will then undertake field surveys, research studies, and community-based socioeconomic assessments in addition to preparing a park base-map under the supervision of the project manager (ongoing process, most effort will occur during the first three years). Thereafter, technical and park staff will review and analyze resulting data, dividing the PA into management zones based on different uses, objectives, and environmental sensitivities, employing internationally acceptable classification schemes. Boundaries should follow natural ecological or topographic and socially functioning units to the extent possible. This will be followed by the review and finalization of management objectives and targets based on field studies and community feedback.

In consultation with all stakeholders, draft specific management programs and actions are drawn up for (a) achieving enhanced protection and sustained management of the PA's natural resources; (b) accommodating traditional and evolving human uses shown to be ecologically compatible and legally consistent with the park's objectives and regulations (especially PAMP objectives targeting globally important species and habitats); (c) promoting opportunities for broadening participation of local communities in PA management; (d) controlling and managing the impact of regional development activities; (e) promoting ongoing research and monitoring activities; (f) financial sustainability and revenue generation; and (g) allowing smooth PA administration, by explicitly outlining the necessary operational, manpower and financial resources required, including any needed revision of staff job descriptions and responsibilities. Although, there is no standard style or format for the management plan document, the draft management plan should provide national and regional background information, and describe the environmental setting of the PA (e.g., relevant information covering the climate, landforms, hydrology geology, soils, fauna, flora and ecological conditions, and the socioeconomic and historical context of the park). It should summarize management considerations and issues, management programs and prescriptions, and development programs, including community participation and involvement processes used in formulating proposed actions. The document can achieve greatest clarity and succinctness if it focuses primarily on key issues, relegating all details to appendices, supporting technical reports, and unpublished data files.

A review of infrastructure material and staffing requirements is required to establish overall financial implications and feasibility of implementing the proposed plan as is, enabling planners to make revisions that better fit projected budgetary and staffing realities.

The draft management plan should be distributed for public and official review and comment, using standard document format and content. A summary of the main issues and recommendations of the draft plan will be prepared and distributed in the local language to PA residents. A Provincial-level workshop and several local community meetings will be held to discuss, assess and revise the draft plan, and to build support for PA management actions and strategies. The comments received will be incorporated into the revised Management Plan, ensuring that it remains focused on the key issues and retains ecological, social, economic and administrative appropriateness.

Formal Governmental approval and commitment to proceed will be then solicited, and efforts will continue

to be made to strengthen stakeholder support for plan implementation. Prompt action on the part of the Government may well decide the plan's long-term effectiveness, so ensuring adequate staffing and fiscal resources is vital. Failure to do so will significantly undermine community confidence in the PA institutional structure, rendering the PA another "paper-tiger". The implementation of the Draft Management Plan follows in collaboration with local communities and the private sector through a series of annual operational work plans, which are in essence abbreviated and short-term management action plans. The implementation of the plan should be concurrently supported by a program to monitor implementation progress and its resulting impact on the conservation of biodiversity on a periodic but systematic basis (2.5-4.0 yr.), ensuring that pertinent and important recommendations and park operational and planning refinements are included into forthcoming annual operational plans.

This will be followed by a process leading to the update of the Draft Management Plan with the release of the final PAMP-supported Park Management Plan in year 5, employing such tools as public workshops and meetings to draw attention to significant planning and implementation benchmarks, achievements, and stakeholder commitments. It will provide for the long-term basis for the management of the park, including the allocation of financial and manpower resources. The PA authority should revise management plans periodically to ensure continued relevancy based on monitoring indicators, changing environmental or political conditions, and as the local communities themselves evolve socially and economically toward their desired condition. In general, Management Plans should anticipate necessary PA operations some 5 years into the future, with the PA's annual work plans incorporating necessary operational and management updates between formal document revisions.

SUBCOMPONENT 3: IMPROVEMENT OF PARK INFRASTRUCTURE

In order to improve the management of the PAs, the project will provide limited support for the improvement of park infrastructure, including trails, bridges, trekking huts, camp sites with outdoor toilets, cooking facilities, wildlife observation posts, small road maintenance works and repairs, water and waste disposal facilities, signage and patrol huts. In addition, there will be a few staff buildings and housing. The type of infrastructure works will vary from PA to PA and will not include all of the above facilities in each PA. Details of specific infrastructure activities are provided in the respective PA project cost tables.

SUBCOMPONENT 4: IMPROVEMENT OF PARK OPERATIONS

Depletion of populations by hunting and poaching represent the primary threat to biodiversity in all PAs. Toward this end, the project will support the installation of surveillance measures and improved law enforcement and improved monitoring of species, habitat conditions and disturbances.

As part of the surveillance and enforcement measure, the project will support the installation of regular internal communications between park staff and Headquarters, such as a basic VHF/UHF communications system, to improve surveillance against internal and external poaching. Ranger substations will be established in remote areas and proper entrance gates installed along frequently traveling access roads to monitor and help control such illegal activity. Honorary game wardens, drawn from the local community, will be appointed and trained to patrol important areas, and the necessary community support solicited for these efforts.

In order to enhance measures to combat poaching and disturbances to wildlife, the project will provide support for assessing current threats to marsh crocodile, water-birds, marine turtles, Houbara bustard, wild goat, leopard, chinkara, and other wildlife in Hingol; medicinal plant, musk deer, pheasant and other wildlife and timber poaching in Machiara; and medicinal plant, illegal hunting of markhor and other wildlife in Chitral. It will support the review and upgrade of park boundary demarcation pillars, identify

roles and allocate responsibilities for undertaking patrols within the PA and adjoining buffer zones (involving local communities) to manage and control unsustainable use and poaching. Staff, grazers, community leaders and honorary wildlife wardens will be educated and trained in park laws and regulations, and related patrolling, surveillance and reporting procedures. Staff and community leaders will be provided with binoculars, cold-weather gear and other equipment to enable them to conduct regular patrols and file patrol reports with the PA management.

Another important component of the park operations involves improving biodiversity monitoring. The project will support the establishment of fixed-point photographic points, finalize methods and obtain baseline photographs of each habitat type and representative sites within grazing pastures, fuelwood collection areas, and sites of high biodiversity. This will encourage monitoring of habitat conditions using simple, easily measurable indicators. Project staff and honorary wildlife wardens will be trained in participatory monitoring procedures. In addition, the project will support periodic, but systematic seasonal and annual census counts of key species and monitoring of selected habitat and environmental parameters for assessing trends in population size and habitat quality. The international and local park planners will assist the PA authorities in developing standard census methods and sampling procedures.

SUBCOMPONENT 5: BASELINE RESOURCE INVENTORY, RESEARCH, HABITAT IMPROVEMENT AND WILDLIFE ENRICHMENT

Baseline resource inventory: In order to achieve the project objectives, an understanding and appreciation of the underlying ecological and human systems and processes operating within and around each PA is required. In all three project PAs, there is a paucity of information on the ecological and socioeconomic issues, making it necessary to mount a serious effort to generate the critical baseline information required for PA management; therefore project financing and leveraged funds will be used to support focused baseline inventories, research and special studies.

The strategic approach to research will form part of the planning exercise to be undertaken by each Management Team. A research planning workshop will be held in each PA (shortly after project start-up) to identify and review information gaps and to validate research needs identified during project preparation (see below) Wildlife biologists, sociologists, NGOs, local community representatives, PA staff and TA consultants will participate in this workshop.

To free PA management from responsibility for administering the research on a day-to-day basis, it is recommended that each PA contract out their respective research and study components, if possible, to a single, national competent university or research institution that may subcontract specific work items. This institution will be selected competitively on its capability to conduct and coordinate the research, and given adequate financial and administrative flexibility to contract, administer and subcontract the research funds if needed. If this is not possible, the PA authorities will have to contract out individually for each research study. It is expected that each park will need to fund between 1-3 long-term research studies and 3-5 short-term studies. The TA park planner will assist the PA authorities to refine and finalize TORs for the research studies, evaluate research proposals and assist in coordinating the research effort. The successful institutions will be required to prepare a detailed work plan with scheduling, methods, outputs, etc., for the proposed research study; these should be reviewed and approved by the park manager with input from competent peers prior to implementation.

All research should be conducted in accordance with PA regulations and objectives. Researchers will be required to submit progress reports with original copies of their research findings to the PA manager. Any voucher specimens made should include a duplicate set that will be housed with the concerned park for future reference. All scientific collecting should be done in accordance to internationally acceptable

protocols. Researchers will be strongly urged to prepare and submit papers for peer review in technical journals in order to widely disseminate the results of the park research program.

A list of potential institutions for contracting the research studies and surveys may include the Pakistan Agriculture Council (Islamabad), Zoological Survey Department, National Agricultural Research Council, Marine Fisheries Department (Karachi), Balochistan Fisheries Department, Punjab Wildlife Research Institute (Faisalabad), Quaid-e-Azam University, Balochistan University (Quetta), Arid Zone Research Institute, Punjab University of Agriculture, Sindh Jamshoro University, Karachi University (Marine Center of Excellence), WWF (Pakistan), IUCN (Pakistan), SAPRCO, Institute of Oceanography (Karachi), Punjab University of Agriculture, Nature Conservancy, Birdlife International, etc.

Obtaining baseline information is a lengthy and costly process that is only possible with the collaboration of other institutions, private organizations and individuals. The PA management agencies should, therefore, seek to establish cooperative arrangements with research institutions and universities to support this critical component of effective park management.

The project will support the preparation of a baseline habitat/land cover map for each PA (including immediate surroundings, particularly contiguous wildlife habitats and ecosystems) using satellite or aerial photo acquisition/interpretation and map preparation. These maps will provide the basis for monitoring changes in subsequent years. Another research activity involves conducting baseline wildlife and habitat inventories, with attributed information such as habitat association, breeding sites and seasons, food habits, elevation and spatial distribution patterns, sources and extent of threats, and management entry points. In addition, some areas of specific studies have been identified for each PA. A series of permanent transects and plots will be established to permit regular monitoring of populations and biodiversity, using internationally accepted procedures, and targeting landscape units, communities, species and populations of greatest concern. These will attempt to monitor changes in number; species composition; increases or decrease in the proportion of endemic, exotic and endangered species; proportion of critical habitat protected; habitat fragmentation; sustainability of human use of core areas (where applicable); maintenance of vegetative cover; important changes in successional status; and important life history parameters of key or threatened species. Attempts will be made to estimate changes in food supply for key predators, based on regular censuses of prey species and their habitat. Specific studies proposed under PAMP are as follows:

Chitral Gol National Park

Preparation of Baseline Habitat Maps (described above).

Baseline Wildlife and Habitat Inventories (described above).

Markhor population/natural history study: This will cover the study of herd structure, recruitment and population dynamics, reproductive behavior, daily and seasonal movements, food habits and foraging behavior, predation, interactions with domestic stock and herders, use and importance of wintering habitat within CGNP, etc. This will also include a lead in developing standard survey techniques for park staff to follow. Research effort will be intense within the park, but linked with less intensive regional management effort to be undertaken during the development of a summer and winter pasture grazer management plan and interventions under the Habitat Improvement and Wildlife Enrichment sub-component. The contracted institution will provide a nationally recruited Mammalogist or Wildlife Ecologist (6 months/yr. for 3 years) and a Botanist (3-4 months/yr. for 3 years) supported by 2 technicians (at 6 months/year). The Park Manager and International Park Specialist will provide quality control functions.

Rangeland Management Study: To survey, map and classify representative summer and winter Markhor/livestock pastures within CGNP and surrounds in order to establish current rangeland condition and productivity (species composition, biomass production, erosion potential, trampling, etc.), so that stocking rates can be based on scientifically valid information. Establish permanent enclosures (10 5x5m fenced plots) to monitor rangeland trend. Help park planning team identify optimal stocking rates, herd management, and, in close collaboration with grazers, to establish sustainable rotational or rest-deferred grazing regimes with biologically sensitive indicators (e.g., plant species, phenology and vigor of growth) for guiding grazing management practices in each pasture or set of pastures. This study will require a nationally recruited Rangeland Ecologist Consultant (6 months/yr. for 2 years with 1 technician).

Hingol National Park

Preparation of Baseline Vegetation Maps (described above).

Baseline Wildlife and Habitat Inventory (described above).

Estuarine/Marine Zone Fisheries Study: Conduct a marine (offshore) fisheries study to gather baseline information on fisheries harvest, including species composition, weight and age classes, fishing areas, fishing methods, including catch effort, population trend, gross and net income, operating costs and other socioeconomic determinants. Compare local indigenous fisheries with Karachi-based fishermen and multinational trawler industry. Project future viability of enterprise and identify important management actions and controls to prevent over-fishing. Also develop standard fish catch monitoring and inventory to be undertaken by park rangers and local fishermen with support from project (fisheries biologist – 6-8 months/year for 3 years, with 2 technicians and including travel, sampling, weighing and data recording equipment costs).

Inventory of Estuarine Habitats: Conduct a detailed inventory of on-site estuarine habitats, including associated wildlife like water-birds, mugger crocodile, and aquatic invertebrate and fish species. Determine the importance of Hingol River as a fish nursery, and map critical habitats. Identify key ecological parameters for ensuring continued or enhanced wildlife populations.

Terrestrial Wildlife Surveys and Counts: Conduct wildlife surveys and counts of inland areas, with emphasis on key species such as ibex, wild goat, urial, chinkara, Houbara bustard, etc. Gather information on areas of concentration, general seasonal movements, key watering sites, threats, habitat utilization, and other parameters of importance to effective management.

Machiara National Park

Preparation of Baseline Vegetation Maps (described above)

Baseline Wildlife and Habitat Inventory (described above)

Specialized Topics: A number of specialized topics for research/study in Machiara have been identified by park staff and the IUCN/WWF Preparation Report and include the following: (i) black mushroom harvesting management and cultivation feasibility study; (ii) musk deer breeding and habitat enhancement study; (iii) protection and management of rare pheasant species; (iv) captive breeding of musk deer; and (v) reforestation and forest management.

Rangeland Management Study: Survey, map and classify representative pastures (especially summer use areas) within the national park and immediate surroundings in order to establish current rangeland conditions and productivity (see additional research details under same topic in Chitral Gol National Park)

and develop strategy and management procedures for reducing grazing pressures and eventually eliminating it, as recommended in the WWF draft management plan.

Habitat Improvement

By reducing pressures on park habitats from livestock grazing, fuelwood collection and subsistence hunting through community-park management agreements and improved patrolling and enforcement, the project will go a long way toward lifting limiting factors that are keeping animal and plant populations at low levels. However, the project also allocates funding to support site-specific rehabilitation and enhancement interventions aimed at improving and restoring degraded habitats, notably alpine pastures and mixed or dry temperate forest in the case of Machiara and Chitral Gol national parks. Activities in Hingol will center around protecting the Hingol River estuary and associated wetlands, which very likely provide critical spawning habitat for the area's rich fisheries, as well as inland springs and riparian habitats. Details of the most appropriate habitat improvement and wildlife enrichment measures for degraded areas must await site-specific baseline surveys and technical/cost feasibility assessments. It is likely that these will involve a variety of techniques and interventions, including re-vegetation, soil erosion control, water conservation, small-scale afforestation, implementation of temporary enclosures and rotational grazing regimes to minimize negative impacts associated with livestock (especially goats), *in situ* breeding and the re-introduction or augmentation of selected species (such as transferring marine turtle eggs from Karachi Sandspit/Hawks Bay Turtle Sanctuary to Hingol in order to achieve substantially improved survival rates). All activities would be undertaken with substantial community involvement, from design to implementation and monitoring. Local residents or NGOs should be contracted to undertake such habitat rehabilitation work. Habitat management interventions should be selected on the basis of cost-effectiveness and potential for success. The extent of habitat interventions required will be dependent on the successful application of the village investment program. The greater the project's success in reducing and controlling threats and human-induced impacts to habitats and wildlife species, the less the investment required for direct habitat improvement and management. However, some direct habitat management interventions might be necessary. An indicative (preliminary) list of potential habitat improvement and wildlife enrichment measures is provided below, although this list should be made more exhaustive following the initial research results.

