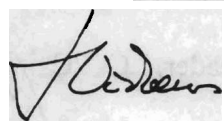


# OFFICE MEMORANDUM

RECEIVED  
98 APR 24 PM 6:13  
GEF SECRETARIAT

DATE: April 24, 1998

TO: Mr. Kenneth King, Assistance CEO, GEF Secretariat  
"FOR PROGRAM COORDINATION"



FROM: Lars Vidaeus, GEF Executive Coordinator

EXTENSION: 34188

SUBJECT: **PANAMA: Atlantic Mesoamerican Corridor Project  
Final Council Review/CEO Endorsement**

1. Please find attached 2 copies of the Project Document for the above-mentioned project for review by Secretariat staff, prior to circulation to Council and CEO final endorsement.
2. The project document is fully consistent with the objectives of the proposal endorsed by Council as part of the May 1997 work program, and with guidance received from the GEF Secretariat, STAP reviewer, and GEF Council.
3. Please let me know if you require any additional information to complete your review of the project document prior to circulation to Council. Many thanks, and we look forward to receiving the Secretariat's go-ahead for printing the 75 copies for distribution.

## Attachments

cc: Messrs./Mmes. Ramos (GEF); Cackler (LCC2); Redwood, Constantino, Kellenberg (LCSES); Castro, MacKinnon, Kimes, Bossard, Nikolov (ENVGC).

ENVGC ISC  
IRIS1

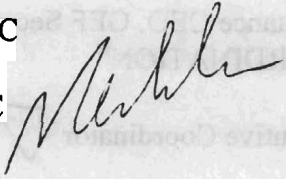
# OFFICE MEMORANDUM

DATE: April 24, 1998

TO: Lars Vidaeus, Division Chief, ENVGC

FROM: Mark Cackler, Sector Leader, LCC2C

EXTENSION: x38999



SUBJECT: **PANAMA Atlantic Mesoamerican Biological Corridor Project  
Package for Submission to GEF Council**

Attached please find two copies of the pre-negotiations package of the Panama Atlantic Mesoamerican Biological Corridor Project for submission to the GEF Council and for GEF CEO Endorsement. The package includes the Project Appraisal Document and Technical Annexes. The pre-negotiations package has been cleared by the Country Director.

**Distribution:**

Messrs./Mmes.

Dowsett-Coirolo (LCC2C); Koch-Weser, Constantino, De Laurentiis, Graham, Guadagni, Jose, Kellenberg, Mejia, Rabin, Redwood, Wiens (LCSES); Fowler (LOAEL); Kimes (ENVGC); Smyle (RUTA-San Jose); Pitty (RUTA-Panama); Alarcon-Benito (LEGLA); IRIS; LAC Files

## PROPOSAL FOR REVIEW

### 1. IDENTIFIERS:

**PROJECT NUMBER:**

**PROJECT NAME:**

Panama Atlantic Mesoamerican Biological  
Corridor Project

**DURATION:**

5 years

**IMPLEMENTING AGENCY:**

World Bank

**EXECUTING AGENCY:**

Institute of Renewable Natural Resources  
(INRENARE)

**REQUESTING COUNTRY OR COUNTRIES:**

Panama

**ELIGIBILITY:**

Panama ratified the CBD on January 17, 1995

**GEF FOCAL AREA:**

Biodiversity

**GEF PROGRAMMING FRAMEWORK:**

Coastal, Marine and Freshwater Ecosystems;  
Forest Ecosystems; and Mountain Ecosystems

**2. SUMMARY:** The proposed project, associated with the Rural Poverty and Natural Resources Project, will promote substantial actions on the part of stakeholders to achieve conservation and sustainable use of biodiversity through land use practices that integrate biological, social and economic priorities. This objective would be achieved by: (i) developing and disseminating tools for integrating the biological corridor concept into sectoral strategies, local and regional planning and public investments; (ii) increasing information on the status of biological diversity along Panama's Atlantic Slope; (iii) increasing awareness of the importance and demand for the conservation of the PAMBC at the national and international levels; (iv) implementing and disseminating natural resources management pilots in priority areas of the Panama Atlantic Mesoamerican Biological Corridor (PAMBC); and (v) reducing access to protected areas and indigenous comarcas within priority areas of the PAMBC.

### 3. COSTS AND FINANCING (MILLION US\$)

<b>GEF:</b>	-Project	US\$8.4 million
	-PDF:	US\$0.275 million
	Subtotal GEF:	US\$8.675 million
<b>CO-FINANCING:</b>	-IA:	IBRD: US\$2.3 million
	-Other International:	
	-Gov. of Panama	US\$1.0 million
	-Beneficiaries	US\$1.1 million
<b>TOTAL PROJECT COST:</b>		US\$13.075 million

### 4. ASSOCIATED FINANCING (MILLION US\$)

### 5. OPERATIONAL FOCAL POINT ENDORSEMENT:

**Name:** Lic. Mirei Endara

**Title:** Director General

**Organization:** INRENARE

**Date:** February 26, 1997

### 6. IA CONTACT:

Tina Kimes, GEF Operations Coordinator  
Latin America. Tel 202-473-3689 - Fax 202-522-3256

**Document of  
The World Bank**

**Report No: 17537-PA**

**PROJECT APPRAISAL DOCUMENT**

**ON A**

**PROPOSED GRANT**

**IN THE AMOUNT OF US\$8.4 MILLION EQUIVALENT**

**FROM THE**

**GLOBAL ENVIRONMENT FACILITY TRUST FUND**

**TO**

**PANAMA**

**FOR A**

**PANAMA ATLANTIC MESOAMERICAN BIOLOGICAL CORRIDOR PROJECT**

**APRIL 24, 1998**

**LCSES  
LCC2C  
Latin America and the Caribbean Regional Office**

## Currency Equivalents

Currency Unit: Balboa

US\$1 = 1 Balboa

## Weights and Measures

1 quintal (qq) = 100 pounds = 46 Kg.