Indicative List of Habitat Management Interventions for Chitral Gol National Park

- Fuelwood Impact Assessment and Alleviation
- Summer and Winter Pasture Grazer Management Interventions
- Control of Illegal Timber Extraction
- Implementation of Reciprocal Commitments to Conservation by Local Communities (including Rumbor and Awrith Gol valleys) to enhance regional landscape integrity.
- Regional Protection and Management of Markhor
- Livestock Depredation Management Strategy
- Non-Timber Forest Product Management

Indicative List of Habitat Management Interventions for Hingol National Park

- Re-introduction of Olive Ridley and Green Turtles to Hingol
- Introduction of Turtle Exclusionary Devices to Trawlers
- Construction of Inexpensive Raptor Perches
- Establishment of Operational Procedures for Sewage Disposal at Aghor Station and Mooring Sites
- Establishment of Protection and Management of Key Wildlife Breeding, Feeding and Escape Sites
- Implementation of Participatory Livestock Grazing Plan

Indicative List of Habitat Management Interventions for Machiara National Park

- Fuelwood Impact and Alleviation Program
- Summer Grazing Management Plan
- Erosion Control Measures
- Reduction of Demand for Timber
- Control and Management of Non Timber Forest Products collection
- Habitat and Species-specific Improvement Measures (Protection of *Taxus wallachiana*)
- Implementation of Reciprocal Agreements to Manage External Threats and Dependencies
- Medicinal Plant Management Plan
- Control and Management of Commercial Logging and Marble Extraction

SUBCOMPONENT 6: PUBLIC ENVIRONMENTAL AWARENESS AND OUTREACH

Biodiversity conservation can only be sustained if the will exists at all levels of society to act in a concerted and organized manner to ensure environmentally sensitive resource use and management. The project will therefore implement an awareness campaign targeted at politicians, leaders of industry, foreign hunters, military, the Pakistan Coast Guard, local schools and communities. Nearby urban centers also represent important elements in securing public support, as exemplified by the City of Karachi (the source of many hunters and fishermen who visit Hingol whether for legitimate or illegal purposes). Environmental awareness and outreach programs need to be very site-specific, so that the activities developed highlight the special significance of the particular PA, its role in conserving global biodiversity and the importance of community-based management and conservation in achieving both short-term and long-term objectives and goals.

The survival of Pakistan's PAs depends heavily on the attitudes of local people, and the public and political support for conservation at local, provincial, national and international levels. An inherently important part of the PA manager's responsibility will be to justify the existence of the park and to report the benefits afforded to various stakeholders. Education of visitors (foreign and domestic tourists) is also important to minimize negative impacts to the biota and natural systems and to promote sound "code of conduct". Each PA would design its own environmental education and awareness strategy and plan. This would include the identification of different issues and target groups, and the solicitation of linkages with other awareness programs, education NGOs, universities, and schools. The project will provide the institutional, informational, research, training, financial and organizational needs for education outreach design and implementation. Alliances with existing programs such as WWF-Pakistan's education program could establish linkages with supportive urban audiences. Innovative tools should be used in disseminating information, including street theater, puppetry and folk stories in addition to traditional means such as mass media newspaper, radio and television communication campaigns. Special attempts must be made to involve park or buffer zone residents, especially children, in such environmental awareness programs.

Basic visitor information and interpretation services will be provided, involving local residents to the extent possible. A properly designed PA interpretation program would serve to awaken public awareness of the park's purpose and policies and develop a concern for its protection and long-term nurturing. Interpretive facilities will be constructed at Machiara and Chitral Gol National Parks; remoteness, poor access and low visitation to Hingol does not appear to justify such a facility during the life of this project. The interpretative facilities will include appropriately designed program/exhibits depicting the geophysical origin of the environment that the PA is located in, the range of environmental niches, diversity of life-forms that have evolved in this environment and the relationship of human beings to these resources. The design of the interpretation program will be simple, low-cost, interactive and relevant to the local

situation. The environmental awareness program will focus on establishment of nature trails, summer camps, schools' nature camps and programs, teacher-training programs, special activity design, education extension programs in schools, villages and public areas, mass communication programs, production of guides, radio and television programs, etc. During the latter part of the project period, a study will be funded to assess the feasibility of establishment of Conservation Field Schools (a formal education and training facility and program) in each PA.

Project Component 2 - US\$2.13 million
SUSTAINABILITY OF PARK MANAGEMENT

In order to ensure long-term sustainability beyond the life of this GEF grant, the project will promote public/private cooperation in the achievement of long-term biodiversity conservation by assisting with technical assistance and limited cost-sharing arrangements, private sector activities, income-generation activities (e.g., improved agricultural output activities, ecotourism, and user entrance fees) and nonprofit fund-raising activities. Given the limited tourist visitation levels for the foreseeable future, the establishment of a nonprofit entity known as the Park Association with a trust fund or endowment during the third year of project implementation is considered a key element of project sustainability.

Park Association and Endowment: The Project will finance the establishment of a Park Association, which shall administer the proceeds of an endowment to support initially the sustainability of conservation efforts within the Project's three protected areas. If circumstances allow over time, a Park Association's assistance may extend to other areas as well. The initial size of the endowment shall be \$US2 million in total for the Project.

In the interests of avoiding unnecessary duplication of staff and of promoting cost efficiency, there should be one Park Association that will administer the proceeds, separated into three accounts – one per PA – of an endowment to support the sustainability of conservation efforts in the three PAs. A Park Association Liaison Office may be opened in each of the provinces and AJK to ensure strong local communication with the Park Association and instill local accountability.

Proceeds from the endowment shall help finance park operations, including the incremental operating and maintenance costs of surveillance and protection introduced by the project in the protected areas. Incremental operating costs include stipends for game watchers recruited from local communities. Interest from the endowment could also be used by the Park Association to finance the purchase of equipment and other goods used for the park operations. Such items would be procured by the Park Association and lent to the parks for the use of field staff. Under the project this working relationship with provincial wildlife departments will be established in the first two to three years of the implementation with the purchase of some replacement equipment by the Park Association. Similarly, the equipment procured for the park management TA teams, including all vehicles, shall be the property of the Park Association, which will be authorized, upon the completion of the teams' contracts, to loan the equipment for periods of continued use by field staff. Additionally, funds would be dispensed for park-specific activities that meet designated guidelines, such as community-based micro-enterprise and resource management agreements, action-oriented research, and habitat improvement activities.

The Park Association shall consist of a small staff under the supervision of a broadly elected, volunteer Board of Directors of impeccable reputations with local, regional and international representation from private (civic), public (government) and business sectors. The Board will develop in collaboration with its initial principal donors an internationally acceptable mission, objectives, bylaws and operating procedures. The Park Association mounts its own special fund-raising campaigns by soliciting donations from private individuals, internationally based foundations and corporate sponsorships to supplement the start-up endowment.

In the future, assuming sufficient increases in the size of the endowment, the Park Association can consider providing support to activities in other protected areas within Pakistan.

Project Inputs for the Establishment of the Park Association and Endowment: The Park Association shall be in place by the start of the third year of implementation (September 30, 2003, provided that the project becomes effective in the first quarter of the 2002 fiscal year; the fiscal year in Pakistan begins on 1 July). To prepare for the launch of the Park Association, the Project will finance a study to finalize an institutional road map for its constitution, draft operational procedures, and formulate personnel guidelines.

The Federal Government shall implement the procurement of this study, which shall begin in the second half of the first project year. Inputs for the study include the international recruitment of a trust fund specialist, logistical support and support for report production. This consultants will be recruited following the Bank's Guidelines, Selection and Employment of Consultants by World Bank Borrowers, January 1997, and using the Bank's Standard Form of Contract for Consultants Services, June 1995. Consultants will be hired through normal quality and cost-based Bank procedures.

At the end of this study, the consultant will have produced the following principal outputs:

- a draft Endowment Instrument;
- identification of the modality by which the Trustee to the endowment (the Park Association) will receive legal title to the GEF grant;
- an appropriate design for the Board of Directors;
- a proposal with options for asset management arrangements, including arrangements for the local flow of funds;
- the endowment administration manual including eligibility criteria for the financing of park investments and operating costs, and of support for park-related community development;
- an initial financial management plan, including detailed administrative budgets for the Park Association; and
- an initial income distribution plan;
- the consultant shall review the design and performance of relevant existing trusts in Pakistan, such as the NRSP.

Project Component 3 - US\$ 0.36 million
HUMAN RESOURCE DEVELOPMENT

The project will support a strong training program to build capacity within the wildlife wings or departments for improved park management. Elements of the training program range from "on-the-job" training facilitated by skilled international specialists to special workshops and study tours covering a range of topics from legal and policy reform to tourism management and preparation of management plans. The Smithsonian Institution will be requested to conduct a special 5-7 week training course in Conservation Biology and Wildlife Management, based on the many workshops it has held in the region. The project also supports diploma and certificate courses as well as Master's degree courses in Pakistan (2 slots per PA) and overseas (one slot).

Additional training will be provided to PA staff and local community "wildlife watchers" in such topics as microplanning and participatory biodiversity monitoring among other topics.

Project Component 4 - US\$0.45 million

PROJECT COORDINATION AND MONITORING

Although the field-level execution of the project will be the responsibility of the respective Provincial Governments through their wildlife or forestry departments, some level of coordination will be necessary at the federal level. The most important aspect of this coordination role will be in the facilitation of the development of policy and legislation relating to protected areas and ensuring that standardized systems are established at each level. The project will provide support for a full-time Facilitator and short-term national legal specialist to provide guidance and advise on wildlife policy and legal reform. In addition, technical assistance services will be available for the design of the Park Association Fund and to conduct a Tourism Feasibility Study and Strategy for the three parks.

The office of the Project Facilitator shall organize in-country workshops for sharing lessons learned during project planning and implementation, study tours and arrange a 6-8 week in-country training workshop on Wildlife Survey and Assessment Methods. A internationally reputable external expert institution such as the Smithsonian Institution shall be contracted to conduct the Wildlife Survey and Assessment workshop. Park staff and conservation NGO representatives from throughout the country will be invited to participate in the workshop.

Legal and Policy Reform Study: The Project will provide funds for MELGRD to review Federal and Provincial Protected Areas management policy and law and facilitate reforms as recommended by the Biodiversity Action Plan. This study should promote the design and drafting for legislation for enabling community participation in protected areas establishment, management, and monitoring and evaluation, and assist in developing national and provincial procedures for identifying gaps in current protected areas coverage.

Tourism Development and Marketing Study: Research support is required to evaluate existing and potential ecotourism opportunities in and near each PA (camping, day-hiking and trekking, wildlife viewing, river rafting, mountaineering, cultural tours, horse-riding, etc.) to develop ecologically sound and socially responsible tourism components for inclusion in the PA management plan, and to train community committees and selected villagers in small-scale trekking and wildlife-viewing ecotourism, among other options. Identify and rank potential activities and develop a "code of conduct" for PA visitors. Develop criteria for ensuring equitable revenue distribution to local communities and make recommendations on user-fee collection opportunities and revenue-generating systems. Include study tour to Nepal for local NGO (outputs: draft tourism management plan, micro-enterprise business plans, visitor code of conduct, marketing linkages with Pakistani and international trekking companies). This study will require an international ecotourism specialist (2 months in CGNP only, part of single procurement) and local marketing specialist (3 months) This study is to be contracted as part of the Federal MELGRD component.

In addition, project resources will be available for contracting an independent review and impact monitoring of the project by a reputed national institution. The objective of this exercise is to assess if project activities are meeting key objectives, namely conservation of biodiversity. The monitoring will provide a continuous review of the project. It will entail the design and development of a conceptual framework for implementation of the monitoring program. Such a framework will include identification of parameters that clearly reflect the effectiveness of project development objectives and incorporate selected indicators, rationale and criteria for selection of the indicators, sampling methods, interval and intensity of sampling, preliminary analytical framework, mechanisms for feedback and project adjustment, and measures to establish flexibility in design. Monitoring will be based on a baseline to be developed through the contract and regular monitoring (on an agreed interval) during the project. The *Guidelines for*

Monitoring and Evaluation of GEF Biodiversity Projects (1992 or more recent edition) will be followed. In particular, the project will support all steps required for the monitoring of three levels of concern for the success of the proposed project: (i) M&E of *biological* aspects of field activities for biodiversity protection and protected area management; (ii) M&E of socioeconomic conditions and community participation; and (iii) M&E of legal and institutional frameworks impacting on project activities.

PARK ASSOCIATION AND ENDOWMENT FUND

Introduction

1. The Project will finance the establishment of a not-for-profit Park Association, which shall administer the proceeds of an endowment to support the sustainability of conservation efforts, in the first instance, within the Project's three protected areas. The initial size of the endowment shall be US\$2 million.
2. Proceeds from the endowment shall help finance park operations, including the incremental operating and maintenance costs of surveillance and protection introduced by the project in the protected areas. Incremental operating costs include stipends for game watchers recruited from local communities. Interest from the endowment could also be used by the Park Association to finance the purchase of equipment and other goods used for the park operations. Such items would be procured by the Park Association and lent to the parks for the use of field staff. Under the project this working relationship with provincial wildlife departments will be established in the first two to three years of the implementation with the purchase of some replacement equipment by the Park Association. Similarly, the equipment procured for the park management TA teams, including all vehicles, shall be the property of the Park Association, which will be authorized, upon the completion of the teams' contracts, to loan the equipment for periods of continued use by field staff. Additionally, funds would be dispensed for park-specific activities that meet designated guidelines, such as community-based micro-enterprise and resource management agreements, action-oriented research, and habitat improvement activities.
3. The Park Association shall consist of a small staff under the supervision of a broadly elected, volunteer Board of Directors of impeccable reputations with local, regional and international representation from private (civic), public (government) and business sectors. The Board will develop in collaboration with its initial principal donors an internationally acceptable mission, objectives, bylaws and operating procedures.
4. The Park Association mounts its own special fund-raising campaigns by soliciting donations from private individuals, internationally based foundations and corporate sponsorships to supplement the start-up endowment.
5. In the future, assuming sufficient increases in the size of the endowment, the Park Association can consider providing support to activities in other protected areas within Pakistan.

Project Inputs for the Establishment of the Park Association and Endowment

1. The Park Association shall be in place by the start of the third year of implementation (September 30, 2003). To prepare for the launch of the Park Association, the Project will finance technical assistance to prepare an institutional road map for its constitution, draft operational procedures, and formulate personnel guidelines.
2. The Federal Government shall implement the procurement of this study, which shall begin in the second half of the first project year. Inputs for the study include the international recruitment of a trust fund specialist, logistical support and support for report production. These consultants will be recruited

following the Bank's Guidelines as specified in Annex 6.

3. At the end of this study, the consultant will have produced the following principal outputs:
- a draft Endowment Instrument;
 - identification of the modality by which the Trustee to the endowment (the Park Association) will receive legal title to the GEF grant;
 - an appropriate design for the Board of Directors;
 - a proposal with options for asset management arrangements, including arrangements for the local flow of funds;
 - the endowment administration manual including eligibility criteria for the financing of park investments and operating costs, and of support for park-related community development;
 - an initial financial management plan, including detailed administrative budgets for the Park Association; and
 - an initial income distribution plan;
 - the consultant shall review the design and performance of relevant existing trusts in Pakistan, such as the NRSP.

Annex 2a: Social Analysis and Participatory Approach

Introduction:

Social interactions and their impacts: Assessing people-park interaction has been a key aspects of project preparation. The project realizes that this interaction must be managed to increase or encourage the beneficial effects of human activities and mitigate, reduce, and where possible, eliminate human uses directly related to loss of biodiversity and degradation of the resource base. The project will assess in detail the nature of people-park interaction and with local participation chalk out and implement a strategy for PA management and biodiversity conservation tailored to the specific needs of each PA.

Background research during preparation:

Project preparation has included a preliminary social assessment. Although this has been limited at the preparation stage partly due to weather conditions and limited time available for preparation, it has provided key data on the social fabric of communities living in and around the PA sites, their impact on the PA and the likely effects of the project on their lives. This assessment has included a stakeholder analysis, structured interviews, observed interactions and review of published sources. Based on the data gathered during this phase, this document outlines the major stakeholder groups, the features of communities living in and around PAs, the nature of people-park interactions and the effects of the projects on local communities.

Stakeholders:

People resident in the Parks: Although there are no villages inside Machiara and Chitral Gol National Parks, Hingol has about 500 households resident inside the Park boundaries. More than 50% of the total population in Hingol is concentrated in Kund Malir, which is contiguous with the Hingol estuary. Since there is no apparent in-migration into the community, these people have a long history of residence inside the PA. There are also cultural sites within Hingol with an established tradition such as a Hindu shrine at Hinglach, which attracts a large number of pilgrims from other parts of Sindh, Balochistan and from abroad. These residents use the park resources for their daily needs. In areas where the communities are densely concentrated, such as in Kund Malir, intensive use of the PA is evident such as through fishing in and around the estuary of Hingol River. Communities around Machiara also have summer homes inside the Park where they reside for part of the year primarily to avail the pasture and grazing areas.

Communities resident in buffer zones and other satellite communities: The communities using resources inside Chitral Gol and Machiara are resident primarily in the buffer zones. In Machiara the dependent communities consist of 28 villages scattered across three Union Councils - Machiara and Bherri with approximately 1,000 households each and Sarli Sacha with approximately 1,200 households. In Chitral Gol the communities in buffer zones consist of about 1,900 households scattered among 12 villages situated south of the Park boundary. Although not resident inside the Park, these communities interact closely with the Parks and in some cases make intensive use of the resources including inside the Park core. Their use of PAs is based on customary rights - in the case of Chitral Gol some of these rights have predated the inclusion of Chitral State in Pakistan and have been awarded by the ex-rulers or Mehtars of Chitral. They are primarily dependent on the PA for grazing, fuelwood collection, hunting, collection of non-timber forest products (NTFPs) and water.