## Fiscal Year

January 1 - December 31

## ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
CBD	Convention on Biological Diversity
CCAD	Central American Commission on Environment and Development ( <i>Comisión Centroamericana de Ambiente y Desarrollo</i> )
CLDS	Local committees for sustainable development ( <i>Comités Locales de Desarrollo Sostenible</i> )
CNA	National Environment Commission ( <i>Comisión Nacional de Medio Ambiente</i> )
Comarca	Indigenous administrative district
CPA	Regional environment commissions ( <i>Comisión Provincial Ambiental</i> )
DANIDA	Danish International Development Agency
DPAW	Department of Protected Areas and Wildlife, INRENARE
EIA	Environmental Impact Assessment
EU	European Union
FUSARD	Fund for Sustainable Agricultural and Rural Development
GEF	Global Environment Facility
GOP	Government of Panama
GTZ	German Agency for Technical Cooperation
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
IDA	International Development Association
IFAD	International Fund for Agricultural Development
INRENARE	Institute for Renewable Natural Resources ( <i>Instituto de Recursos Naturales Renovables</i> )
IPAT	Panamanian Institute of Tourism ( <i>Instituto Panameño de Turismo</i> )
ITTO	International Tropical Timber Organization
LIB	Limited International Bidding
MBC	Mesoamerican Biological Corridor
MICI	Ministry of Commerce and Industry ( <i>Ministerio de Comercio e Industrias</i> )
MIDA	Ministry of Agricultural Development ( <i>Ministerio de Desarrollo Agropecuario</i> )
MIPPE	Ministry of Planning and Economic Policy ( <i>Ministerio de Planificación y Política Económica</i> )
MOP	Ministry of Public Works ( <i>Ministerio de Obras Publicas</i> )
NAPAS	National Protected Area System
NCB	National Competitive Bidding
NGO	Non-Governmental Organization (International, National, and Local)
PAMBC	Panama Atlantic Mesoamerican Biological Corridor
PCU	Project Coordinating Unit
PEU	Project Executing Unit
PDF	Project Development Facility
PPRRN	Rural Poverty and Natural Resources Project ( <i>Proyecto de Pobreza Rural y Recursos Naturales</i> )
RUTA	Regional Unit for Technical Assistance in Agriculture in Central America
SOE	Statement of Expenses
TNC	The Nature Conservancy
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
USAID	United States Agency for International Development

Vice President: Shahid Javed Burki

Country Manager/Director: Donna Dowsett-Coirolo

Sector Manager/Director: Maritta Koch-Weser

Sector Leader: Mark Cackler

Task Team Leader: Luis Constantino

**Panama**  
**Atlantic Mesoamerican Biological Corridor Project**

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# Panama Atlantic Mesoamerican Biological Corridor Project

## Project Appraisal Document

Latin America and the Caribbean Regional Office  
LCC2C

Date: April 24, 1998	Task Team Leader/Task Manager: Luis Constantino
Country Manager/Director: Donna Dowsett-Coirolo	Sector Leader: Mark Cackler
Project ID: PA-GE-45937 Sector: Environment	Sector Manager/Director: Maritta Koch-Weser
Focal Area: Biodiversity	Program Objective Category: EN
	Program of Targeted Intervention: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Project Financing Data**  Loan  Credit  Guarantee  **Other Global Environment Facility (GEF) Grant; associated with the *Rural Poverty and Natural Resources Project* (PPRRN) (Credit 41580-PA)**

**For Loans/Credits/Others:**

Amount (US\$m/SDRm): SDR 6.3 million (US\$8.4 million equivalent)

**Financing plan (US\$m):**

US\$8.4 million GEF Grant plus US\$2.3 million from IBRD, US\$1.0 million in Government of Panama (GOP) counterpart financing and US\$1.1 million in beneficiary contributions. Note that this project is part of an integrated program supporting rural poverty alleviation, natural resource management and biodiversity conservation in Panama, supported *inter alia*, by the associated PPRRN, GOP counterpart funds, and beneficiary contributions. The estimated cost of the integrated *Rural Poverty and Natural Resource Project* and *Panama Atlantic Mesoamerican Biological Corridor Project* is US\$40.1 million.

	<u>Source</u>	<u>Local</u>	<u>Foreign</u>	<u>Total</u>
IBRD		1.2	1.1	2.3
Government of Panama		1.0	0.0	1.0
Beneficiaries		1.1	0.0	1.1
Global Environment Facility		5.3	3.1	8.4
<b>TOTAL</b>		<b>8.6</b>	<b>4.2</b>	<b>12.8</b>

Recipient: Republic of Panama

Responsible agency: Institute of Renewable Natural Resources (INRENARE)

Estimated disbursements (CY/US\$m):	1998	1999	2000	2001	2002	2003
Annual	0.19	1.75	2.64	1.97	0.96	0.89
Cumulative	0.19	1.94	4.58	6.55	7.51	8.4

Expected effectiveness date: October 1, 1998

Expected closing date: June 30, 2004



## **A. Project Development Objective**

### **1. Project development and Global objectives and key performance indicators**

The proposed project, in association with the *Rural Poverty and Natural Resources Project* (PPRRN), addresses the root causes of migration to, and expansion of, the agricultural frontier while enhancing on-site protection of areas of high biodiversity values inside and outside of protected areas. The two projects provide the Government of Panama with a coherent, multisectoral response to the interrelated issues of rural poverty, natural resources management, and biodiversity conservation.

The global environment objective of the proposed project is to contribute to the long-term conservation and sustainable use of biodiversity in the Panamanian portion of the Mesoamerican Biological Corridor. The proposed project is thus an integral part of the Mesoamerican Biological Corridor (MBC) initiative of the Central American countries and Mexico. This initiative, officially approved by the Presidents of all seven Central American countries, intends to conserve a biological link between the continents of North and South America, thus preserving ecological processes of global importance. The MBC initiative encompasses a large number of regional, national and local projects focused on conservation in the MBC as well as many associated projects that indirectly contribute to the same shared objective. These projects are supported by a large partnership involving governments, research institutions, NGOs, indigenous peoples, religious groups, private sector, donors, and multilaterals both of Central America and from elsewhere.

The project development objective of the proposed project is to promote substantial actions on the part of stakeholders to achieve conservation and sustainable use of biodiversity through land use practices that integrate biological, social and economic priorities. This objective would be achieved by: (i) developing and disseminating tools for integrating the biological corridor concept into sectoral strategies, local and regional planning and public investments; (ii) increasing information on the status of biological diversity along Panama's Atlantic Slope; (iii) increasing awareness of the importance and demand for the conservation of the PAMBC at the national and international levels; (iv) implementing and disseminating natural resource management pilots in priority areas of the PAMBC; and (v) reducing access to protected areas and indigenous *comarcas* within priority areas of the PAMBC.

Key performance indicators for the project include:

- Significant decline in new colonists in priority biodiversity areas of the National Protected Area System (NAPAS) and indigenous *comarcas* by 2002.
- All environmental impact assessments for investments in the PAMBC to incorporate the biological corridor concept and mitigative measures to conserve biodiversity by 2000.
- All donor and multilateral projects greater than US\$5 million within PAMBC consistent with the biological corridor concept.

## **B. Strategic Context**

### **1.a. Sector-related Country Assistance Strategy (CAS) goal supported by the project**

CAS document number: 13846-PAN

Date of latest CAS discussion: February 7, 1995

The Bank's Country Assistance Strategy (CAS) for Panama (Report No. 13846-PAN), dated December 28, 1994, and discussed at the Board on February 7, 1995, focuses on: (i) reviving sustainable growth; and (ii) poverty alleviation. This strategy is consistent with the overall thrust of the donor program in Panama, which emphasizes medium-term fiscal viability, sustainable growth, poverty reduction, and environmental

conservation. The proposed project is consistent with this strategy, by improving natural resource management and increasing environmental awareness.