Other key satellite communities include indigenous people living near Chitral Gol. Although they are settled

in three villages at a distance of around 20 km from the Park, they are a major source of tourist attraction. They may also have traditional rights to the PA that need to be explored fully.

Governmental agencies: The key governmental agencies continue to be the Forest and Wildlife Departments in AJK, NWFP and Balochistan. Other government departments or subsidiaries are also important stakeholders such as the Azad Kashmir Logging and Sawmill Corporation (AKLASC) and other agencies with interests in hydropower generation, fisheries, tourism and mining. Hingol is also a Ranger base, although the presence of the Rangers does not bring them into direct conflict with communities. The general approach of governmental agencies in these areas is policed enforcement of PA rules. Enforcement agencies patrol the sites and are responsible for dealing with violations that bring them in conflict with the local communities who claim rights to grazing, NTFPs and fuelwood collection. This conflict was evident during dialogue with both parties, especially in Chitral Gol. Governmental agencies complained that they had inadequate resources for managing the parks amicably and showed lack of awareness of the rights and needs of local users to access the parks while villagers complained that staff were not consistent in applying rules to resource users.

Local sardars or tribal leaders/landowners: These have traditional influence in the region, either because of their social position or due to land ownership. In Chitral, for example, the ex-Mehtar claims land rights to areas within the Chitral Valley. In Hingol, the tribal leaders are a powerful influence and a “sardari” system is in place whereby the tribal leader and landowner is vested with social authority in case of disputes such as over land rights and access to resources.

Hunters: Pressure on biodiversity is intensified by hunting not only by local people but also foreign tourists. While hunting is restricted to subsistence by local communities, some species are targeted by foreign visitors. The Houbara Bustard, which is threatened due to hunting by foreign visitors, is a case in point.

Non-governmental organizations: Several NGOs are active in and around the project sites. NGOs have been extremely active in Chitral Valley, where Chitral Gol is situated. Of those operating at relatively large scale, the Aga Khan Rural Support Scheme (AKRSP) has been the most successful with a large number of beneficiaries covering the largest number of local villages. Despite AKRSP’s success, it has been unable to target the 12 villages that will be the focus of this project. Opposition from local religious leaders was cited by the AKRSP as the main cause for their inactivity in the area. However, it was also evident from discussions that such sentiment is on the decline and several respondents expressed their wish to work with AKRSP. The idea of this project collaborating with AKRSP cannot be ruled out as it is evident that the project will benefit from AKRSP’s strength in rural credit and village organization. A WWF-supported project on migratory birds has also been mobilizing local support to disseminate information on birds and their conservation. Other programs such as the Chitral Area Development Program and Environmental Rehabilitation Program provide assistance for social sector services, infrastructure development and natural resource management. Two major CBOs, Rehabilitation and Social Committee and Conservation Committee, are also active in the area and have been enthusiastic about the project. Chitral, therefore, presents a wide array of community development and NGO activity that can support the project’s initiative.

NGO and CBO activities around Machiara are restricted to the National Rural Support Scheme for AJK and Neelum-Jhelum Valley Community Development Project. These are broad-based regional programs that are active in social sector services, economic uplift and natural resource management. Hingol, by contrast, does not presents a wide range of NGO activity or CBO organization. The only major development program active in the region is the Balochistan Rural Support Program, which targets social

sector services, physical infrastructure development and natural resource management. The wide disparities in the activities of NGOs at each site acts as an indication of the social organization that the project can use to its advantage. In Chitral and Machiara, local NGOs can act as a vehicle for support and social mobilization may be coordinated on the structure of existing efforts. In Hingol, the project will face the challenge of pacing activities at a level that is socially acceptable and sensitive to the absorptive capacity of the local communities.

Characteristics of Local Communities:

Ethnic diversity: Communities living in and around the three sites display ethnic heterogeneity in some places. Chitral Gol is a particular example since it has three distinct communities living in the periphery of the park - Pathans, Chitralis and the Kalash. Each has a varying pattern of resource use (dependent on dominant employment in the ethnic group) and rights and access to resources. The Chitralis, for example, are the original settlers of the region and also the dominant ethnic group who are primarily grazers and farmers. Their dependence on the park's resources is based on their access rights granted under the Mehtars - the ex-rulers of the Chitral Valley. Three Chitrali villages - Dangeri khandeh (38 households), Shamirandeh (120 households) and Balach (120 households) - have relatively large herds of goats and graze the park intensively. By contrast, the Pathans are relatively new settlers in the valley and do not have established rights to resource use. They are also primarily small entrepreneurs and by virtue of having better access to education are employed in various professions. Their dependence on the park is mainly for fuelwood. Where they are dependent on the park, their rights are characterized by the length of time they have been settled in the region. Villages established during the Mehtar's rule and by his permission (Rahankot and Shaldane) have relatively better claim to resource use than newer ones such as Chewdak, which are deemed to have weak claim to resource use even by the local administration. The Kalash are indigenous people with a distinct religion, culture and ethnic background. Although not primarily dependent on the park, they run the likelihood of being excluded from community organization under the project unless specific efforts are made to encourage their participation. This ethnic diversity is likely to result in varying access to resource use and may lead to conflicts on access rights. In Machiara and Hingol, the ethnic diversity is not divisive and is unlikely to be a factor in resource use.

Women: Although primary collectors of NTFPs, fuelwood and water from the Pas, women are generally also the most marginalized in terms of decision making in the management of the resources. In addition, in villages around Machiara, women are also the primary decision makers due to significant male out-migration for employment. However, cultural and tribal norms still dictate women's mobility in the chosen sites and the extent that they are involved in the decision-making process. Other factors such as education also play a role in female participation.

Among the chosen sites, the social conditions of communities around Machiara support an expectation for a relatively high participation of women in project activities. Female literacy around Machiara is relatively high (2-47%) in villages around the project site compared with Chitral Gol and especially Hingol where the female literacy rate is almost zero. In Chitral, female literacy is high among the Pathans, while in Hingol low literacy rates, strict cultural norms and tribal customs inhibit the mobility and participation of women. Their participation will, therefore, be a challenging process requiring input from sociologists/community development specialists who are familiar with tribal societies and female participation under similar conditions.

Land ownership: Land ownership rights play an important role in shaping access to resources and may be a source of dispute in communities. In Chitral Gol, the ex-Mehtar's claim for land ownership over the area is a potential source of hindrance for the smooth implementation of project activities. Although the

Government claims that the Mehtar has been compensated for the land acquired, a legal decision on the dispute is still pending. In addition, local communities have placed a legal claim for access rights to Chitral Gol. These competing claims for land can pose a potential threat to resource sharing and will need to be evaluated and discussed in detail with local communities to reach agreements on resource use. Other potential land disputes stem from lack of clarity over land ownership. In Hingol, grazing rights are less formalized since the pastoral community does not have legal jurisdiction over the land they use for grazing; the rights to the property rest with the Government. Land holdings are generally not large in the villages around project sites.

Dependence on resources: The dependence of communities on resources is clear from Table A. In Machiara, this dependence is mainly due to grazing, timber and fuelwood needs. In Chitral Gol dependency on grazing is not high for the communities as a whole but some villages near the periphery make intense use of the park for grazing. Other dependencies are related to fuelwood needs and collection of NTFPs such as medicinal plants. In Hingol, where opportunities for other forms of employment are low, communities are highly dependent on the park especially for fishing around the estuary. Lack of electricity and access to other forms of fuel combined with high poverty in villages in Hingol lead to high dependence on fuelwood. A large number of pastoralists in Hingol also rely heavily on grazing. The threats faced by human use of the resources inside parks is a direct correlation of their socioeconomic conditions, which can also be viewed as opportunities in disguise for resource conservation. By providing alternative forms of livelihood to people whose means of livelihood are closely dependent on the park's resources (cottage industry, sericulture, weaving and other small enterprises), the project will address the legitimate needs of the people by reducing their dependence on natural resources. Other means of reducing dependence on the Park's resources will include alternative means for meeting daily needs such as community wood-lots for fuel, stall feeding of animals and developing other sources of fodder. These arrangements will need to target not just people who use resources from within the park but also those who are affected by the park's resources (e.g., grazers who lose their goats due to predation by other animals in the park). A collaborative framework will be used for mapping this dependence, outlining the needs of the communities and means for satisfying these in lieu of greater restrictions on use of parks resources.

Project's Potential Effects on Local Communities:

Introduction: The project does not plan to relocate any people from within the park or its buffer zone. The disruptive effects on the communities due to relocation or resettlement, therefore, will not be an outcome of this project. However, the project will seek to alter some uses of the park and this is likely to effect the socioeconomic pattern of communities. Some of these effects are outlined below.

Beneficial Effects:

Income generation: The project's emphasis on decreasing people's dependence on the park for livelihood activities will result in alternative and possibly higher forms of income for communities. The possibility of increased tourism is also likely to result in increased incomes due to the development of small enterprises. Skills upgrading and micro-credit will enable communities to supplement their income from activities that are not related to resource degradation. This will also reduce the seasonal irregularity of income that parts of communities (e.g., fisherfolk in Hingol experience, who are not allowed to fish from May to August due to government restrictions and farmers in Chitral).

Poverty: Since the poor make the most intensive use of natural resources due to lack of other opportunities, the project will specifically benefit them by decreasing their dependence on natural resources, skills upgrading and provision of micro-credit. The poor are also the worst hit by seasonal irregularity of

income, which an alternative livelihood strategy is expected to address. Female-headed households, which are also often the poorest, will benefit from the project's income generation activities.

Resource rights: Through a collaborative framework of agreement, the project will also clarify resource use rights and limits according to established access and use rights, needs assessment and traditional practices. This will allow communities to gain secure access to rights and limit the sidelining of legitimate rights. Further, the formalizing of these rights into agreements with the Project Management Team and governmental agencies will reduce the source of conflict and confusion faced at present due to curbs on resource use within parks.

Empowerment: The project will also empower communities to organize themselves into VOs that can serve as a means of wider integration of social and economic uplift with natural resource conservation. The possibility that some of these organizations can also be used by other CBOs and NGOs for rural development and social mobilization cannot be ruled out. This will also allow communities to have a stake in conserving their natural resources and raise their role in managing parks vis-a-vis governmental agencies.

Negative effects:

Conflicts: As noted above, the ethnic diversity of communities and varying claims to resource use are likely to result in increased conflict. This is particularly a factor around Chitral Gol, where resource-use rights are guided by ethnicity. The project aims to use existing structures like tribal jirgas and other mechanisms for conflict resolution. Further, the project's detailed social assessment and community participation exercises will assess and anticipate sources of conflict to ensure that disputes do not acquire serious dimensions.

Tourism: Although tourism is an essential part of the long-term financial sustainability of the parks, the undesirable effects of tourism (pollution, eroding of the cultural base, commercialization of natural resources) cannot be ruled out. The project will work closely with governmental agencies and local communities to address the undesirable effects of tourism.

Time: Alternative income-generating strategies and other changes in resource use are also likely to result in greater time spent on activities than at present (e.g., re-mapping of areas from where fuelwood collection can take place or establishment of community wood-lots may lead to an increase in the time spent traveling to and from home). Since women are largely involved in water and fuelwood collection, this could translate into greater demands on their time. In the short term at least, income-generating exercises are also likely to take time before their full potential can be realized by communities. These factors are likely to affect how the communities perceive the effects of the project. Families are expected to react to the demand for increased labor by changing labor inputs within the households, possibly by increasing the number of family members for gainful employment. Once income from alternative sources is more established, labor inputs required are expected to recede.

Community needs and demands: Community needs and demands may increase over the project's life and the project may not be able to meet these within the resources available. From the outset, the project will spell out the obligations of the community, such as the amount of contribution to the VCF, so that the roles of various parties and the scope of the project are clear. In addition, further resources from the Park Association are expected to supplement the resources available to continue to support community development activities in relation to biodiversity conservation.

Table A (i) Showing Livelihood Dependencies by Village in Chitral Gol National Park

Name of Village	High Dependency	Medium Dependency	Low Dependency
Zargarandeh (80)			G,F
Jangbazaar (130)			G,F
Shaldane (39)			G,F
Goldoor (120)			G,F
Rehankot (200)			G,F
Noghor (50)			G,F
Chewdok (260)		F	G
Khurkashandeh (120)		F,G	
Tingshen (50)		F,G	
Mughlandeh (120)		F,G	
Dangari-khandeh (38)		F,G	
Balach (120)		F,G	
Shahmirandeh (120)		F,G	
Miscellaneous (12)*	G	F	Number of households indicated in parenthesis

* Twelve households of Dangari-khandeh, Mughlandeh and Balach (estimated 100+ livestock)

G - Grazing pressure

F - Fuelwood pressure (a total of about 450 households supplement energy needs from the park)

Table A (ii) Showing Livelihood Dependencies by Village on Hingol National Park

Name of Village	High Dependency	Medium Dependency	Low Dependency
Poti Bandar (35)	P		F,G
Malan (50)	P		F,G
Sapat (15)	P		F,G
Kund Malir (380)	P		F,G
Hinglach (15)		P,F,G	
Kundrach (12)		P,F,G	
Sham (12)	F,G		P
Chandargop (8)	F,G		P
Dhari Hing (15)	F,G		P
Nal Kor (18)	F,G		P
Fundok (3)	F,G		P
Singal (55)	F,G		P
Devri (7)	F,G		P
Darun (6)	F,G		P
Dandale (15)	F,G		P

Taranch (100)	F,G		P Number of households shown in parentheses
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P - Fisheries pressure

F - Fuelwood pressure

G - Grazing pressure

Note: All inhabitants of Hingol rely on some livestock use for subsistence. Pastoralists rely heavily on livestock for subsistence and income. Fishing is largely for subsistence. About 80-90 pastoral households own on the average about 100 livestock/household. Hunting is restricted to subsistence by local communities or is carried out by foreigners (e.g., Houbara Bustard). Agriculture (castor oil) is relegated to the availability of rainwater, which is usually sparse in the area.

Table A (iii) Showing Livelihood Dependencies in Machiara National Park

Name of Village	High Dependency	Medium Dependency	Low Dependency
Panjur Galli (101)	+		
Minha (92)		+	
Serli Sacha East (136)		+	
Serli Sacha West (126)		+	
Jing Bala (114)		+	
Jing Zerín (147)		+	
Panjur (204)	+		
Konkan (141)	+		
Nad Garan (62)		+	
Pala Zerín (124)		+	
Besri (234)	+		
Dabrial (180)		+	
Chatian/G.Khetar (165)	+		
Ghatian (99)		+	
Bherri (248)			+
Doba (106)			+
Garan Kutli (100)		+	
NalaKas/Sadqa (192)		+	
Paharan/Khetar (84)	+		
Seri (219)	+		
Chakrian (145)	+		
Doliar/Dana (146)	+		
Machiara West (77)		+	
Machiara East (164)		+	
Chatha/Mohri/Panjnad (135)	+		
Koli (100)	+		
Chimian Khetar/Kubbaya (107)	+		

Serina/Batdara (146)	+		Number of households shown in parentheses
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+ - Collective dependency from grazing, fuelwood and timber

Note: Due to tradition of migration into the hills in summer, most villages are heavily dependent on the park for their livelihood. Whereas, in the Union Council of Bherri villages, exploitation of resources occur outside the core zone of the park, while villages of the Union Council of Machiara and Serli Sacha are removing resources from the core zone, requiring special attention. An estimated 2,400+ households around Machiara are dependent on the park. An estimated 400 households are relatively less dependent due to overseas migration and incomes.

Annex 2b: Environmental Issues

The project is classified as a “B” category project in accordance to the World Bank’s Operational Directive 4.01 (Environmental Assessment), because it is expected to have no irreversible adverse impacts on the environment. On the contrary, the project is expected to have highly beneficial impacts, by aiming to manage the existing pressures on biological resources in the three protected areas (PAs). The activities to be supported under the project are: (A) protected area biodiversity management, which includes the following components (i) integration of custodial communities in park management and conservation and formulation of park management plans and strategies; (ii) baseline resource inventory and research; (iii) improvement of park infrastructure; (iv) improvement in park operations; (v) habitat improvement and wildlife enrichment; and (vi) public environmental awareness and outreach; (B) sustainability of park management; (C) human resource development; and (D) project coordination and monitoring. All these activities are expected to produce wide-scale beneficial impacts, by protecting habitats, population of threatened and vulnerable species and promoting the sustainable use of resources within the PAs and their buffer zones.

Environmental Issues in Project Areas: Most of the proposed project activities are focused on improving management of the PAs and the development of alternative resources and sources of incomes to replace currently unsustainable practices of resource exploitation from the PAs. Other project activities, such as awareness raising, training and capacity building, are also expected to have beneficial environmental impacts by raising public support for biodiversity conservation and improving the skills of park staff to manage the PAs. Information gaps in terms of existing baseline conditions to be addressed through a focussed, cost-effective applied research program will seek to demonstrate new approaches to resource protection and sustainable harvesting of forest products. The results of the research activities are expected to contribute to a better understanding of protected area issues and in improving efforts to manage them.

Since most of the proposed project activities are expected to be small-scale, very localized, labor intensive and based on local materials, they are expected to have minimal or negligible impact on the environment. No major infrastructure development or construction activities will be undertaken by the project

Environment Review of Proposed Project Activities: During project preparation, a wide range of potential management, sustainable use and protection activities were identified through a participatory process. Field appraisal during project preparation and experiences from similar projects in the country and region, indicate that activities under the custodial community sub-component might include bee-keeping, cottage industries, processing of agricultural products, value-added processing of medicinal and non-timber forest products, skills development in non-farming enterprises, food processing, tailoring, sericulture, poultry, ecotourism, energy conservation, improved agriculture and minor irrigation works, etc. Not all investments would necessarily be adopted, and more may be identified during detailed site-specific planning exercises. The scope and size of these activities, the scale of operation and site-specific considerations are, however, expected to be identified through a consultative microplanning process during project implementation. The range of activities identified above are not expected to cause any major impact on the environment. Table 1 and 2 provide a more detailed discussion of potential environmental effects and safeguard measures.

The ‘park management planning’ sub-component will focus on actions that reduce negative impacts of local people on biodiversity and provide alternatives to traditional resource uses. A close link is likely to be established between the participatory social mobilization and the core park management planning process to ensure that local people play a substantive role in the development of appropriate management strategies

for the protected areas. Resource inventory and research will provide the basis for improving the management of the protected areas and reducing the pressures within them. Improvements in park infrastructure will be limited, small in scale and include the construction of trails, camp sites, wildlife observation posts, small road maintenance works and repairs, water and waste disposal facilities, patrol huts and few small staff buildings. There will be no construction of major infrastructure facilities in the PAs.

Other components, the establishment of a 'Park Association' for administering the proceeds of an endowment, human resource development, and monitoring and evaluation are all expected to have a positive impact on the management of the protected areas and provide an opportunity for promoting the long-term financial sustainability of PA programs.

Proposed Environmental Action: Project design includes specific considerations for management of any potential environmental or ecological impact. In particular, Project staff at the protected area level and technical specialists, would evaluate if potential microplan investments that are to be determined through site-specific participatory planning processes are environmentally and socially sound. Eligibility criteria will be developed early in project implementation to determine if proposed investments have any potential to impact on the environment. Only activities that are expected to have beneficial impacts would be eligible for financing under the project.

In the context of the custodian community activities, the scope, nature and range of investments, would be determined and implemented by local communities on a village by village basis according to local environmental conditions and needs. Using participatory and 'tailored' rural appraisal surveys and techniques, village communities will determine alternative income and development investments within the agreed upon eligible criteria and procedures that ensures that investments are focused directly on addressing current pressures on the PA resources. Using these eligibility criteria, the project team would ensure that investments are ecologically, environmentally and socially sound, are directly focused on the conservation objectives, and are financially, technically, and institutionally sustainable. In terms of park management activities, Project staff would review all proposed park management activities for their environmental soundness, ensure specific mitigation action is carried out to improve environmental conditions, and closely monitor any changes in environmental conditions.

Project performance review and impact monitoring would ensure compliance with environmental standards. Project review and monitoring (the latter to be undertaken by an independent institution) will also provide adequate feedback to enable management to make changes in project design so that objectives of conservation of biodiversity are met.

Table 1
A. Protected Area Biodiversity Management

Activities	Size and Scope	Environmental Effects	Potential Environmental Safeguards & Mitigation
1. Integration of Custodial Communities in Park Management and Formulation of Park Management Plan and Strategy			
Community Orientation and Mobilization	Explanation of operational philosophy and proposed financing criteria to local communities by skilled planning teams, including social mobilizers.	Ensures better understanding and transparency of project-activities amongst custodian communities with increased potential for local support for conservation.	
Social Assessment, Design and Allocation of Microplanning Investments	Participatory preparation of village resource and socio-economic profiles; development of local community institutions; agreement on site-specific investments to mitigate against current dependencies of PA resources, conflict resolution amongst competing resources uses.	Identification of alternative ecologically friendly investment opportunities that reduce currently unsustainable and destructive practices of resource exploitation.	
Implementation of alternative investment activities	Small scale investments at household or village-level. Investments will be site-specific and might likely include alternative energy devices; optimal utilization of agricultural land; improved on-farm forage and fuelwood production capacity; ecotourism, sericulture, apiculture, improved livestock breeds, employment in park activities, job-skills training, handicraft development, etc.	Limited soil disturbance and exposure of soil for short periods. No change in use of agro-chemicals anticipated.	Activities must meet specific environmental and social eligibility criteria to qualify for financing. No heavy machinery or extensive land preparation is envisaged. Very limited adverse impact. The intensity of agricultural development will be very low that any residue flowing to the environment would be small in relation to assimilative capacity and unlikely to register significant impact. Conversely the development of increased agricultural production and alternative incomes will increase local incomes and reduce pressures on wild habitat.

Management Planning	Preparation of participatory management plans, strategies to address current utilization of resources for sustainable management of PAs and surrounding lands.	Provides opportunity for improved resource utilization and protection	
2. Baseline Resource Inventory and Research			
Baseline Resource Inventory and research	Technical assistance, training and research support to identify sustainable management strategies.	Positive impact on enhancing knowledge and application of sustainable management approaches to protected areas.	
3. Improvement in Park Infrastructure			
Park Infrastructure Works	Limited to maintenance and consolidation of existing trails and park roads; construction of fire towers; improved communication network; construction of small-scale staff housing and patrol huts; camp sites, water and waste disposal facilities. Most facilities will likely be located in the buffer zones or specific use areas.	No new vegetation clearance expected. Some limited soil working necessary at staff campsites. Otherwise most activities are expected to have a positive environmental impact.	Structures will be largely located in buffer zones and location planned carefully to cause minimal soil disturbance. Construction to be done in dry season reducing potential for soil erosion. Areas around staff housing will be stabilized and natural re-vegetation encouraged.
4. Improvement of Park Operations			
Park Operations	Improved communication systems through installation of VHF/UHF systems, improved surveillance, law enforcement and monitoring of species and habitats.	Positive environmental impact	
5. Habitat Improvement and Wildlife Enrichment			
Habitat Improvement Works	Identification of habitat improvement works and wildlife enrichment measures in degraded areas will follow site-specific baseline surveys and technical feasibility assessments, but likely will include re-vegetation, soil erosion works, water conservation, small-scale afforestation, temporary enclosures and rotational grazing, in-situ breeding and re-introduction of selected species.	Habitat improvement works will be based on scientific information and supported by a monitoring program to measure effectiveness of activities. Most measures are expected to have a positive impact on biodiversity.	

Logging in Machiara National Park	Prior to establishment of national park, GoAJK has issued contract for logging within part of national park. Contract terminated in December 1999 and no new logging concessions are to be given.	Impact of controlled logging on biodiversity.	Contracts that have terminated had implications for biodiversity conservation. GoAJK has ensured that no new logging contracts will be issued within the national park or buffer zones. Core areas of park to be increased by addition of new high biodiversity areas east and north of the park.
6. Public Environmental Awareness and Outreach			
Environmental awareness programs	Implementation of a wide range of programs including park interpretation programs, nature clubs, teacher-training, special activity design, education extension activities, mass communication programs, radio and television programs, etc.	Positive environmental impact through an increased awareness and appreciation of the environment by local people, school children, general public and better political support for the protected areas.	

Table 2
Other Project Components

Activities	Size and Scope	Environmental Effects	Safeguards & Mitigation
B. Sustainability of Park Management			
Park Association and Endowment	Establishment of not-for-profit Park Association to administer the proceeds of an endowment to support sustainability of the conservation effort.	Positive impact in being able to provide sustained financing for park management and local community participatory efforts.	
C. Human Resource Development			
Training and capacity development	on-the-job training, workshops, study tours, etc.	Improved skills of park staff will improve management of the impacts on the parks.	
D. Project Coordination and Monitoring			
Coordination	Facilitation of development of policy and legislation relating to protected areas.	Improved environment for management of protected areas.	

Monitoring and evaluation	Implementation of a monitoring program to measure impact of effectiveness of project on biodiversity conservation	Provides a continuous feedback for project implementation and an opportunity to adjust activities to ensure a more positive impact on biodiversity and local livelihoods.	
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Annex 3: Estimated Project Costs
PAKISTAN: GEF-Protected Areas Management Project

Project Cost By Component	Local US \$million	Foreign US \$million	Total US \$million
1. Protected Areas Biodiversity Management			0.00
1.1 Integration of Custodial Communities/Development of Park Management Plans and Strategies	2.78	1.28	4.06
1.2 Improvement of Park Infrastructure	1.03	0.39	1.42
1.3 Improvement of Park Operations	0.51	0.44	0.95
1.4 Research, Habitat Improvement & Wildlife Enrichment	0.30	0.05	0.35
1.5 Public Environmental Awareness	0.20	0.07	0.27
2. Sustainability of Park Management	0.08	2.05	2.13
3. Human Resource Development	0.36	0.00	0.36
4. Project Coordination and Monitoring	0.20	0.26	0.46
Total Baseline Cost	5.46	4.54	10.00
Physical Contingencies	0.21	0.06	0.27
Price Contingencies	0.35	0.13	0.48
Total Project Costs	6.02	4.73	10.75
Total Financing Required	6.02	4.73	10.75

Project Cost By Category	Local US \$million	Foreign US \$million	Total US \$million
Goods	0.50	0.55	1.05
Works	1.35	0.44	1.79
Services	2.17	1.53	3.70
Training	0.40	0.07	0.47
Tech. Assistance, Studies, Seminar & Staff Allocation	1.60	2.14	3.74
Total Project Costs	6.02	4.73	10.75
Total Financing Required	6.02	4.73	10.75

Source: COSTAB - Distin

¹ Identifiable taxes and duties are 0 (US\$m) and the total project cost, net of taxes, is 10.75 (US\$m). Therefore, the project cost sharing ratio is 93.77% of total project cost net of taxes.

Annex 4

PAKISTAN: GEF-Protected Areas Management Project Incremental Cost Analysis

Overview

1. The objective of the GEF alternative is to secure the active conservation of globally and nationally significant habitats, species and genomes through the introduction of a deliberate wildlife conservation and management strategy in departmental operations in Pakistan. The proposed project aims at reaching this objective by using the opportunity presented by the designation of three national parks to elaborate a community-based approach to wildlife conservation and the protection of biodiversity. Specific outputs of the proposed project include: (i) custodial community involvement in resource management planning and the protection of threatened habitats and ecologies within selected national parks; (ii) the recovery of animal populations within the selected parks; and (iii) the development of income opportunities based on the sustained preservation of the parks and their wildlife. The GEF alternative intends to achieve these outputs at a total incremental cost of about US\$10.8 million Estimated given inflation and exchange rates prevailing at mid-1998; accounting for devaluation and revised inflation projections this figure is re-estimated at US\$10.74 as of February 1999. through the implementation of components entailing biodiversity management of protected areas, custodial community integration and development, human resource development, research and biodiversity monitoring, and project management.

The Country Context and Broad Development Goals

2. Pakistan is actively pursuing a strategy of rapid economic development, in which the private sector will have a substantial role, through the expansion of its infrastructure and the growth of industry. The transformation of subsistence agriculture is a complementary objective to the country's development strategy, focusing on the improvement of land productivity, crop diversification and the realization of export-oriented comparative advantage. The Government is aware that the pursuit of rapid, decentralized, economic growth might occasion the degradation of natural resources, which would ultimately disturb the growth process itself, and have acknowledged the need to incorporate sufficiently aspects of environmental sustainability into the execution of its development strategy. At the same time the Government wishes to maintain a balanced approach toward environmental protection that integrates environmental concerns into the development process without hampering development itself. Formally, one way to strike this balanced approach is to discuss openly developmental and environmental agendas in the vetting of development projects at various levels in Government.

3. The operational effectiveness of such a dialogue, however, will depend on in-country capacity for environmental analysis and management. The Government has undertaken several measures over the past few years to strengthen the institutional capacity of the public sector to assess the implications of sustainable environmental management, but further institutional strengthening will represent a considerable additional burden on the present allocation of resources available to the Government. Further allocation of resources to institutional strengthening would come chiefly at the expense of other social and developmental priorities. The current compromise is to accept that, in view of the increasing pressures on land and the lack of institutional capacity for environmental management, some degradation will be inevitable and that existing institutional capacity should be used to the greatest extent to limit the breadth and degree of irreversibility of the damage.

Baseline

4. On the national level, Pakistan is committed to protect important ecosystems and to preserve biodiversity, and toward these ends the Government approved a National Conservation Strategy (NCS) in 1992. The NCS, although suggesting a planning framework, failed to provide concrete guidance for implementation. Later, the Forest Sector Master Plan (FSMP) endeavored to provide more detail by identifying three specific investment areas for a program to preserve ecosystems and biodiversity. These areas included the rehabilitation of mangrove forests in the Indus delta of Sindh, the establishment of a small reserve of juniper and chilgoza pine forests about the Ziarat Wildlife Sanctuary in Balochistan, and the development of community fuelwood plantings. Regarding the condition of wildlife the FSMP does little more than exhort provincial authorities to provide adequate protection for endangered species and habitats within the context of other forest sector programs and to bring all conservation areas under “scientific management”.

5. In this context “scientific management” primarily refers to forest management of the designated areas according to the dominant vegetative types. Such an approach is not without considerable merit, as the health of animal populations can closely adhere to the vegetative state of their environment. However, the main implications of the strategy are that wildlife management is essentially a subsidiary concern, and that conservation benefits will chiefly trickle down from forest working circle operations. Consequently, proactive wildlife conservation strategies are not an operational concern, and this is reflected in the low funding of wildlife departments relative to their forest counterparts.

6. This forest management orientation unfortunately means that there is little inclination to consider approaches to wildlife conservation as an operational objective in itself, especially if it were to imply deviations of departmental resources to agents or institutions outside the forest department’s direct control. That this orientation should be prevalent in Pakistan is not so surprising. First of all, the provincial forest departments have traditionally held the portfolio of managing forests and regulating their uses in all respects. The separate provincial wildlife departments are a relatively recent development in Pakistan, and they were carved out from forest department staff. Secondly, apart from a fraction of the urban elite, there is weak popular concern for wildlife welfare in Pakistan, and this fact is mirrored in the relatively small size of budgetary resources placed at the disposal of wildlife departmental operations.

7. As a consequence, designated protected areas face accelerating degradation because traditional forest management by itself is inadequate for addressing the impinging and complex concerns arising from local population pressures and because present institutions responsible for land management lack the capacity to articulate, let alone deploy, innovative wildlife management approaches in the areas under threat. Community involvement in conservation management is one operational strategy that in many areas of the world is proving to be efficient, cost-effective and sustainable. It is a strategy that could be successful in Pakistan, but there are few internal incentives for considering the approach.

8. Within this institutional and policy context – and initial geographic restriction as identified in the FSMP – one can identify the following types of activities as elements of a baseline program for biodiversity conservation: (i) planning, (ii) habitat improvement, (iii) the improvement of park infrastructure, (iv) surveillance and enforcement, (v) public awareness, (vi) community development, (vii) human resource development, (viii) research and monitoring, and (ix) project management. Projects now undertaken to implement the sanctioned objectives of the NCS and FSMP such as the World Bank-financed environmental projects, and others that originated mainly as village development efforts, but then also acquired ad hoc environmental aspects contribute variously to the constitution of this program. As described further below under the section of costs, the GEF alternative would not only add to the areas

falling under planned biodiversity conservation in Pakistan, but would also contribute to the content and form of these baseline program elements.

Global Environmental Objectives of the GEF Alternative

9. As a consequence to the current course of action, regarded as the baseline, Pakistan will probably continue to lose prime habitat areas and globally significant species of wildlife. Given the present pressures of agricultural and other competing demands on the use of land, and the present level of institutional capacity, catastrophic loss of habitat areas will likely continue and gravely diminish the quality of in situ biodiversity over the next 10 to 20 years.