### ***1.b. GEF Operational Strategy/Program objective addressed by the project***

The project supports the objectives of the Convention on Biological Diversity (CBD), especially through *in situ* conservation and sustainable use of biodiversity. It is consistent with the GEF Operational Strategy and eligible for GEF funding under three Operational Programs: Coastal, Marine, and Freshwater Ecosystems; Forest Ecosystems; and Mountain Ecosystems (OPs 2, 3, & 4). The project would protect a diverse range of habitats and ecosystems including the globally distinct Choco/Darién moist forests; areas of the Talamanca range with the highest levels of biodiversity on the Central American isthmus; and an altitudinal range of habitats in the Bocas del Toro region, extending from the montane forests of the La Amistad International Park and associated watershed forests to coastal wetlands and offshore mangroves, sea grass beds and coral reefs in Islas Bastimentos. The project will also provide support for the conservation of key habitats of migratory and endangered species (e.g., green turtles and manatees).

The project will contribute to conservation and sustainable use of Panama's Atlantic corridor biological resources, supporting the nation's contribution to maintaining the MBC. The project is consistent with guidance from the Conference of the Parties of the CBD in that it supports: (i) conservation and sustainable use of habitats, ecosystems and endemic species; (ii) capacity building at the local level to involve local communities in biodiversity management and monitoring, building on traditional knowledge and practices and using economic incentives; (iii) integration of biodiversity conservation into sectoral development; (iv) local and indigenous people's involvement in biodiversity conservation; (v) increased environmental awareness and information dissemination to foster conservation and sustainable use of biodiversity; and (vi) rapid biodiversity assessments.

## ***2. Main sector issues and Government strategy***

### **Sector issues**

The advance of the agricultural frontier and spontaneous colonization, which affects an estimated 50,000 to 77,000 hectares annually within the PAMBC, has been rapidly closing in on the country's forests and protected areas, fueled by outmigration of rural poor from the Pacific zone to the forests and protected areas of Darién, Colón, Chiriqui and Bocas del Toro provinces. Presently, the agricultural frontier has advanced from the south to within 20 to 30 km of the Atlantic coast in the Provinces of Colón and Coclé. Historically, Government has invested comparatively little to improve living standards or economic opportunities for the rural poor. Insufficient investment, particularly in the heavily populated rural areas of the Pacific, has contributed to resource degradation and emigration toward frontier zones.

New road projects will increase access to the unprotected and intact ecosystems of the Atlantic. Among the relevant projects are the proposed completion of the Interamerican Highway through the Darién Gap, the El Llano-Cartí road to Kuna Yala, the Almirante-Chiriqui Grande Highway in Bocas del Toro (now under construction), and to a lesser extent, the Risco link to the proposed Almirante-Chiriqui Grande Highway and the Boquete-Cerro Punta road.

Mining concessions (mostly still at exploration stage) in the mountainous zones of Veraguas, Chiriquí, San Blas, and Darién and the coastal lowlands of Colón, considered to be one of the last major unexplored porphyry copper-gold belts in the world, could in the future pose threats to biodiversity along the Atlantic slope due to a weak capacity for enforcing the regulatory framework.

To protect remaining healthy ecosystems, Government has set aside nearly one-quarter of the national territory to establish the NAPAS. About 47% of the PAMBC are protected areas. A review of the conservation status of life zones represented in the entire NAPAS indicates:

- there is relatively little intact forest within the tropical dry forest and premontane dry forest, zones which are traditionally favored for human settlement; and
- significant areas of (i) humid tropical forest, (ii) premontane wet forest, (iii) premontane rain forest, (iv) lower montane wet forest, (v) lower montane rain forest, and (vi) montane rain forest remain relatively undisturbed.

However, very few protected areas, and many along the Atlantic corridor, benefit from adequate management or protection; only 86 guards are assigned to cover the fourteen national parks—on average, each pair of guards must cover over 300 km<sup>2</sup>. Furthermore, too many of the protected areas are small, making their core areas vulnerable to outside activities and ineffective as habitats for larger mammals and birds.

Charged with the conservation and management of renewable natural resources, INRENARE has focused most of its efforts on the formation and management of protected areas, although it also has programs targeted towards reforestation and forest management as well as regulation and control of natural resources. Considering its responsibilities, INRENARE is inadequately staffed, trained, managed, equipped, and financed.

About 43% of all the territory included in the PAMBC lies within indigenous *comarcas*, legally established indigenous territories. While the legal rights of these indigenous groups are more advanced than in most countries in Latin America there are many sources of conflict that pose risks to biological resources: land disputes between indigenous peoples and colonists; disputes between indigenous peoples and miners; overlaps between protected areas and indigenous territories; population growth and cultural changes that affect natural resources; inter-ethnic conflicts between different indigenous groups; and juridical conflicts between *comarcas* and provinces.

#### Government Strategy

Government has recently taken important steps in reforming policies that adversely affect natural resources, including: reducing trade protectionism that promoted non-competitive, environmentally damaging activities; reducing urban bias in public expenditures; and reforming agricultural, livestock, forestry and land policies that encouraged deforestation. In addition, Government has put in place important pro-biodiversity legislation, including: creation of the National Protected Area System (1994); the Environmental Education Law (1992); the Forestry Law (1994); the Environmental Impact Assessment (EIA)/Environmental Framework Law (1994); the Wildlife Law (1995); and adherence to international treaties (e.g., Convention on Biological Diversity - ratified on January 17, 1995, RAMSAR, and CITES). The General Environmental Law, expected in June 1998, would strengthen the EIA system and public participation in environmental decisionmaking.

Government, through INRENARE, is building on previous work under the Tropical Forestry Action Plan and developing three policy/strategy documents: (i) a National Biodiversity Strategy and Action Plan (UNEP/GEF); (ii) a global strategy for INRENARE within a framework promoting sustainable natural resource management; and (iii) the recently completed Regional Biological Corridor Plan (UNDP/GEF, as part of the regional Mesoamerican Biological Corridor initiative). The National Biodiversity Strategy and INRENARE's global strategy are to be completed in early-1999. This project will be a major contribution to the conservation and sustainable use of natural resources in Panama's Atlantic corridor.

Although certain areas that are important for biodiversity conservation remain outside protected areas, Government is initially consolidating the management of lands already in the NAPAS. This includes: strengthening the legal boundaries of protected areas; avoiding the expansion of settlements already inside protected areas; and establishing protected areas management committees with local communities in support of improved buffer zone management.

Government has initiated several conservation and sustainable development projects that directly or indirectly contribute to improved natural resource management and biodiversity conservation. These include: (i) the associated Rural Poverty and Natural Resources Project; (ii) the GEF/UNDP project focused on the Darién buffer zone; (iii) the USAID/NATURA fund for the Panama Canal watershed; (iv) IFAD's sustainable rural development projects; (v) GTZ's community resource management projects; and (vi) ITTO's forest management projects.

Indigenous land rights are stronger in Panama than in most Latin American countries. Today there are four legally established *comarcas* (indigenous territories): Kuna-Yala (Kunas), Mandungandi (Kunas), Emberá-Waunan (Emberás and Waunan) and Ngobe-Buglé (Ngobes and Bugles). The Ngobe-Buglé *comarca* has just been created. There are government commitments to legalize the Teribe *comarca*. Creation and strengthening of *comarcas*, by helping clearly define property rights in the PAMBC, will go a long way to facilitate the PAMBC.

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

The project, together with the associated *Rural Poverty and Natural Resources Project* (PPRRN) and the regional Mesoamerican Biological Corridor initiative, will address the sectoral issues listed above. The PAMBC will focus on reducing access to high biodiversity areas by strengthening protected areas and indigenous *comarcas*. For protected areas, the PAMBC will: (i) enhance capacity for protection; (ii) demarcate protected areas boundaries in areas under pressure; (iii) create and strengthen partnership mechanisms involving private sector, NGOs, and local governments/communities to enhance protection of priority areas; (iv) resolve legal conflicts related to land tenure; (v) finance participatory management by indigenous and non-indigenous communities to monitor resource use and to conserve biological resources; (vi) upgrade management norms on public lands; and (vii) develop revenue capture and financial management systems to support protected areas management. For indigenous *comarcas*, the PAMBC will: (i) enhance resource conservation and security in legally declared indigenous areas; (ii) support regularization of access and usufruct rights in particular indigenous territories currently proposed for legal declaration; and (iii) support culturally-sensitive conservation activities in priority areas.

The associated PPRRN will help slow the advance of the agricultural frontier by: (i) carrying out rural development projects and extension services in natural resource management and sustainable production technology development, primarily in the Pacific region; (ii) developing community action plans in Pacific coastal communities; and (iii) developing tourism and wildlife conservation infrastructure in priority areas along the Pacific coastline and in key areas adjacent to the PAMBC.

## C. Project Description Summary

### 1. Project components

<u>Component</u>	<u>Category</u>	<u>Cost Incl. Contingencies (US\$M)</u>	<u>% of Total</u>	<u>GEF- financing (US\$M)</u>
<b>A. Corridor Planning and Biodiversity Monitoring</b>	Equipment, Services, Training, Technical Assistance, and Maintenance	2.39	19	2.01
<b>B. Awareness and Promotion</b>	Equipment, Services, Training, and Technical Assistance	0.89	7	0.81
<b>C. Capacity Building for Conservation &amp; Sustainable Use of Biodiversity</b>	Equipment, Services, Training, and Technical Assistance	2.15	17	1.40
<b>D. Investments in Priority Areas</b>	Public Works, Equipment, Services, Technical Assistance, Training, Operations and Maintenance	6.23	48	3.13
<b>E. Project Management</b>	Equipment, Technical Assistance, and Maintenance	1.14	9	1.05
<b>Total</b>		<b>12.8</b>	<b>100</b>	<b>8.4</b>

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

The inclusion of the PAMBC as an element in the National Economic Development Plan, in the sectoral development plans of key government institutions, an element to be considered in Environmental Impact Assessments (EIAs), and as an element or criteria in public investments, would *de facto* constitute a significant policy change. At present, "biodiversity conservation" and "ecosystem integrity" are regulatory issues rather than explicit elements of Government's public investment decision-making.

INRENARE is in the process of restructuring to meet its evolving mandate for decentralized, participatory management of the NAPAS. The project's support for enhancing financial resource capture to support improved protected area management as well as for training and implementation of decentralized and participatory systems will advance INRENARE's ability to meet this mandate. The project would also assist INRENARE identifying and establishing new protect areas within the PAMBC.

### 3. Benefits and target population

An important benefit of the project is the conservation and sustainable use of globally significant biodiversity. In addition, many of the indigenous and non-indigenous communities in the protected areas live under conditions of extreme poverty. The proposed project would directly benefit approximately 10,000 families or

50,000 people, assuming 5 people per family. Indirectly, the project would benefit a significant portion of Panamanian civil society through enhanced public awareness of the economic and social benefits of biodiversity. Finally, the project will strengthen protected areas within the PAMBC as a destination for ecotourists, which is expected to generate economic benefits for the national economy over the medium-to-long term.

#### **4. Institutional and implementation arrangements**

*Implementation period:* Five years

*Executing agency:* INRENARE

##### **Project coordination and oversight**

The project will be carried out by INRENARE, supported by a Project Executing Unit (PEU). The PEU will be attached to the Office of the Director-General of INRENARE. In order to (i) maintain adequate coordination between the integrated PPRN and PAMBC projects, and (ii) avoid duplication of effort, the PCU of the PPRN will be responsible for coordinating the integrated projects and for procurement, accounting and reporting. The PEU will have responsibility for project execution, supervision, contracting, and for providing to the PCU all required information necessary for procurement, accounting and reporting. The regional offices of INRENARE, located in Bocas del Toro, Coclé, Colón y Kuna Yala, will coordinate activities at regional and local levels. Other than direct interventions in priority protected areas, most investments will be implemented by decentralized entities such as municipalities, NGOs, indigenous organizations and local communities, coordinated by INRENARE.

##### **Accounting, financial reporting, and auditing arrangements**

INRENARE, through the PEU and the PCU, will be responsible for project financial management, reporting, and auditing following established procedures acceptable to the World Bank. An independent accounting firm will be contracted to provide regular audits of project accounts. The financial control system for the PPRN (Credit 41580-PA) has been reviewed by the Inter-American Institute for Cooperation in Agriculture (IICA), and judged satisfactory. This financial control system will likewise be utilized for the proposed project. In addition, an international consultant has been hired to provide support for the financial control system. The PEU for the PAMBC and the PCU for the PPRN will share financial and audit reports to ensure complementarity of expenditures on activities included in both projects.

##### **Monitoring and Evaluation**

The PEU will establish monitoring and evaluation (M&E) procedures acceptable to the World Bank. These will build on procedures in place under PPRN. Procedures and M&E reports will be guided by the Project Design Summary and the Monitoring Plan, as detailed in the Operational Manual. M&E will be conducted through: (a) activities of the PEU, and reported through quarterly reports beginning in December 1998; (b) World Bank supervision missions, which will take place twice annually beginning in March 1999; (c) annual progress reviews; (d) project mid-term review, conducted jointly by the Government of Panama and the World Bank; (e) periodic evaluations and other special studies; and (f) the Project Completion Report.

#### **D. Project Rationale**

##### ***1. Project alternatives considered and reasons for rejection***

The principal objective of the project is to promote substantial actions on the part of stakeholders to achieve conservation and sustainable use of biodiversity through land use practices which integrate biological, social and economic priorities. This objective would be achieved by: (i) developing and disseminating tools for integrating the biological corridor concept into sectoral strategies, local and regional planning, and public investments; (ii) increasing information on the status of biological diversity along Panama's Atlantic Slope; (iii) increasing awareness of the importance and demand for the conservation of the PAMBC at the national and international levels; (iv) implementing and disseminating natural resource management pilots in priority

areas of the PAMBC; and (v) reducing access to protected areas and indigenous *comarcas* within priority areas of the PAMBC.