10. The GEF alternative would aim to support the installation of institutional capacity in Pakistan that will effectively lead to the routine incorporation of environmental and biodiversity conservation issues and criteria in the Government's departmental planning and operations. The proposed project aims at reaching this objective by using the opportunity presented by the designation of three national parks to elaborate a community-based approach to wildlife conservation and the protection of biodiversity. In implementing this approach the GEF alternative would also lead to the establishment of operating procedures defining the sustainable use of sensitive habitats inclusive of their animal and plant populations that can be replicated throughout the protected areas system. The GEF alternative would support research and biodiversity monitoring. Resources would also be committed to raising local and international public awareness of the state of the designated national parks to deepen local support for the sustainability of the conservation efforts.

11. Among global benefits, the GEF alternative aims to realize the following: increased public sector capacity in Pakistan to manage critical habitats and to expand the protected areas system; the enrichment of biodiversity of global significance; the increased collection and analysis of information vital for protecting globally significant ecological areas; the facilitation of organizing international support for conservation, including via ecotourism; the safeguarding of species of global importance; and the expansion of internationally shared preservation values.

System Boundary

12. The primary impact of the GEF alternative, implemented in the period from roughly mid-1999 to mid-2004, is to secure the active, sustainable conservation of globally and nationally significant habitats, species and genomes within the Hingol National Park, Balochistan, the Machiara National Park, AJK and Chitral Gol National Park, NWFP. The GEF alternative would achieve this by installing the institutional capacity for a specialized form of environmental management that is not high among Pakistan's development priorities. It would also make limited contributions to the improvement of the parks' habitats and infrastructure.

Domestic Benefits

13. Incremental domestic benefits expected from the proposed project include some improvement of downstream environmental externalities and local amenity values, the improvement of local tourism amenities, expanded coverage of habitat and species protection, the mobilization of local support for environmental protection, the development of local incomes linked to habitat preservation, additional local habitat information, and improved project implementation capacity. The country should also realize additional international as well as domestic ecotourism.

14. Apart from the prospect of improved project implementation capacity, which should be in part transferable to other areas or regions of Pakistan, and non-tangible domestic amenity values placed on

wildlife preservation, the expected incremental domestic benefits arising from the GEF alternative will occur on a small, local scale. This will be particularly true of material benefits; although, some income arising from international tourism will have a broader impact. The prospects for much expanded international tourism, however, are not expected to be very strong, particularly in the short term. Nevertheless, the accruing of local benefits for communities involved in the management of the parks is an important feature of the proposed project: local benefits will compensate local recurrent costs of supervising the use of the parks and sustain the commitments of local custodial communities to maintaining the integrity of habitats and populations of fauna and flora within the parks. In monetary terms, total net cash benefits to local and national economies arising primarily from increased tourism but also from other conservation-related activities may amount to US\$0.1 to US\$0.2 million a year following the completion of the project.

Costs

15. The baseline activities undertaken by the institutions described above and the GEF alternative can be grouped into the following categories: protected areas biodiversity management, custodial community integration and development, human resource development, research and biodiversity monitoring, and project management. The following contrasts the costs of the GEF alternative against the levels of expenditures projected to be spent under the wildlife programs of NWFP, Balochistan and AJK for fiscal years 2001 through 2005. As compared to current expenditures on wildlife programs, the GEF alternative would represent a significant increase in expected investments specifically targeted at wildlife conservation. In view of the overall allocation of resources on conservation and environmental rehabilitation efforts, the GEF alternative is a far more modest addition to the Government's stated commitments.

16. Under the protected areas biodiversity management component, the project would finance activities in the areas of: (i) planning and strategy formulation, (ii) habitat improvement, (iii) improvement of park infrastructure, (iv) surveillance and enforcement, and (v) public environmental awareness. The GEF alternative would install procedures for wildlife conservation planning and strategy formulation not now in place in the proposed project's implementing agencies at an incremental cost of about US\$1.3, supplementing about \$1.0 million of expenditures that would occur for watershed management planning under other projects during the period. Habitat improvement would expand ongoing wildlife department efforts to address the extraordinary needs of the project's selected protected areas. The total trend baseline expenditures of the provincial wildlife departments for habitat improvement are estimated at US\$1.8 during FY 2001-2005. With the GEF alternative, total expenditures on habitat improvement for the period are estimated at about US\$2.4, leading to incremental costs of about US\$0.6 million. Improvements in park infrastructure would also increase under the GEF alternative, expanding from an estimated base of US\$1.6 million over the project period to US\$3.3 million according to the site requirements of the selected parks. Surveillance and enforcement should continue to command the bulk of the wildlife departments' nondevelopment budgets. Without the GEF alternative, these expenditures are expected to amount to about US\$5.7 million during the project period, but given the size of the areas to be covered, these resources are well stretched. With the GEF alternative, these expenditures would rise by US\$1.3 million to establish an effective presence in the designated parks with an approach to wildlife protection that adopts community involvement. Finally under this component, the GEF alternative would develop public environmental awareness of the selected protected areas, increasing baseline estimates for public education about endangered and threatened species from an estimated US\$0.5 million to US\$1.8 million.

17. Custodial community development would be a critical innovative feature of the GEF alternative. At present wildlife departments are not well prepared to foster community-based organizations to assist in biodiversity conservation; although, there is some experience in other line agencies. One project operating in Palas valley of NWFP has actively incorporated some community involvement as part of a effort to

rehabilitate areas damaged by recent flooding, but is now winding down. Other projects, such as the GEF/UNDP-supported Maintaining Biodiversity with Rural Community Development Project, the EU-financed Environmental Rehabilitation in NWFP and Punjab Project and the World Bank environmental projects in AJK, Balochistan and NWFP also incorporate community development to achieve environmental objectives and will carry forward into the proposed project period.

18. In the future without the GEF alternative it may be expected that some community participation will continue in departmental work at the current level of funding, which is estimated at approximately US\$2.5 million in total for the project period. Under the GEF alternative, community involvement in conservation will become a far more important strategic concern for project implementation. The GEF alternative would finance the deployment of sociological and technical teams to establish an interface between park management authorities and communities, and to solicit local participation in park management planning, the assessment of resource needs and the development of park-related income-generating activities that would sustain local costs of protection. With the GEF alternative such custodial community development expenditures are projected to be in total about US\$4.7 million, yielding an incremental cost in this category of about US\$2.2 million. The experience gained by the wildlife departments as a result of this component of the GEF alternative could herald a radical realignment of attitudes within governmental institutions throughout Pakistan toward the merits and effectiveness of community involvement in conservation.

19. As mentioned in the preceding paragraph, wildlife departments are not presently in a position to implement community-based conservation programs. This is primarily due to the lack of personnel appropriately trained in such approaches. Local communities as well require knowledge and skills to engage themselves effectively in activities that solicit their involvement. The human resource development demonstrated under pilot projects such as the ongoing GEF/UNDP-supported Maintaining Biodiversity with Rural Community Development Project and the EU-financed Environmental Rehabilitation in NWFP and Punjab Project indicates the importance of training departmental personnel and participants for the building of rural institutions. Without the GEF alternative such training can be expected to continue, especially among rural populations that have conspicuous impacts on large degraded watersheds. Some of this expenditure, possibly as much as US\$1.0 million in the period extending from FY 2001 to 2005 will also be bound to affect protected areas in NWFP near Kohistan, Galiat, and Dir; in Balochistan in the vicinity of the Quetta and Ziarat valleys; and in the Northern Areas. The GEF alternative would build on this experience and expand the training of staff and stakeholders to cover the targeted parks. The total incremental cost for human resource development under the GEF alternative is estimated at US\$2.1 million for the project period.

20. The implementation of a community-based approach to conservation management will need to be built on an iterative planning process. Full technical information on all key aspects of the habitats concerned and their associated wildlife is likely not be available at the start and much data for assessing environmental impacts and regulating park, visitor and local community interactions can only be available over time as a result of new studies. The GEF alternative therefore proposes to expand expenditures on research and biodiversity monitoring from the current estimated baseline of US\$0.2 million over the project period to about US\$0.4 million.

21. Finally, the GEF alternative would increase currently expected project management expenditures over the proposed implementation period. These have been estimated at US\$1.4 million (approximately 10% of the wildlife program budget) without the GEF alternative. With the GEF alternative, project management costs rise temporarily to US\$1.5 million over the project period, representing an incremental cost of about US\$0.1 million.

Incremental Cost Matrix

22. Total wildlife program baseline costs during the five years of the project period are estimated at US\$15.7 million in current values. With the GEF alternative expenditures on protected areas and biodiversity management would amount to approximately US\$26.5 million equivalent. The total incremental cost of financing the GEF alternative is estimated at US\$10.78 million. The GEF alternative would therefore increase projected expenditures for wildlife programs by about two thirds for the period. However, the programs of the wildlife departments of NWFP, Balochistan and AJK are a subset of the planned efforts within the forest sector of Pakistan to protect and improve the physical environments within the provinces – efforts such as watershed afforestation and farm forestry development of the forest departments at large that also contribute in varying degrees directly to the protection of important ecosystems and the preservation of biodiversity in areas outside the protected areas designated under the proposed project. As presented in Pakistan’s Forest Sector Master Plan, the Government has already committed to finance, or seek financing for, approximately Rs 8,124 million, or about US\$203 million for the period FY 2001 to 2005 for sector-related development activities. Against this broader perspective, the total proposed incremental costs of US\$10.8 million for the GEF alternative would represent a modest addition to the country’s prior commitments.

23. **Incremental Cost Matrix** (equivalent US dollar values calculated as at mid-1998)

Component Sector	Cost Category	US\$ million	Domestic Benefit	Global Benefit
Protected Areas Biodiversity Management				
<i>Planning and Strategy Formulation</i>	Baseline	1.00		
	With GEF Alternative	2.28		
	Incremental	1.28		Increased public sector capacity to manage critical habitats & to expand a protected areas system.
<i>Habitat Improvement</i>	Baseline	1.82	Improvement of downstream environmental externalities and local amenity values.	
	With GEF Alternative	2.45	Same as above.	
	Incremental	0.63		Enrichment of biodiversity of global significance.

<i>Improvement of Park Infrastructure</i>	Baseline	1.60	Local tourism amenities.	
	With GEF Alternative	3.25	Same as above.	
	Incremental	1.65		Facilitation of organizing international support for conservation through ecotourism.
<i>Surveillance & Enforcement</i>	Baseline	5.70	Habitat & species protection.	
	With GEF Alternative	7.00	Expanded habitat coverage.	
	Incremental	1.30		Safeguarding of species of global importance.
<i>Public Environmental Awareness</i>	Baseline	0.46	Mobilization of local support for environmental protection.	
	With GEF Alternative	1.75	Same as above.	
	Incremental	1.29		Expansion of internationally shared preservation values.

Component Sector	Cost Category	US\$ million	Domestic Benefit	Global Benefit
Custodial Community Development	Baseline	2.50	Local incomes not necessarily explicitly related to species or habitat preservation.	
	With GEF Alternative	4.73	Local incomes linked to habitat preservation.	

	Incremental	2.23	Expanded income generation opportunities for local stakeholders; improved local environmental quality.	Meaningful participation of local stakeholders to enhance the likelihood of long-term sustainability of habitats and species of global importance; establishment of a trust fund to secure the financial sustainability of conservation efforts.
Human Resource Development	Baseline	1.00		
	With GEF Alternative	3.06		
	Incremental	2.06		Increased public sector capacity to manage critical habitats & to expand a protected areas system.
Research & Biodiversity Monitoring	Baseline	0.23	Local information.	
	With GEF Alternative	0.42	Same as above.	
	Incremental	0.19		Increased collection and analysis of information vital for protecting ecological areas of global importance
Project Management	Baseline	1.40	Project implementation capacity.	
	With GEF Alternative	1.53	Same as above.	
	Incremental	0.13		Increased public sector capacity to manage critical habitats & to expand a protected areas system.

Effectiveness Analysis Summary

(Indicate currency, units, and base year)

	Present Value of Flows	Fiscal Impact
	Economic Analysis	Financial Analysis Taxes Subsidies
Project Costs	N/A	N/A Neutral Neutral

Summary of benefits and costs:

Benefits from biodiversity conservation are not practically quantifiable.

Cost-effectiveness indicators:

In the course of the preparation and appraisal of the project, alternative project approaches to effecting protection in the targeted areas were considered. These basically resolve to choices between more or less Government-financed policing of areas. The present project design strives to reduce the prevalence of departmental patrolling by sharing the responsibility of surveillance with stakeholder communities. The project therefore aims to demonstrate that effective protection of areas can be achieved while making smaller demands on recurrent budgetary demands than would otherwise be necessary. As presently formulated, it might be possible to reduce recurrent financial demands of protection through a more aggressive implementation of cost- and benefit-sharing arrangements. There is no evidence that further development in this direction is feasible. In the course of the implementation of the project, such evidence may become available and indicate where improvements in long-term cost effectiveness could be improved. In the meantime, the most feasible alternatives to the project's design are those that would commit more resources to expanding the posting of departmental staff in the areas. Financially, these alternatives are not likely to be sustainable for the Government even in the short run.

There are no international standards for unit project costs of implementing biodiversity conservation. Some comparisons might be made, however, with the investments other recent projects are undertaking to conserve specifically identified protected areas. The following table computes costs per area for a number of such protected area projects receiving GEF assistance. The costs include both investments made directly within identified protected areas and the costs of other activities, such as buffer zone development, which are undertaken to indirectly support the effectiveness of protective efforts. Such features are part of the present project's approach in the three areas of Chitral Gol, Hingol and Machiara. As compared to these other projects, the average expenditures of the present project would be clearly much less per unit area. By area the present project will spend relatively no more than most other ongoing biodiversity projects.

Country	Project	Base Year	Original Base Costs US\$ million, includes physical contingencies.	Base Cost in US\$ million mid-1998 values	Total Specified Protected Area (ha)	Average Project Cost US\$/ha
Romania	Danube Delta Biodiversity	1994	4.36	4.91	561,000	8.75
Malawi	Lake Malawi/Nyasa Biodiversity Conservation	1994	1.58 Includes costs of protected areas component for the Lake Malawi National Park, one third of the project's base costs for strengthening national capacity, one third of project administration costs and one third of the provision for physical contingencies.	1.78	9,400	189.25
Honduras	Biodiversity	1995	75.30 Total cost of GEF alternative for supporting the protection of the Mesoamerican Biological Corridor.	82.28	1,000,000	82.28
Nicaragua	Atlantic Biodiversity Corridor	1995	76.00 Total cost of GEF alternative for supporting the protection of an expanded Atlantic Biodiversity Corridor.	83.05	1,300,000	63.88
Philippines	Conservation of Priority Protected Areas	1994	20.54	23.12	1,250,000	18.50

Laos	Wildlife and Protected Areas Conservation	1994	4.60	5.18	714,850 Equals the average of the four largest and four smallest areas that were under consideration for selection.	7.24
Haiti	Forest and Parks Protection Technical Assistance	1996	19.30	20.48	500,000 Estimated total area of La Visite, Pic Macaya and the Forêt des Pins.	40.95
India	Ecodevelopment	1996	59.51 Includes costs of improved protected area management, village development, support and project management. The costs of the preparation of future biodiversity projects and the reimbursement of the project preparation facility are not included.	63.13	671,400	94.03
Pakistan	Protected Area Management	1998	10.00	10.00	663,996	15.06

Annex 5: Financial Summary
PAKISTAN: GEF-Protected Areas Management Project
Years Ending

	IMPLEMENTATION PERIOD						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Total Financing Required							
Project Costs							
Investment Costs	1.8	2.5	1.9	2.2	1.7	0.0	0.0
Recurrent Costs	0.0	0.1	0.1	0.2	0.2	0.0	0.0
Total Project Costs	1.8	2.6	2.0	2.4	1.9	0.0	0.0
Total Financing	1.8	2.6	2.0	2.4	1.9	0.0	0.0
Financing							
IBRD/IDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Government	0.1	0.2	0.0	0.1	0.0	0.0	0.0
Central	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provincial	0.1	0.1	0.0	0.1	0.0	0.0	0.0
Co-financiers	1.7	2.4	2.0	2.3	1.9	0.0	0.0
User Fees/Beneficiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Project Financing	1.8	2.6	2.0	2.4	1.9	0.0	0.0

Main assumptions:

FINANCIAL MANAGEMENT

The Implementing Agencies (IAs) in AJK, Balochistan and NWFP will work autonomously. Ministry of Environment, Local Government & Rural Development) MELGRD will, however, play a coordinating role for some functions including impact monitoring. Financial management system of the four implementing entities for the Protected Areas Management Project (PAMP), i.e. the Federal Government, Provincial Governments of Balochistan and NWFP and the Government of AJK is uniform. This Annex covers all the four implementing entities.