Alternatives considered and reasons for rejection include: (a) completely exclude the Darién region, due to security issues along the Colombian border and significant donor resources currently targeted to that region — rejected in favor of a selective approach which will strengthen indigenous communities and protected area management where priorities, inadequate support from other donors, and low security risks so justify; (b) exclude the Bocas del Toro region, as potential for economic development driven by ecotourism could arguably provide sufficient economic incentive for biodiversity conservation — rejected due to lack of evidence (based on Costa Rican experience) to support that argument and the construction of the Chiriqui Grande–Almirante road which, in the near term, will open the area to colonization and development pressures; (c) establish mechanisms within this project to adjudicate rights in forested national lands — rejected due to issue being better addressed within Government’s overall land administration program, although this project would prepare strategy and proposal for adjudication to facilitate a response from the land administration program; and (d) finance protected areas and buffer zone activities throughout the Atlantic region instead of focusing on key priority areas — rejected due to need to concentrate funds for purpose of strengthening local participation mechanisms and complementary projects financed or planned by other donors.

## 2. Major related projects financed by the Bank and/or other development agencies

Sector issue	Project	Latest Supervision (Form 590) Ratings (Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
<b>Bank-financed</b>			
<ul style="list-style-type: none"> <li>Reform of trade and price policies, including the agricultural sector</li> </ul>	<ul style="list-style-type: none"> <li>Economic Recovery Loan (Credit 3438-PA)</li> </ul>	S	S
<ul style="list-style-type: none"> <li>Poverty alleviation, sustainable agriculture, small-scale forestry, alternative livelihood, rural development</li> </ul>	<ul style="list-style-type: none"> <li>Rural Poverty and Natural Resources Project (Credit 41580-PA)</li> </ul>	S	S
<b>Other development agencies</b>			
<ul style="list-style-type: none"> <li>Develop conceptual framework for PAMBC; prepare regional project to support national-level activities</li> </ul>	<ul style="list-style-type: none"> <li>Regional Mesoamerican Biological Corridor Project (UNDP/GEF)</li> </ul>		
<ul style="list-style-type: none"> <li>Protected areas management</li> </ul>	<ul style="list-style-type: none"> <li>Management and Development of Protected Areas (USAID, TNC)</li> <li>Darién National Park - World Heritage Site &amp; Biosphere Reserve (UNESCO)</li> <li>International Park La Amistad (UNESCO)</li> </ul>		
<ul style="list-style-type: none"> <li>Natural Resources and Sustainable Rural Development</li> </ul>	<ul style="list-style-type: none"> <li>Biodiversity Conservation through Sustainable Community Development - Bio-Darién (UNDP, GEF)</li> <li>Sustainable Development Program in Central American Agricultural Frontier Zones (CCAD, EU)</li> <li>Sustainable Rural Development (IFAD)</li> <li>Ngobe-Buglé (IFAD)</li> <li>Natural Resource Management – MARENA (USAID)</li> <li>Conservation For Sustainable Development (DANIDA)</li> <li>Conservation for Sustainable Development (CATIE)</li> </ul>		
<ul style="list-style-type: none"> <li>Forestry</li> </ul>	<ul style="list-style-type: none"> <li>Agroforestry Development – NGOBE (GTZ)</li> <li>Non-timber Forest Products (ITTO)</li> <li>Forestry Dev. for Sustain. Mgt. Of Donoso Forests (ITTO)</li> </ul>		

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



### ***3. Lessons learned and reflected in the project design***

Two of the most important lessons learned from activities associated with the regional MBC include the importance of: (i) involving local populations and institutions (e.g., local government, community and sectoral organizations, NGOs) in the design, implementation and benefits of the project in order to assure the long-term conservation of the biodiversity within and outside of protected areas; and (ii) viewing the development of the "biological corridor" concept within the broader context of sustainable development and land use, such that the corridor becomes an integral part of a long-term process focusing on achieving intersectoral agreements between relevant actors at the national, regional and local levels.

Experiences of bilaterally financed and NGO projects in the MBC have been integrated into the design of buffer zone activities. This experience has shown that small farmer training for the adoption of appropriate technologies is the single most cost-efficient intervention for environmental protection in the region. A recent World Bank review of such projects in Latin America indicated that: (i) by encouraging the active involvement of community groups, such projects are more likely to meet local needs than if they simply reflect the priorities of government agencies, and hence be more sustainable in the long term; (ii) once local communities develop a sense of ownership of particular projects, they are willing to share in project costs and to ensure project sustainability; and (iii) once a community group is given responsibility for implementing a project that it has helped to design, it shows great interest in ensuring that the private contractor executing the project does so well and honestly.

The UNDP/GEF Biodiversity Project underway in the Darién incorporates several of these lessons, including substantive buffer zone community involvement in implementation and increased economic incentives for project beneficiaries. The experience of this project with buffer zone communities indicates the importance of: (i) tailoring expected outputs and project phasing to the rhythms and pace of indigenous people's traditional decisionmaking processes; (ii) understanding, and designing project activities around, the limited absorptive and implementation capacity found in the communities; (iii) clearly defining the roles of the project and the communities in project administration, fund management, decisionmaking, and implementation in order to avoid creating false expectations or leaving ambiguities which cause implementation delays; (iv) providing adequate training to enable participatory planning (relatively simpler) to translate into participatory implementation (more complex); (v) providing for a strong administrative and coordinative capacity supported by adequate technical assistance and, initially, close implementation supervision; and (vi) establishing clear linkages between conservation and development activities.

An expert from the GEF Scientific and Technical Advisory Panel (STAP) Roster reviewed the project in February 1997. The reviewer found that this was a much needed project, that it would help fill the gaps in existing conservation work in Panama, and it would therefore enhance the probabilities of success for every conservation effort in Panama and in Central America. The reviewer supported the integration of biodiversity conservation activities into rural poverty alleviation activities, the strengthening of the administrative unit, and the project's focus on participation, all within the regional framework of the MBC. The reviewer also recommended giving more emphasis to legislation related to indigenous people in Panama and the opportunities created by this legislation for biodiversity conservation, as is demonstrated by the success of the Kuna Yala *comarca* in Panama.

### ***4. Indications of country commitment and ownership***

Panama is a signatory of most international conventions, including the Convention on Biological Diversity, RAMSAR, Convention on International Trade in Endangered Species (CITES), the Central American Agreement for the Conservation of Biodiversity, and the Central American Alliance for Sustainable Development. Panama has participated actively in the UNDP/GEF/CCAD regional Mesoamerican Biological Corridor planning exercise, and the proposed project would implement its major recommendations related to the Panamanian portion of the MBC. The President of Panama, with the other Central American Presidents,

officially approved the MBC initiative, of which this project is an integral part, at the XIX Summit of the Presidents of the Republic of Central American countries.

### **5. Value added of World Bank and GEF support in this project**

GEF support is warranted because of the global significance of the Mesoamerican Biological Corridor and the need for incremental financing for its long-term conservation. The project builds upon the efforts of the World Bank and UNDP in Panama as well as the regional Mesoamerican Biological Corridor project (UNDP/GEF). Furthermore, UNEP, the third Implementing Agency of the GEF, is implementing Enabling Activities for Biodiversity in Panama. In this regard, the project draws upon each GEF Implementing Agency and ensures cooperation between regional and national programs. Finally, value-added of Bank support also lies in technical support for preparation, supervision capacity, and linkages with PPRRN.

## **E. Summary Project Analysis**

### **1. Economic Assessment**

Cost-Benefit Analysis     Cost Effectiveness Analysis     Other: Incremental Cost Analysis

### **2. Financial Assessment**

Estimates generated during project preparation suggest that, with the state maintaining its traditional role, adequate management of protected areas within the PAMBC for biodiversity protection would require investments of approximately US\$9.75 – US\$11.25 million in equipment and infrastructure and an annual budget for recurrent costs of US\$3.75 – US\$5.25 million; in contrast, the current annual budget is about US\$2.25 million for investments and recurrent costs. Project interventions are expected to assist in lowering the state's costs through assisting in rationalizing priorities and roles of local and national government, communities, private sector and NGOs in protected area management. Preliminary estimates suggest the potential to: (a) reduce the recurrent costs for adequate management of protected areas within the PAMBC to US\$3 – US\$4 million per annum; and (b) over the medium-to-long term, generate income through park entrance fees on the order of US\$2.6 million per annum. Other potential areas for direct revenue generation in the PAMBC explored were carbon markets and bioprospecting; both were shown to have significant potential generating revenues.

Recurrent costs are to be contained through a project design which seeks to minimize costs through pursuing objectives related to integration of the PAMBC and biodiversity conservation into ongoing activities, as opposed to establishing new mechanisms or activities, and by: (a) relying upon existing institutional structures (or proposed, as in the case of the *Ley General de Medio Ambiente*); (b) seeking coordination, cooperation and strategic alliances with existing groups, projects, and institutions with compatible objectives rather than seeking to "purchase" behavioral change; (c) integrating biodiversity concerns into ongoing processes rather than attempting to establish "new" or "parallel" processes; and (d) strengthening local actors so they may subsequently seek out sources of financial assistance.

### **3. Technical Assessment**

Technical issues resolved during project preparation include the geographic prioritization for field-level interventions of the project based on biophysical, economic, social and institutional capacity criteria; and the identification of appropriate interventions which balance the need for local economic development with biodiversity conservation goals. Other issues included: assessing opportunity costs for biodiversity conservation in the PAMBC to focus interventions where likelihood for success would be greater; and

developing a better understanding of the potential nature of sustainable development/biodiversity subprojects through analyzing existing opportunities in order to develop appropriate financing and eligibility criteria.

#### **4. Institutional Assessment**

##### **Executing agency**

INRENARE is responsible for the management and conservation of natural resources; nevertheless, institutional weakness and minimal interaction with local resource users limit INRENARE's ability to enforce environmental regulations. The project includes institutional strengthening of INRENARE's central and regional offices as well as NGOs, local user groups, and other governmental entities. The project will decentralize administration of some project components to regional and local organizations.

##### **GEF implementing agency**

The World Bank will serve as GEF Implementing Agency for the project. Project activities will be coordinated with those of PPRRN as well as other GEF- and World Bank-financed projects in the MBC.

##### **Project management**

The project will be managed by INRENARE and implemented through a Project Executing Unit. Activities financed under the project will be coordinated with activities being financed by the PPRRN, currently under implementation, through a common Project Coordinating Unit.

The project will support participatory mechanisms which promote and contribute to the conservation and sustainable use of natural resources in priority areas. These areas include selected protected areas and local corridors of high biodiversity value. At the local level, local committees for sustainable development (CLDS) will be strengthened; these organizations will be responsible for the identification and selection of subprojects supporting biodiversity conservation. At the regional level, regional environmental commissions (CPA) and municipal governments will coordinate complementary activities in support of community subprojects. The project will provide technical assistance and capacity building for the CLDS and CPAs. In indigenous areas, the project would assist to strengthen and support both community and indigenous mechanisms for participation and decisionmaking. Initially, the project would work with and through the Indigenous Congresses and their official representatives to develop local participatory and decisionmaking mechanisms.

#### **5. Social Assessment**

A Social Assessment (SA) has started and will continue during implementation to assure proper involvement of all social actors in project design and implementation, assess social impacts and verify the soundness of assumptions and operational arrangements made. The SA has been conceived as a living process to be developed in two phases. The first phase, which has been completed, covered: (a) identification of stakeholders; (b) field visits; (b) analysis of main conflicts among actors, and (d) institutional arrangements to involve stakeholders in project execution. The second phase will continue during implementation and will focus on validation of social assumptions, feasibility of the operational arrangements made and adjustment of project strategies. The results of the first phase of the SA, analysis of indigenous issues in the Atlantic Corridor as well as records of the meetings and evidences of the consultation-participation process, are contained in self-standing documents (in Spanish) available in project files.

##### **Social Actors in the Atlantic Corridor**

Total population living in the Atlantic Corridor is estimated at 352,000. The main social actors in the corridor include: (a) indigenous communities and their organizations; (b) mestizo small peasants and local NGOs; (c) private forestry, mining and tourism investors, (c) national and local governmental institutions such as INRENARE; Ministry of Agriculture, Agrarian Reform; Ministry of Public Works; Ministry of Government (Dirección de Política Indigenista); Ministry of Energy and (d) international agencies working in the corridor.

### Indigenous Communities

Indigenous communities are among the poorest groups in Panama. Occupying the most significant percentage of pristine ecosystems in the Atlantic Corridor, they represent 50% of the rural population of the Atlantic Corridor, pertaining to the following indigenous groups: Teribe (Naso); Ngobes, Bugle and Kunas. Indigenous *comarcas* account for 60% of the geographic Atlantic region with approximately 13,000 km<sup>2</sup>, (including the Wargandy Reserve -Kunas, and the area occupied by Teribes). In general, productive systems among indigenous communities are environmentally sustainable. However, under market pressures, indigenous communities have started utilizing unsustainable practices.

### Small Peasants

The rural non-indigenous and mestizo population in the Atlantic Corridor (excluding Darién and Coclé) is estimated at 120,000. Peasants are mainly located in the agricultural frontier along several colonization fronts and dispersed settlements along the biological corridor. These areas are subject to intense deforestation and environmental degradation. The majority of small peasants come from the Pacific Region bringing with them extractive, agricultural and cattle ranching patterns which are not *a priori* synonymous with environmental conservation. Although each community has its own characteristics, there are some outstanding commonalities: extreme poverty; illiteracy, lack of access to education and health services, particularly among women and girls; and geographical isolation. Typical land use by small farmers follows a pattern of nutrient mining, including: extracting marketable timber, land clearing, planting cereals and other short-term crops, and eventually cattle raising on increasingly degraded soils.