1. Organization

IAs have given assurance that adequately qualified/experience Accounts Officers will be in place before disbursement of funds. Generally, the following support staff (professional/government qualification not required) are at the disposal of the Accounts Officer:

- Accounts Assistant – overall supervision and financial reporting.
- Head Clerk – for correspondence
- Sub-disburser/Cashier – for cash receipts/payments
- Senior Clerk – for record keeping
- Junior Clerk – for receipt and dispatch

The Accounts Officer (AO) will report to the Project Director/Park Manager. AO's prime responsibilities would be as follows:

- Checking suppliers'/contractors' bills and processing for payment
- Checking expenses incurred by the field staff
- Ensuring that financial discipline is maintained as per guidelines issued by the Auditor General's Office
- Maintaining Bank Book for the Special Account
- Writing General Ledger
- Writing Subsidiary Ledger
- Writing Fixed Assets Register
- Checking Expense Reports of Field Staff
- Checking cash/Cash Book if cash imprests are to be kept
- Preparing Financial Management Reports
- Preparing quarterly budgets based on PC-1 and reporting variances
- Preparing payroll
- Reconciling subsidiary ledger and Fixed Assets Register with the General Ledger
- Preparing Monthly Bank Reconciliation Statements
- Obtaining adequate insurance cover for costly assets/fidelity insurance

2. Accounting System and Internal Controls

All the implementing agencies are maintaining accounts on cash basis. Since the accounting staff are not trained in accrual accounting we are not suggesting a Modified Accounting System. However, the periodic statements of expenditure may include expenditure incurred but not paid for. The implementing agencies are using the Chart of Classification of Receipts and Disbursements (part of the Account Code) issued by the Auditor General of Pakistan. It has been confirmed by the Auditor General's Office that manuals have been issued for budgeting, accounting, purchases, financial powers and regulations and auditing. However, all of these were not available with the Provincial IAs and AJK when the Mission visited them. These will have to be procured from the Auditor General's Office and followed. In view of the fact that accounts will be maintained manually by Accounts Officers and that the systems and procedures are documented, no Technical Assistance is required in this respect. The existing chart of accounts can take care of the following major heads of expenditure of PAMP:

- Civil Works
- Field Works
- Equipment
 - Marine
 - Agriculture
 - Field
 - Radio
 - Mountain
 - Arms
 - Office
 - Vehicle equipment
 - Vehicle Workshop
- Materials
- Community Labor/Services
- Vehicles
- Publicity/Publications
- Head Office & Professional services

- Technical Assistance
 - Internationally Recruited
 - Locally Recruited
- Federal Staff
- Overseas Tours and Education
- Local Training
- Park Endowment
- Project Implementation Cost
 - Staff Field Allowances
 - Community Game Watchers
 - Civil Works O&M
 - Office & Field O&M

However, activity-based subsidiary records will have to be maintained additionally for monitoring of detail accounts/key indicators – shown below:

Integration of Custodial Communities in PA Management

Park Management Team
 Resource Baseline Inventory & Research
 Management Plan Formulation
 Community Mobilization
 Park-based Community Development Activities

Park Operations

Headquarter Outfitting
 Visitor/Information Center
 Expansion of Park Communications
 Surveillance & Enforcement – New Ranger Station Outfitting
 Project Implementation & Monitoring
 Biodiversity-diversity Monitoring

Park Habitat Improvement, Wildlife Enrichment

Pasture Rehabilitation
 Unspecified Interventions

Improvement of Park Infrastructure

Road Network
 Trail Network
 Water Supply
 Park Headquarters
 Visitor/Information Center
 Site Marking
 Weather Stations

Public Environmental Awareness

Awareness Program

Human Resource Development

Specialized Training for Staff & Guards

Community Training

Study Tours

Park Management Sustainability

Project Management

Internal Control Issues

Financial Management manuals issued by the Auditor General's Office will have to be procured by the IAs and strictly followed. Cheques for Special Accounts should be signed jointly by the Project Director and the Park Manager. In the absence of adequate segregation of duties without a full set of support staff, agreement will be sought for the payment vouchers, copies of Bank Book and Bank Statements, and Bank Reconciliation Statements to be sent to the Provincial Headquarters for post-audit/checking. Once the support staff is available, better segregation of duties should be established.

A number of areas will require revisions to procedures in order to ensure reasonable financial internal control:

- Instead of stamping the bills/cash memos, proper payment vouchers should be used showing the amount, account head, preparer, approver and receiver.
- Goods Received Notes should be prepared for goods procured certifying that the quantity and quality are as per Purchase Order.
- No advance payments of any nature should be made out of the Special Account.
- Suppliers/contractors should be paid only after physical verification of the goods/work through crossed cheques and Income-tax deducted as per Law.
- Muster roll payments should only be made after checking by the AO and approval by PD/PM. Cash payments to suppliers/contractors should be discouraged.
- If at all, cash payments are to be made for petty expenses to a defined maximum value; imprests with reasonable limits should be established to be replenished at weekly intervals. Cash payments/cash on hand should be checked by the immediate supervisor on a daily basis.
- Fixed Assets Register will have to be redesigned to provide to date classified expenditure (in addition to the quantities) to match with the control accounts. Assets will have to be tagged for identification. Fixed assets purchased should be promptly recorded in the Fixed Assets Register.
- Log books for vehicles should be properly maintained.
- Subsidiary records including the Fixed Assets Register should be written up on a daily basis. Bank Book should be reconciled with the bank statements on a monthly basis and submitted to the Provincial Headquarters for verification.
- Control accounts in the General Ledger should be reconciled with subsidiary record/Fixed Assets Register on a monthly basis.
- Fixed assets should be physically verified by the auditors at the time of their visit to the projects.
- There should not be any overwriting in any of the vouchers or books. Any corrections should be made by crossing out the incorrect entry, writing the correct entry on top of the incorrect entry and initialing by the person responsible for correction.
- Internal/external auditors should check that the main and subsidiary records are being maintained properly and that totals of subsidiary accounts agree with the control accounts.

3. Planning and Budgeting

PD/CCF gets inputs from the CFs/DFOs in respect of activities planned for the year and prepares proposal for approval of the Administrative Secretary. PC-1s are formulated and submitted to the Administrative Secretary who forwards these to the P&D and Finance Departments for approval.

The budget account heads are compatible with the accounting system and in sufficient detail for monitoring expenditure. Budgetary control is exercised by the respective Heads of Department through Budget Control

Form and the Director Budget & Accounts.

4. Headquarter and Projects

The Project Director/Park Manager will submit quarterly Project Management Reports (PMRs) to the Bank, MELGRD and the Provincial Headquarters. In addition, they will also send the Expenditure Statements along with the payment vouchers, copies of Bank Book, bank statements and bank reconciliation statements to the Provincial Headquarters on a monthly basis for post-audit. The Project Directors of Chitral, Hingol and Machiara projects will submit quarterly PMRs to the Project Coordinator, MELGRD for impact monitoring. Internal Auditors of respective implementing agencies should visit the projects at least once a year for verification of expenditure and assets. They should submit audit reports to the Bank, MELGRD, Provincial Headquarters and the AJK Government. All quarterly reports will be submitted to the Bank within 45 days following the end of each quarter.

5. Computerized Accounting Systems

Under the present scenario, where the accounting staff are not computer literate, we are not suggesting computerized accounting for the project. Hardware, software and training needs of staff may be assessed if and when the entities are ready for computerization. Then, the following EDP controls will have to be put in place:

- Organization and management controls
- Application systems and maintenance controls
- Computer operating controls
- Systems software controls
- Data entry and program controls

The following safeguards will also have to be in place :

- Off-site back-up data and computer programs
- Recovery procedures for use in the event of loss
- Provision for off-site processing in the event of disaster

6. Entity And Project Accountability/Financial Management Reporting (PMR) Requirements

Formats for annual Financial Statements have been discussed with the Auditor General's (AG) Office. They have agreed to report on the information in these formats.

The following table shows responsibility in various financial areas:

Cash Management	Project Director/Park Manager (signatories to the Special Account)
Procurement	Project Director/Park Manager as per Delegation of Powers and Bank's requirements
Accounting	Accounts Officer as per guidelines issued by the Auditor General's Office and the Bank

Reconciliations	Accounts Officer
Financial Reporting	Accounts Officer and Project Director/Park Manager
Auditing	Internal/external (Government) auditors

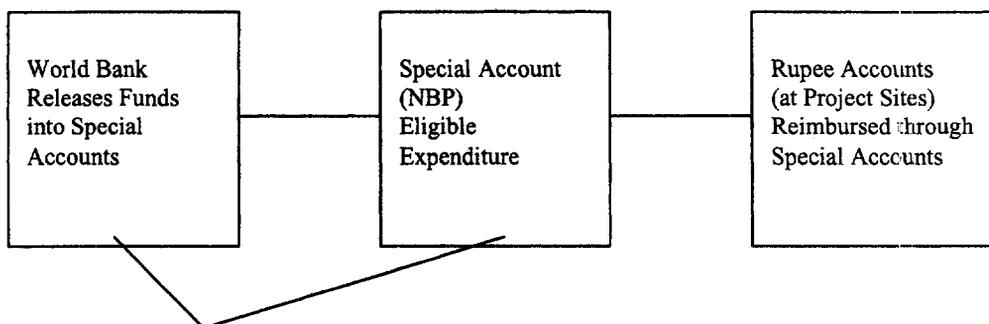
The project will not be eligible to commence with PMR-based disbursements. However, the Project Directors will provide, from inception of the project, a transitional set of PMRs comprising a report of sources and uses of funds (PMR 1-A) together with output monitoring reports (PMR 2) and procurement reports (PMR 3-C and PMR-3 D) to MELGRD, the Provincial Headquarters and the Bank within 45 days of the end of each quarter. Following a re-assessment of the project's financial management systems after one year of the project's implementation, the project may become eligible for PMR-based disbursements. During this twelve month period, the project management will be expected to develop the capacity to submit to MELGRD, Provincial Headquarters and the Bank, in addition to the reports just described, the full set of PMRs (see below).

The Bank's formats for these Project Management Reports (PMRs), listed below, have been provided, discussed and agreed upon with each implementing agency.

1. Project Sources and Uses of Funds	PMR 1-A
2. Use of Funds by Project Activity	PMR 1-B
3. Project Cash Withdrawals (Disbursement)	PMR 1-D
4. Special Account Statement	PMR 1-E
5. Project Cash Forecast	PMR 1-F
6. Output Monitoring Report (Contract Management)	PMR 2-A
7. Output Monitoring Report (Unit of Output by Project Activity)	PMR 2-B
8. Procurement Process Monitoring (Goods and Works)	PMR 3-A
9. Procurement Process Monitoring (Consultants Services)	PMR 3-B
10. Contract Expenditure Report (Goods and Works)	PMR 3-C
11. Contract Expenditure Report (Consultants' Services)	PMR 3-D

The above reports will be produced by Accounts Officers under each Project Director after obtaining/consolidating information from sub-locations. These reports will be submitted by the Project Directors to the Bank, MELGRD, Provincial Headquarters and the AJK Government as per respective organization setups. All reports will be submitted within 45 days of the close of each quarter. In addition, a consolidated PMR summary will be submitted by the MELGRD to the Bank on a quarterly basis, within 45 days of the end each quarter.

7. Fund Flow, Special Accounts and SOE Procedures Fund Flow Chart



Withdrawal Applications/SOEs

Funds will be directly released into the respective Special Accounts to be operated by the signatories shown below. Special Accounts will be located at Muzaffarabad in AJK, Peshawar in NWFP and Quetta in Balochistan. However, rupee accounts may be opened at project sites for reimbursement from the Special Accounts at Muzaffarabad, Peshawar and Quetta. These Rupee accounts would be operated by the respective Park Managers. Operation of Special Account will be as per Bank's requirements already agreed to by the GoP through the Ministry of Finance – separately covered in the Project Appraisal Document. Special Accounts will be operated jointly by the following personnel:

MELGRD	Deputy Secy. (Land & Water) and Section Officer (Biodiversity)
AJK	Project Director and Park Manager
Balochistan	Project Director and Park Manager
NWFP	Project Director and Park Manager

8. Audit Requirements

Audit arrangements were discussed with the Auditor General's Office. It has been confirmed that the entire expenditure will be subject to Government Audit. Due to a lack of facilities, audits will be undertaken regularly on an annual, not interim, basis. Special interim audits can be specially arranged, however, if the Bank provides a specific request describing its concerns. Audited financial statements (as per Bank's formats) in respect of Project/SOEs and Special Accounts will be provided to the Bank within six months of the close of the financial year. The Bank may also request for Special Audit if misappropriation is suspected at any stage.

The audit should include the following:

- assessment of adequacy of internal control systems
- whether proper documentation has been maintained for the financial transactions
- verification that the expenditure incurred is eligible for Bank financing

Regular internal audits of project expenditures for each province and AJK will be conducted at least once a year covering a minimum of 30 % of the monetary value of transactions.

Audited financial statements in respect of Project/SOE and Special Account will be made available to the

Bank from:

- a) Ministry of Environment, Local Government and Rural Development;
- b) AJK Wildlife Fisheries and Tourism Department;
- c) NWFP Wildlife Department;
- d) Balochistan Forest and Wildlife Department; and
- e) Park Association Endowment Fund

9. Agreed Action Plan to Improve Financial Management

(1) Accounts Officers (AOs) and support staff would be in place before negotiations to assure proper segregation of duties and internal control. All implementing agencies have confirmed that they would like to have the AO from within the government, preferably from the Accountant General's office. Duties of Accounts Officers are predefined and as such preparation of job description, selection criteria and advertisement, etc. is not required. However, job description of Accounts Officer (AO) would be prepared in case the AO is hired from the open market. In that case, selection process would be scheduled accordingly.

(2) Category/activity wise subsidiary record would be developed by the Accounts Officers [in addition to the main ledger] in respect of expenditure and fixed assets during the first financial year. PMR formats as per Annex 7 of the Financial Management Manual were discussed with the implementing agencies who agreed to provide PMRs 1-A, 2-A and 2-B during the first financial year. This would help in familiarizing the accounting staff with the Bank's reporting requirements and also facilitate the Bank staff in assessing financial management capacity towards the end of the first year.

(3) For moving towards PMR-based disbursement the implementing agencies agreed to begin submitting to the Bank a complete set of PMRs within 45 days of the close of each quarter after one year of project's implementation;

(4) Internal audit would be conducted at least once a year covering at a minimum 30 % of the monetary value of transactions. The internal audit program would be developed at least one month before the start of each financial year and communicated to the Bank

(5) With regard to the status of settlement of issues raised in BNRMP's audit reports for FY98 and 99, BFD has advised the Bank of remedial measures taken to address the audit observations raised by the auditors, and these are considered acceptable. These measures include:

- Staff involved in financial mismanagement have been terminated and recoveries initiated;
- Internal audit is being conducted on a regular basis;
- Forest advances are no longer being given;
- All payments from the counterpart funds are being pre-audited by the AG's office;
- Senior officials are paying regular visits to project sites for monitoring of activities;
- Accounts and progress reports are being obtained from the sub-projects on a regular basis; and
- CF (BFD) also confirmed that the financial irregularities that occurred in BNRMP would not occur again due to improved financial controls and severe disciplinary action taken against the defaulters by the Government of Balochistan.

Where the audit observations relate to lack of supporting documentation for expenditures, BFD has

advised that it is taking the necessary steps to provide the auditors with the required documentation in order to settle these as soon as possible.

Annex 6: Procurement and Disbursement Arrangements
PAKISTAN: GEF-Protected Areas Management Project

Procurement

General

All procurement of goods, works, and services financed by the Bank shall be carried in accordance with the Guidelines for Procurement under IBRD Loans and IDA Credits (January 1995, revised January and August 1996, and in September 1997 and January 1999). The providers of consulting services financed by the Bank shall be selected in accordance with the procedures set forth in Guidelines for Selection of Consultants by World Bank Borrowers (January 1997, revised September 1997 and January 1999). In case of conflict between the Bank's procurement procedures and any national rules and regulations, the Bank's procurement procedures will take precedence. To address shortcomings identified in the past, in the national procurement procedures, the government will specifically ensure the following procedures in national competitive bidding procedures to ensure economy, efficiency, transparency and broad consistency with the provisions of Section 1 of the Guidelines:

- a. invitation to bid shall be advertised in at least one national newspaper with wide circulation, at least 30 days prior to deadline for submission of bids.
- b. bid documents must be made available by mail or in person to all who pay the required fee;
- c. foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders in the bidding process;
- d. bidding shall not be restricted to pre-registered firms;
- e. qualification criteria shall be stated in the bidding documents;
- f. bids shall be opened in public, immediately after the deadline for submission of bids;
- g. bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Bank;
- h. before rejecting all bids and soliciting new bids, the Bank's prior concurrence shall be obtained;
- i. bids shall be solicited contracts shall be awarded on the basis of unit prices and not on the basis of a composite schedule of rates;
- j. contracts shall not be awarded on the basis of nationally negotiated rates;
- k. contracts shall be awarded to the lowest evaluated and qualified bidders; and
- l. post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidder.