### Other actors

Extensive consultation meetings with the Camara Minera and related governmental agencies were held during project preparation. The project will support activities to develop environmental and social considerations in mining concessions that make mining compatible with protection of biodiversity and sustainable development of indigenous communities. As tourism is increasing in coastal and mountainous areas of the biological corridor, the Instituto Panameño de Turismo (IPAT) and private groups were contacted during project preparation.

### Main Conflicts

Because of the strategic importance of the PAMBC, both in economic and environmental terms, multiple conflicts exist related to natural resource management and local development goals. These relate to: (a) land tenure (e.g., conflicts between indigenous communities and colonists; overlaps between protected areas and indigenous territories); (b) land use (rural development vs. protected areas; expansion of agricultural frontier and/or commercial tourism vs. conservation of intact ecosystems); (c) extraction of non-renewable resources, particularly in and around indigenous territories; (d) construction of roads in protected areas and indigenous communities; (e) population growth and cultural changes within indigenous communities; and (f) juridical conflicts (*comarcas* vs. provincial governments; traditional vs. local governmental authorities).

### Action Plan

Biodiversity conservation and sustainable development of local economies is only possible to the extent that key social actors become involved in constructive, informed debate and decisionmaking. To promote such development, the project will support: (a) education, training and institutional capacity building among national, regional, local and community stakeholders; (b) participatory planning exercises to identify opportunities for sustainable use and productive practices, priorities and investments; (c) land security (including assistance for the declaration of the *Teribe Comarca*, physical demarcation and control); (d) environmentally sustainable development subprojects (including agroforestry, ecotourism, fisheries, bioprospecting); (e) pilot cases for conflict resolution among social actors in buffer zones and protected areas within indigenous territories); (f) incentives for biodiversity conservation; and (g) joint monitoring.

### Gender Issues

Consultations with women's associations, indigenous craft-makers women, and indigenous social workers took place during project preparation. From these meetings, it was clear that women in rural areas face certain

disadvantages and discrimination relating to access to credit, training and political decisionmaking. Such disadvantages occur in both indigenous and non-indigenous communities. A gender specialist has been hired to design a strategy for environmental education and community-based sustainable projects to be executed by women associations (*Comites de Damas*). The project will strengthen women's participation in decisionmaking and ensure equitable access to project services and benefits.

#### Strategy for involving indigenous and non-indigenous communities

The strategy to assure indigenous participation has started during project preparation. During project preparation, an indigenous professional was hired and given the responsibility for visiting indigenous communities, gathering relevant information, coordinating and consulting with indigenous NGOs and leaders; the *Congresos de Caciques Generales y Locales* as well as other indigenous authorities designated representatives to coordinate with the project preparation activities and assist in the design of participation and decision-making mechanisms; significant resources were allocated to assist indigenous communities and groups to participate in the project, assume leadership roles in PAMBC planning, and prepare and implement eligible subprojects; and processes were designed to ensure the informed participation of indigenous peoples throughout project implementation. During project implementation, subprojects will be prepared by indigenous communities with the clearance of *Directivas de Congresos Generales y Regionales*, who will submit them to the PEU for project support; indigenous communities will be also represented in the *Commission del Corredor* at the national level; and the PEU will include a technical team operating in the provinces to help indigenous (and non-indigenous) with the preparation of eligible subprojects.

The strategy to assure participation of small peasants during project implementation will rely upon the major NGOs acting in the corridor which are involved in rural radio communication activities, alternative agricultural systems, commercial assistance, education and formation of leaders in peasant communities. Cooperatives and producers associations will be entry points as well. Peasants representatives will be members of the *Comites Locales de Desarrollo Sostenibles* at the municipal level; they will also participate in the "Comision del Corredor", which is expected to be a national forum for analysis and actions related to biodiversity conservation and sustainable development in the Atlantic Corridor. Likewise indigenous, mestizo rural communities will benefit from project investment in sustainable development. Peasants associations are expected to prepare subprojects to be considered by the respective CLDS and sent to the PEU for approval and financial support.

#### **6. Environmental assessment**

Environmental Category [ ] A [X] B [ ] C

Certain investment subprojects could involve risk of localized, negative impacts, particularly investments in infrastructure in or near protected areas or in zones of high biological or other environmental values. The project will apply mechanisms for evaluation and mitigation of environmental impacts, developed and approved for PPRRN, for:

- Protected Areas – environmental impact evaluations with mitigation plans would be included for all infrastructure and trails;  
Community Subprojects – local participatory planning would assist to identify wildlands and existing habitats, serving as a guide for zoning of subproject activities;
- Technical units of the Provincial Governments and indigenous Congresses would be strengthened in the integration of biodiversity issues into development planning; and  
Community-level subprojects with potential for causing negative impacts on locally significant scales (i.e., requiring environmental impact assessment) would not be eligible for financing.

**7. Participatory approach**

	<u>Identification/Preparation</u>	<u>Implementation</u>	<u>Operation</u>
<b>Beneficiaries/</b>			
Community Groups	COL	COL	COL
Intermediary NGOs	COL	COL	COL
Academic Institutions	IS	IS	IS
Local Government	CON	CON	COL
Other donors	CON	IS	IS
UNDP	COL	CON	CON

Note: Information Sharing (IS), Consultation (CON), and Collaboration (COL)

During project preparation, a multi-disciplinary team carried out a two-phased process, beginning with local visits to priority PAMBC to identify stakeholders, followed by a series of local consultations and provincial and national-level workshops with stakeholders from priority zones and representatives of government.

Due to time constraints, low geographic priority, and remoteness, contact was not made with the Bribri in Yorkin and, due to low thematic priority and internal differences within the leadership of the Emberá Congress, no direct contact was made. Two national level workshops were held with representatives of government, NGOs, academic institutions and researchers, indigenous congresses and NGOs. Five district/provincial level consultations were held: (a) two with the Kuna Congress and *caciques* of San Blas; (b) with the *Comarca* Madugandi (Kuna) congress and leaders; (c) with the Regional Congress of Veraguas (Ngobe-Bugle); and (d) with representatives of local government, NGOs, and academic institutions in Bocas Del Toro. Also, a short presentation of the project was made to the General Congress of the Ngobe-Bugle.