Works

Package of works: It is recommended that incremental (new) construction of buildings and other civil works estimated to cost more than US\$50,000, including culverts, bridges and other road structures, and improvements to water systems shall be bundled into 3 packages, one per park, for National Competitive Bidding. Small contracts for works, estimated to cost less than US\$50,000 may be procured under lump-sum fixed price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation.

Small works relating to improvements to agricultural land, irrigation and water resources, soil conservation, household fuelwood and energy, income generating activities (e.g. poultry farming, horticulture, fishing, etc.) and others as decided through the micro-planning process may be contracted to Village Conservation Committees, as appropriate.

Labor required for field works, such as erosion control and tree planting can be procured through Force

Account.

Procurement Schedules: Detailed procurement schedules for the packages are attached in the project scheduling of the Project Implementation Plan (PIP). Construction of new works is expected to span two years.

Design and Specification: The design and specification of buildings to be constructed will be prepared in detail within the first year of the project by the Provincial Governments and GoAJK, and approved by the Bank.

Bidding Documents: Simplified bidding documents based on the Bank's Standard Bidding Documents for Procurement of Works (Smaller Contracts, January 1995) and adjusted to satisfy requirements that are acceptable to the Bank and already agreed upon with Government will be used and contracts will be concluded following procedures acceptable to the Bank for National Competitive Bidding.

Land: If necessary, the implementing agencies will enter into a Memorandum of Understanding (MOU) with Provincial Governments to acquire land for new buildings.

Goods, Equipment, Machinery Supplies and Vehicles

Procurement Packages: International and National Shopping Procedures shall be permissible for purchases of goods, equipment, materials and vehicles only for contracts less than US\$50,000. Above this threshold NCB shall be required. Procurement of equipment, excluding vehicles, for the outfitting of park offices and personnel shall proceed in two phases. The respective Wildlife Department is expected to procure the first round of equipment as specified in the detailed cost tables attached to the PIP. These packages are small (less than US\$50,000 per contract) and are expected to be procured using National Shopping Procedures. The Park Association, on behalf of the operations of the parks, will procure a second round of equipment, including replacements for some items, in the fourth year of the project as specified in the detailed cost tables. These items are also expected to be procured using National Shopping. The administration of each park will require the purchase of a small number of vehicles, including motorcycles, in the first project year. These are expected to be procured using National Competitive Bidding. Additionally, the contract for the Park Management TA Team (see below) for each park will include the purchase of one vehicle as part of the cost of the contract. These vehicles are expected to be procured using National Shopping Procedures. (Upon the completion of the TA contracts, these vehicles shall become the property of the Park Association. The Park Association in turn may lend these vehicles out for continued use within the parks.) Improvements to habitats, wildlife protection and enrichment, various workshops for planning and community mobilization, and the operation and maintenance of vehicles and equipment will require (annually in many instances) small quantities of diverse goods. These are expected to be procured using National Shopping Procedures. Finally, contracts for various studies falling under resource baseline inventory and research shall include provisions for required miscellaneous field supplies and equipment. As appropriate, such items will be procured using National or International Shopping. Similar items of text books, journals and other technical publications are expected to be bundled and purchased through International Shopping. Materials for minor works on trails and for boundary marking are also expected to be procured using National Shopping.

Procurement Schedule: As indicated for the fiscal years shown in the detailed cost tables.

Design and Specification: The design and specification for goods to be procured using National Competitive Bidding shall be reviewed by the Bank.

Invitation Documents: Simplified standard bidding documents agreed with the implementing agencies and based on the Bank's Standard Bidding Documents for Procurement of Goods, January 1995, will be used and contracts concluded using procedures acceptable to the Bank for National Competitive Bidding.

Technical Assistance, Training, Studies and Services

Procurement Packages: Each park will employ the services of a Park Management TA Team consisting of internationally and locally recruited consultants. A minimum of three contracts will be awarded for TA for operational support to the PMT. Where desirable, technical assistance for resource baseline inventories and research in each of the three parks shall also be bundled into three contracts for competitive selection among local institutions and firms; although, in some cases (particularly for studies to be identified later) it may be preferable to arrange a number of contracts for individuals, with each contract falling under US\$50,000. Such individual contracts shall follow Bank procedures for the selection of individual consultants. As mentioned in previous sections, TA contracts shall include the purchase of vehicles, some field supplies and equipment, and report production for the consultants services. Training, including degree courses, shall be undertaken with prior review and approval of the Bank. Under the project, six persons shall be sent out for diploma training, two from each province and AJK; and three individuals for overseas MSc training, one from each province and AJK. Miscellaneous service purchased under the project include the hiring of transport and of secretarial and other office services, such as report production and duplication. These services may be procured through National Shopping. Labor required for some activities entailing habitat improvements, wildlife enrichment and protection such as, for example, the labor involved in the transfer of turtle eggs to Hingol, may be arranged through the use of Force Account.

Procurement Schedule: Detailed procurement schedules for the packages are attached in the project scheduling of the Project Implementation Plan (PIP).

Design and Specification: All TORs for TA will be drafted by the implementing agencies and approved by the Bank.

Invitation Documents: Consultants will be recruited following the Bank's Guidelines, Selection and Employment of Consultants by World Bank Borrowers, January 1999, and using the Bank's Standard Request for Proposal, 1997 (revised April 1998 and July 1999). Consultants will be hired through Quality and Cost Based Selection (QCBS).

Miscellaneous

Miscellaneous procurement items include staff allowances, the hiring of community wildlife watchers, and O&M for works and goods. Allowances and wages, the maintenance of works, office O&M, and vehicle O&M shall be financed through Force Account or Local Shopping as appropriate.

Procurement methods (Table A)

Table A: Project Costs by Procurement Arrangements
(US\$ million equivalent)

Expenditure Category	Procurement Method ¹			N.B.F.	Total Cost
	ICB	NCB	Other ²		
1. Works	0.00 (0.00)	1.64 (1.46)	0.15 (0.13)	0.00 (0.00)	1.79 (1.59)
2. Goods	0.00 (0.00)	0.24 (0.18)	0.81 (0.59)	0.00 (0.00)	1.05 (0.77)
3. Services	0.00 (0.00)	0.00 (0.00)	4.17 (4.09)	0.00 (0.00)	4.17 (4.09)
5. Miscellaneous (Operating Costs/Grants/Park Endowment/ Unallocated)	0.00 (0.00)	0.00 (0.00)	3.74 (3.63)	0.00 (0.00)	3.74 (3.63)
Total	0.00 (0.00)	1.88 (1.64)	8.87 (8.44)	0.00 (0.00)	10.75 (10.08)

^{1/} Figures in parenthesis are the amounts to be financed by the Bank Grant. All costs include contingencies

^{2/} Includes civil works and goods to be procured through national shopping, consulting services, services of contracted staff of the project management office, training, technical assistance services, and incremental operating costs related to (i) managing the project, and (ii) re-lending project funds to local government units.

Table A1: Consultant Selection Arrangements (optional)
(US\$ million equivalent)

Consultant Services Expenditure Category	Selection Method							Total Cost ¹
	QCBS	QBS	SFB	LCS	CQ	Other	N.B.F.	
A. Firms	3.80 (3.72)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	3.80 (3.72)
B. Individuals	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.37 (0.37)	0.00 (0.00)	0.37 (0.37)
Total	3.80 (3.72)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.37 (0.37)	0.00 (0.00)	4.17 (4.09)

1\ Including contingencies

Note: QCBS = Quality- and Cost-Based Selection
 QBS = Quality-based Selection
 SFB = Selection under a Fixed Budget
 LCS = Least-Cost Selection
 CQ = Selection Based on Consultants' Qualifications
 Other = Selection of individual consultants (per Section V of Consultants Guidelines), Commercial Practices, etc.

N.B.F. = Not Bank-financed

Figures in parenthesis are the amounts to be financed by the Bank Grant.

Prior review thresholds (Table B)

Contracts above threshold amounts shall be subject to prior review to ensure compliance with specified Bank procurement procedures. Estimates of the numbers of these liable contracts by category are summarized below. Contracts will be subject to post-review by Bank Supervision mission on a sample selected on a random basis. As regards Consultant Services, contracts in excess of US\$100,000 for firms and US\$50,000 for individuals will be subject to prior review, but TORs in respect of all contracts, irrespective of amounts, will be subject to the Bank's prior review.

Table B: Thresholds for Procurement Methods and Prior Review ¹

Expenditure Category	Contract Value Threshold (US\$ thousands)	Procurement Method	Contracts Subject to Prior Review (US\$ millions)
1. Works	>100	NCB	All
	50 to 100	NCB	None
	<50	NS	None
2. Goods	>100	NCB	All
	50 to 100	NCB	None
	<50	NS/IS	None
3. Services Consulting	Firms >100	QCBS	All
	Firms <100	QCBS	TOR
	Individuals >50	Section V of the Guidelines	All
	Individuals <50	Section V of the Guidelines	TOR

Total value of contracts subject to prior review:

Overall Procurement Risk Assessment

Low

Frequency of procurement supervision missions proposed: One every 6 months (includes special procurement supervision for post-review/audits)

¹ Thresholds generally differ by country and project. Consult OD 11.04 "Review of Procurement Documentation" and contact the Regional Procurement Adviser for guidance.

Disbursement

Allocation of grant proceeds (Table C)

The Government of Pakistan will on-lend the proceeds of the Grant to then Government of Azad Jammu and Kashmir, the Provinces of Balochistan and NWFP, and the Ministry of Environment, Local Government and Rural Development, which will implement the project, on terms and conditions acceptable to the Bank.

Table C: Allocation of Grant Proceeds

Expenditure Category	Amount in US\$million	Financing Percentage
1. Civil and field Works	1.60	90%
2. Vehicles, equipment and materials	0.65	100% of foreign expenditure, 100% of local expenditure (ex-factory costs) and 70% of any local expenditure for other amounts procured locally.
3. Consultants services, training and education	4.09	100%
4. Operating costs	0.37	90% for FY01 and FY02, 70% for FY03 and FY04, and 45% thereafter
5. Community Development Funds (includes stipends for honorary Community Game Wardens).	1.11	95%
6. Park Association Endowment	2.00	100%
7. Unallocated	0.26	
Total Project Costs	10.08	
Total	10.08	

Use of statements of expenditures (SOEs):

The Bank will disburse against certified SOEs for all contracts for goods, works, equipment and consultant services through firms for less than US\$100,000 and for individual consultant contracts less than US\$50,000. The documentation relating to the transactions concerning claims under SOEs will be kept in the office of the project implementation agencies, for inspection by the auditors and Bank supervision missions.

Special account:

Under the Project, four US Dollar Special Accounts will be established, Fund A, Fund B, Fund C, and Fund D, one per project implementing agency. Fund A will concern expenditures incurred by the Ministry of Environment, Local Government and Rural Development at the Federal level. Fund B will concern expenditures incurred by Balochistan components, Fund C NWFP components, and Fund D the AJK components. The Bank has allocated US\$40,000 as the initial deposit into Special Account A, and US\$200,000 for each of the other Special Accounts, Fund B, Fund C and Fund D. Half of the authorized allocation for the initial deposit into each Special Account would be paid after receipt of proper withdrawal applications. The rest of the allocated amount for the initial deposit will be paid when the total deposits into a particular Special Account equal twice the amount of the authorized allocation. The project entities are expected to submit replenishment applications on a monthly basis or when the expenditures from the Special Account equals 20 percent or more of the amount of the authorised allocation in the Special Account (whichever is earlier).

The Special Accounts will be used to finance all expenditures eligible for financing from the GEF Trust Fund Grant and would not be used to finance ineligible expenditures such as duties, taxes and land acquisition.

The Bank would not allow any withdrawals from the Trust Fund for deposit into a Special Account until the respective implementing agency has appointed an Accounts Officer whose qualifications and experience are acceptable to the Bank.

The parks are located in remote areas where the National Bank of Pakistan does not have branches, or modern communication facilities; therefore, the Special Accounts cannot be located in the field and will have to be opened in Quetta (Balochistan), and Peshawar (NWFP). To facilitate the flow of funds to the field - in particular in Balochistan and NWFP - the Bank, as a special case will allow a reasonable amount of advance from a Special Account to a Rupee account in the field, to be accounted for within a maximum period of one month. If the field office does not provide the supporting documentation for claiming the replenishments into its Special Account, the Bank reserves the right to stop further replenishments to the Special Account.

Direct Payments:

Direct payment applications will be acceptable for large eligible amounts. The amount of a direct payment withdrawal application should be more than 20 percent of the authorized allocation of the Special Account of respective entity.

Retroactive Financing:

The Bank agrees to provide retroactive financing to each Province, as described below:

(a) no withdrawals shall be made in respect of payments made for expenditures prior to the date of signing of the Grant Agreement, except that: (i) withdrawals, in an aggregate amount not exceeding the equivalent of \$20,000, may be made in respect of Schedule 1 of the Grant Agreement - Categories (2)(a) and (3)(a) on account of payments made for expenditures before that date but after July 1, 2000; (ii) withdrawals, in an aggregate amount not exceeding the equivalent of \$100,000, may be made in respect of Categories (2)(b) and (3)(b) on account of payments made for expenditures before that date but after July 1, 2000; (iii) withdrawals, in an aggregate amount not exceeding the equivalent of \$100,000, may be made in respect of Categories (2)(c) and (3)(c) on account of payments made for expenditures before that date but after July 1, 2000; and (iv) withdrawals, in an aggregate amount not exceeding the equivalent of \$100,000, may be made in respect of Categories (2)(d) and (3)(d) on account of payments made for expenditures before that date but after July 1, 2000;

(b) Categories (1)(b), (2)(b) and (3)(b), unless and until AJK has signed a contract with the team of consultants required by AJK for the purposes of the Project and selected in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(c) Categories (1)(c), (2)(c) and (3)(c), unless and until Balochistan has signed a contract with the team of consultants required by Balochistan for the purposes of the Project and selected in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(d) Categories (1)(d), (2)(d) and (3)(d), unless and until NWFP has signed a contract with the team of consultants required by NWFP for the purposes of the Project and selected in accordance with the provisions of Section II of Schedule 3 to this Agreement;

Disbursements under LACI:

Initially, the project will not be eligible for disbursement using Project Monitoring Reports, however, following the first year of project implementation, i.e. after July 1, 2002, assessment of the project's financial reporting can be undertaken to determine eligibility for PMR-based disbursements under LACI guidelines.

Counterpart Funds:

The Government of Pakistan will ensure that all necessary counterpart funds required to implement the project components will be made available on a timely basis.

Annex 7: Project Processing Schedule
PAKISTAN: GEF-Protected Areas Management Project

Project Schedule	Planned	Actual
Time taken to prepare the project (months)		36
First Bank mission (identification)		10/27/97
Appraisal mission departure		12/10/97
Negotiations	03/12/2001	03/14/2001
Planned Date of Effectiveness	07/02/2001	

Prepared by:

Ministry of Environment, Local Government and Rural Development

Preparation assistance:

PDF Block B, Grant of \$338,000

Bank staff who worked on the project included:

Name	Speciality
Malcolm Jansen	Senior Environment Specialist
Nadim Khouri	Senior Agriculturist
Najib Murtaza	Senior Environment and Natural Resource Specialist
Akhtar Hamid	Principal Counsel, Operations
Mohammed A. Bekhechi	Senior Counsel
Barry Deren	Economist
Rodney Jackson	Wildlife Specialist
Salma Omar-Chowdhury	Social Scientist
Robert J. Saum	Financial Management Specialist/LOAAS
Amanullah K. Malik	Disbursement Specialist
Anthony Byrne	Regional Accounting and Audit Advisor
Hasan Saqib	Financial Management Specialist
Naseer A. Rana	Procurement Specialist
Nahid Khan	Procurement Analyst
Fawad Mahmood	Resettlement Specialist
Asger Christensen	Senior Anthropologist, SASSD (SASES)
Zia Aljalaly	Social Development Specialist, SASSD (SASES)
Afzal Mahmood	Program Assistant
Yoshiko Masuyama	Program Assistant

Annex 8: Documents in the Project File*
PAKISTAN: GEF-Protected Areas Management Project

A. Project Implementation Plan

B. Bank Staff Assessments

Incremental Cost Analysis

C. Other

- (i) Final Report on Socioeconomic Aspects of the Protected Areas Management Project
- (ii) Community-Based Management of Protected Areas: A Model for the Future
- (iii) Rapid Assessment of Ecological Conditions of the Hingol National Park
- (iv) Botanical Aspects of the Protected Areas Management Project
- (v) Strategic Approach for Biodiversity Conservation in Three Protected Areas of Pakistan
- (vi) Cost Estimates for the Project
- (vii) A Brief History of Institutionalized Wildlife Conservation in Pakistan
- (viii) Monitoring Environmental Change in National Parks and Peripheral Areas by Means of Fixed-Point Photography
- (ix) A Concept Proposal for the Development of Community-Based Field National Park Field Schools
- (x) Preliminary Description of Key Project Design and Sustainability Issues

*Including electronic files

Annex 9: Statement of Loans and Credits
PAKISTAN: GEF-Protected Areas Management Project
Jan-2001

Project ID	FY	Purpose	Original Amount in US\$ Millions		Cancel.	Undisb.	Difference between expected and actual disbursements [*]	
			IBRD	IDA			Orig	Frm Rev'd
P049791	1999	POVERTY ALLEVIATION FUND	0.00	90.00	0.00	77.17	0.77	0.00
P037835	1998	SOCIAL ACTION PRG II	0.00	250.00	0.00	125.93	31.98	0.00
P037834	1998	NORTHERN EDUCATION	0.00	22.80	0.09	18.44	13.10	0.00
P010500	1998	NATIONAL DRAINAGE PR	0.00	285.00	0.00	188.29	86.73	0.00
P010501	1997	PVT SECTOR GROUND WA	0.00	56.00	0.00	38.66	37.20	1.66
P036015	1997	IMPR FIN REP & AUDIT	0.00	28.80	0.00	20.56	16.99	0.00
P037827	1996	NORTHERN HEALTH	0.00	26.70	6.41	6.22	14.41	7.53
P034101	1996	TELECOM REG & PRIVAT	35.00	0.00	10.00	13.23	23.23	13.23
P039281	1996	GHAZI BAROTHA HYDROP	350.00	0.00	0.00	117.63	100.33	51.94
P010478	1996	NWFP COMMUNITY INFRA	0.00	21.50	0.00	11.00	13.23	12.48
P010482	1996	BALUCHISTAN COMMUNITY IRRIGATION & AGRI.	0.00	26.70	0.00	8.97	10.51	3.17
P010481	1995	PUNJAB FOREST SECTOR	0.00	24.90	5.46	5.64	12.11	1.75
P010470	1995	FIN SECTOR DEEPENING & INTEGRATION	216.00	0.00	188.03	19.56	207.39	12.07
P010486	1995	NWFP PRIMARY EDUCATI	0.00	150.00	27.36	36.95	74.90	46.14
P010458	1994	POWER SECT. DEV. PRO	230.00	0.00	20.00	17.65	37.65	0.00
Total:			831.00	982.40	257.35	705.90	680.53	149.98

PAKISTAN
STATEMENT OF IFC's
Held and Disbursed Portfolio
Jan-2001
In Millions US Dollars

FY Approval	Company	Committed				Disbursed			
		IFC		IFC		IFC		IFC	
		Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1995	ABAMCO	0.00	0.29	0.00	0.00	0.00	0.29	0.00	0.00
1995	AES Lal Pir	35.20	9.50	0.00	0.00	35.20	9.50	0.00	0.00
1996	AES Pak Gen	17.43	9.50	0.00	34.88	17.43	9.50	0.00	34.88
1996	Atlas Inv Bank	3.75	0.00	0.00	0.00	3.75	0.00	0.00	0.00
1994	Atlas Lease	4.21	0.21	0.00	0.00	4.21	0.21	0.00	0.00
0	BRRIL	0.00	0.24	0.00	0.00	0.00	0.24	0.00	0.00
1991/94/95	BRRIM	0.00	0.00	5.00	0.00	0.00	0.00	5.00	0.00
1995	BSJS Fund	0.00	0.50	0.00	0.00	0.00	0.50	0.00	0.00
1995	Bank of Khyber	1.25	0.00	0.00	0.00	1.25	0.00	0.00	0.00
1993	CDCPL	0.00	0.16	0.00	0.00	0.00	0.16	0.00	0.00
1993/97	Crescent Greenwd	0.00	2.00	0.00	0.00	0.00	2.00	0.00	0.00
1996	Crescent IBank	9.00	0.00	0.00	0.00	9.00	0.00	0.00	0.00
1994/95/96	D.G. Khan	0.00	0.51	0.00	0.00	0.00	0.51	0.00	0.00
1998	Engro Asahi	14.25	0.00	0.00	0.00	8.00	0.00	0.00	0.00
1991/95/97	Engro Chemical	7.07	0.00	0.00	6.00	7.07	0.00	0.00	6.00
1996	Engro Paktank	9.04	0.00	0.00	3.77	9.04	0.00	0.00	3.77
1990/91/96	FIIB	2.11	0.00	0.00	0.00	2.11	0.00	0.00	0.00
1993	Fauji Cement	22.40	5.00	0.00	17.50	22.40	5.00	0.00	17.50
1995	First Crescent	0.00	0.00	5.00	0.00	0.00	0.00	5.00	0.00
1994/96	First Leasing	0.00	0.69	0.00	0.00	0.00	0.69	0.00	0.00
1995	First UDL	0.00	0.00	10.00	0.00	0.00	0.00	10.00	0.00
1996	Gul Ahmed	22.95	4.10	0.00	26.38	22.95	4.10	0.00	26.38
1988	Hala Spinning	4.02	0.00	0.00	0.00	4.02	0.00	0.00	0.00
1991/95	IHFL	0.00	0.40	0.00	0.00	0.00	0.40	0.00	0.00
1992/96	JSCL	0.00	0.27	0.00	0.00	0.00	0.27	0.00	0.00
1995	Kohinoor	20.00	6.30	0.00	24.40	20.00	6.30	0.00	24.40
1994/95/97	Maple Leaf	0.00	0.52	0.00	0.00	0.00	0.52	0.00	0.00
1985/92	Mari Gas	4.30	0.00	0.00	0.00	4.30	0.00	0.00	0.00
1993	Muslim Comm Bank	2.81	0.00	0.00	0.00	2.81	0.00	0.00	0.00
1984/94	NDLC	4.92	1.25	0.00	0.00	4.92	1.25	0.00	0.00
1994	Orix Finance	0.00	0.58	0.00	0.00	0.00	0.58	0.00	0.00
1994	Orix Leasing	4.92	1.25	0.00	0.00	4.92	1.25	0.00	0.00
1994	PACRA	0.00	0.15	0.00	0.00	0.00	0.10	0.00	0.00
1994	PI&CL	2.19	0.00	0.00	0.00	2.19	0.00	0.00	0.00
1991/94/95	PILCO	0.00	0.54	0.00	0.00	0.00	0.54	0.00	0.00
1983/84/94	PPL	2.71	0.00	0.00	1.97	2.71	0.00	0.00	1.97
1965/80/82/87/91/94/95	Packages	9.07	2.50	0.00	1.25	9.07	2.50	0.00	1.25
1993	Pakistan Service	6.00	3.00	0.00	0.00	6.00	3.00	0.00	0.00
1993	Pakistan Unit Tr	0.00	1.48	0.00	0.00	0.00	1.48	0.00	0.00
1995	Prudential	0.00	0.40	0.00	0.00	0.00	0.40	0.00	0.00
1991	RUPAFIL	1.27	0.00	0.31	0.00	1.27	0.00	0.31	0.00
1992	Regent Knitwear	6.06	0.00	0.00	2.80	6.06	0.00	0.00	2.80
1994	Rupafab	6.42	0.00	0.00	0.00	6.42	0.00	0.00	0.00
1995	Sarah Textiles	0.00	0.20	0.00	0.00	0.00	0.20	0.00	0.00
1993/96									
Total Portfolio:		263.35	51.54	20.31	193.95	252.13	51.49	20.31	178.92
		<u>Approvals Pending Commitment</u>							

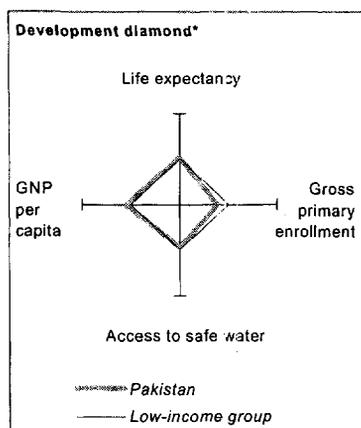
<u>FY Approval</u>	<u>Company</u>	<u>Loan</u>	<u>Equity</u>	<u>Quasi</u>	<u>Partic</u>
	Total Pending Commitment:	0.00	0.00	0.00	0.00

Annex 10: Country at a Glance

PAKISTAN: GEF-Protected Areas Management Project

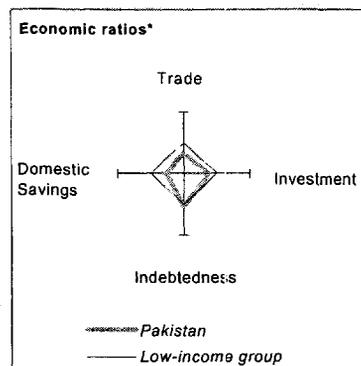
POVERTY and SOCIAL

	Pakistan	South Asia	Low-income
1999			
Population, mid-year (millions)	134.8	1,329	2,417
GNP per capita (Atlas method, US\$)	450	440	410
GNP (Atlas method, US\$ billions)	60.8	581	988
Average annual growth, 1993-99			
Population (%)	2.4	1.9	1.9
Labor force (%)	2.9	2.3	2.3
Most recent estimate (latest year available, 1993-99)			
Poverty (% of population below national poverty line)	..	..	..
Urban population (% of total population)	36	28	31
Life expectancy at birth (years)	62	62	60
Infant mortality (per 1,000 live births)	91	75	77
Child malnutrition (% of children under 5)	38	51	43
Access to improved water source (% of population)	60	77	64
Illiteracy (% of population age 15+)	55	46	39
Gross primary enrollment (% of school-age population)	74	100	96
Male	101	110	102
Female	45	90	86



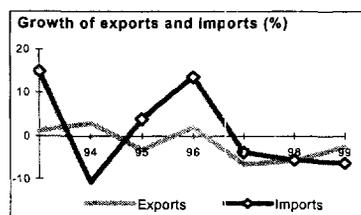
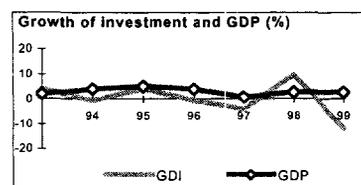
KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1979	1989	1998	1999	
GDP (US\$ billions)	19.7	40.2	62.2	58.2	
Gross domestic investment/GDP	17.9	18.9	17.7	15.0	
Exports of goods and services/GDP	10.7	13.9	16.1	15.2	
Gross domestic savings/GDP	5.8	11.0	13.2	10.1	
Gross national savings/GDP	13.7	15.6	15.0	11.2	
Current account balance/GDP	-4.2	-3.4	-2.7	-3.8	
Interest payments/GDP	1.1	1.1	1.3	1.8	
Total debt/GDP	45.3	45.7	51.8	53.6	
Total debt service/exports	18.5	24.2	23.6	27.4	
Present value of debt/GDP	..	..	41.1	..
Present value of debt/exports	..	..	220.1	..
(average annual growth)					
GDP	6.7	3.9	2.6	2.7	5.1
GNP per capita	3.8	1.5	-1.4	0.3	2.9
Exports of goods and services	9.2	2.9	-5.7	-2.4	6.9



STRUCTURE of the ECONOMY

	1979	1989	1998	1999
(% of GDP)				
Agriculture	30.4	26.9	27.3	27.2
Industry	23.6	23.9	23.8	23.5
Manufacturing	15.4	16.6	15.8	15.6
Services	46.0	49.2	48.9	49.4
Private consumption	83.8	72.2	75.5	78.4
General government consumption	10.4	16.8	11.3	11.5
Imports of goods and services	22.8	21.7	20.6	20.1
(average annual growth)				
Agriculture	4.6	4.4	4.5	1.9
Industry	7.3	4.3	6.1	2.5
Manufacturing	7.9	4.0	6.9	4.2
Services	7.2	4.5	1.6	4.1
Private consumption	4.2	5.0	0.1	6.3
General government consumption	10.5	0.4	6.8	-5.1
Gross domestic investment	6.5	2.2	9.6	-11.8
Imports of goods and services	1.7	3.4	-5.6	-6.2
Gross national product	6.6	4.0	1.0	2.8

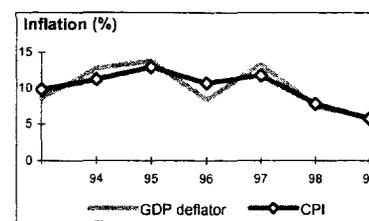


Note: 1999 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

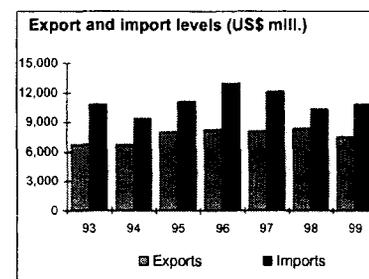
PRICES and GOVERNMENT FINANCE

	1979	1989	1998	1999
Domestic prices				
<i>(% change)</i>				
Consumer prices	7.8	5.7
Implicit GDP deflator	6.6	8.6	7.5	6.0
Government finance				
<i>(% of GDP, includes current grants)</i>				
Current revenue	..	18.1	16.3	16.3
Current budget balance	..	-1.8	-4.2	-2.6
Overall surplus/deficit	..	-7.7	-7.7	-6.1



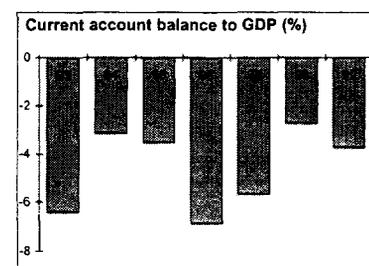
TRADE

	1979	1989	1998	1999
<i>(US\$ millions)</i>				
Total exports (fob)	..	4,634	8,433	7,527
Cotton	..	930	126	2
Rice	..	304	562	533
Manufactures	..	3,312	4,866	4,538
Total imports (cif)	..	7,851	10,456	10,888
Food	1,685	1,622
Fuel and energy	..	1,006	1,750	1,458
Capital goods	2,288	3,027
Export price index (1995=100)	..	51	94	90
Import price index (1995=100)	..	45	91	102
Terms of trade (1995=100)	..	112	104	88



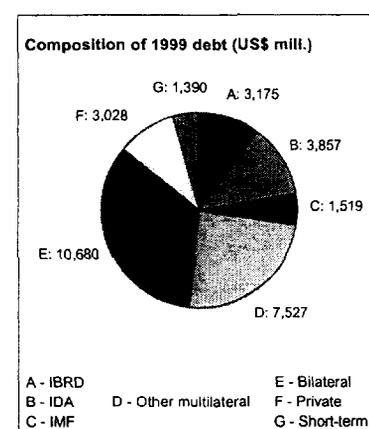
BALANCE of PAYMENTS

	1979	1989	1998	1999
<i>(US\$ millions)</i>				
Exports of goods and services	2,107	5,577	10,017	8,838
Imports of goods and services	4,485	8,736	12,819	11,688
Resource balance	-2,378	-3,159	-2,802	-2,850
Net income	-233	-875	-2,330	-1,808
Net current transfers	1,790	2,687	3,430	2,471
Current account balance	-820	-1,347	-1,702	-2,187
Financing items (net)	515	1,347	1,554	3,441
Changes in net reserves	305	0	148	-1,254
Memo:				
Reserves including gold (US\$ millions)	..	1,237	1,464	2,228
Conversion rate (DEC, local/US\$)	9.9	19.2	43.0	50.1



EXTERNAL DEBT and RESOURCE FLOWS

	1979	1989	1998	1999
<i>(US\$ millions)</i>				
Total debt outstanding and disbursed	8,919	18,348	32,229	31,176
IBRD	339	1,428	3,262	3,175
IDA	751	1,915	3,732	3,857
Total debt service	658	1,841	2,743	2,743
IBRD	57	147	381	400
IDA	9	30	70	81
Composition of net resource flows				
Official grants	146	381	175	194
Official creditors	561	931	891	1,642
Private creditors	23	-12	306	-316
Foreign direct investment	58	210	500	428
Portfolio equity	..	..	..	28
World Bank program				
Commitments	139	746	250	808
Disbursements	105	471	606	683
Principal repayments	27	82	243	264
Net flows	79	389	363	419
Interest payments	39	95	208	217
Net transfers	39	294	155	202



MAP SECTION

PAKISTAN PROTECTED AREAS MANAGEMENT PROJECT CHITRAL GOL, HINGOL, AND MACHIARA NATIONAL PARKS

- NATIONAL PARK BOUNDARIES
- - - - - BUFFER ZONE BOUNDARIES
- VILLAGES
- ~ RIVERS AND STREAMS
- - - - - INTERNATIONAL BOUNDARIES

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