**F. Sustainability and Risks**

**1. Sustainability**

To ensure the sustainability of the PAMBC beyond the project period, the project would: (i) seek to develop cost recovery and financing mechanisms for the priority protected areas within the PAMBC to augment Government's current budget and cover the incremental costs of providing adequate management inputs; (ii) promote activities favorable to biodiversity, such as participatory land use planning and environmental zoning, ecotourism, sustainable forest use by indigenous communities, agroforestry systems, improved management of non-timber forest products, bioprospecting, and protection of areas critical to municipal or community quality of life (such as watersheds and mangroves); (iii) improve the ability of local and national institutions to assess and integrate biodiversity values in development planning; (iv) create fora for ongoing dialogues, consultations, and negotiations between key actors at the local, regional, and national levels; (v) promote rural development activities under the IBRD-financed activities which would assist in reducing poverty and resource degradation-driven migration into forested and protected areas; (vi) promote the selection by local communities of activities that are environmentally, socially and financially sustainable; and (vii) establish mechanisms, including biodiversity monitoring and land use planning, to ensure that projects support biodiversity conservation. Finally, and perhaps most importantly, the project would develop strategic partnerships with stakeholders (including communities, indigenous groups, private sector, local governments, and NGOs), involving them in implementation and capacity building activities. Their involvement would help to ensure that project objectives are "owned" locally and institutionalized nationally and that the capacity to further these objectives exists at both levels.

**2. Critical Risks**

Risk	Risk Rating	Risk Minimization Measure
<p><u>Project Outputs to Development Objectives</u> National markets do not favor adoption of appropriate land use models.</p>	Substantial	Investment program gives priority to micro-level community projects with proven success records. Financial analysis will be carried out on community projects to support investments.
<p>Parallel donor projects, including the regional corridor project (GEF) do not share or contribute to program objectives.</p>	Modest	Awareness raising and planning activities will provide tools to Panamanian officials to negotiate with donors inclusion of PAMBC objectives in donor-funded projects.
<p>Conflicts over land, land use and access to resources between indigenous communities, campesinos, private sector interests and government will create an environment hostile to the biological corridor concept.</p>	Substantial	The project will invest considerably in conflict management.
<p>Private investment in tourism and mining does not respect the biological corridor concept</p>	Modest	Substantial dialogue with the mining industry and the Institute of Tourism indicated that these two sectors could benefit from the corridor and are willing to accommodate special restrictions.
<p><u>Project Components to Outputs</u> A national-level interlocutor, with sufficient influence to facilitate coordination between sectors, cannot be found.</p>	Substantial	In the short-term, the project will utilize mechanisms established under the PPRRN, including public-private partnerships to support the biological corridor concept. In the medium-term, outreach activities will be targeted at locating and strengthening an appropriate interlocutor.
<p>The concept of the Mesoamerican Biological Corridor, and the subsequent processes associated with its realization, fail to gain support from other bilateral, multilateral, and private voluntary donors</p>	Modest	Awareness raising among donors; creation of a foundation of influential Panamanians to represent the PAMBC.
<p>Inadequate coordination between the project and the regional MBC project.</p>	Modest	Regional consultation between regional MBC project and PAMBC PEU.
<p>Insufficient support in civil society for environmental issues to ensure receptivity to the biological corridor concept.</p>	Modest	Awareness raising.
<p>Inadequate resources available for training</p>	Substantial	Collaboration with existing and proposed donor and bilateral projects to finance training activities.
<p>Key individuals cannot be identified from other government and non-government institutions who can subsequently have an impact in raising biodiversity and the PAMBC to the level of debate in their institution.</p>	Modest	Awareness raising and outreach.
<p>Lack of creativity and foresight in critical private sector companies.</p>	Substantial	Awareness raising and outreach.
<p><u>Overall Risk Rating</u></p>	Substantial	

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

### **3. Possible Controversial Aspects**

The rights of rural, principally indigenous, communities vis-à-vis mining activities in Panama is always controversial. In specific instances, the project will seek to engage the mining sector to support projects to benefit local communities, individuals and biodiversity that might be affected by mining sector activities in the PAMBC. Second, in relation to indigenous land rights in protected areas with high biodiversity value, such as in the Darién National Park (*Comarca Emberá-Wuonan* in Cemaco) and the region north of La Amistad International Park (*Territorio Teribe*), the project will finance legal and technical assistance to resolve land rights conflicts, including territorial demarcation and the protection of usufruct rights in critical areas.

## **G. Main Grant Conditions**

### **1. Effectiveness Conditions**

Signed subsidiary agreement between INRENARE and the Ministry of Planning and Economic Policy, reflecting responsibilities of participating agencies.

Qualified personnel, acceptable to the World Bank, contracted as the Project Coordinator and Financial Officer for the PEU.

Project Operations Manual issued by INRENARE.

### **2. Other**

#### **Counterpart funds**

Counterpart funds from the Government of Panama will be available in the amounts and at the times specified within the agreed project financing plan.

#### **Procurement**

Procurement will be carried out in accordance with the agreed categories detailed in the Procurement and Disbursement Arrangements and will follow the Guidelines For Procurement Under IBRD Loans and IDA Credits (January 1995, revised January and August 1996). All contracting of consultants and consulting services will be in accordance with the Guidelines For Use of Consultants (January 1997).

#### **Accounts/Audits**

Project will implement agreed plan of accounts and auditing.

#### **Annual Work Programs**

Annual work programs will be submitted for World Bank no-objection prior to date to be agreed.

#### **Monitoring**

Quarterly and annual reports will be prepared according to agreed formats and submitted to World Bank within 30 days of the end of each quarter, and by January 31, for quarterly and annual reports, respectively.

#### **Conditions for Disbursements of GEF Funds**

That INRENARE has officialized the PAMBC as an internal policy of the institution requiring all INRENARE-related strategies, projects and activities within the PAMBC to maintain compatibility with PAMBC objectives.

#### **Conditions for Disbursements of Subprojects**

(a) criteria and structure for funding subprojects in Indigenous Areas and subprojects in Conservation and Sustainable Use of Biodiversity agreed, including administrative arrangements; and (b) payments for each



subproject in accordance with the criteria and procedures set forth in the Operational Manual and the subproject agreement has been executed by the parties thereto.

### **H. Readiness for Implementation**

The engineering design documents for the first year's activities are complete and ready for the start of project implementation.  Not applicable.

The procurement documents for the first year's activities are complete and ready for the start of project implementation.

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

The following items are lacking and are discussed under loan conditions (Section G):

1. The Project Operations Manual is currently only in draft, as are detailed institutional and participation arrangements. Funds have been reserved in the PDF for preparation work to continue on these aspects up to Loan Effectiveness. Given the decentralized and participatory nature of the project, design of institutional and participation arrangements requires an iterative process of consultations at local, provincial and national levels which must subsequently be incorporated into the Operations Manual.

### **I. Compliance with Bank Policies**

This project complies with all applicable Bank policies.

**Task Team Leader: Luis Constantino**

**Sector Manager/Director: Maritta Koch-Weser**

**Country Manager/Director: Donna Dowsett-Coirolo**

**Annex 1**  
**Project Design Summary**  
**Panama Atlantic Mesoamerican Biological Corridor Project**

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<p><b>1. CAS Objective (December 1994):</b> Environmental conservation and poverty alleviation.</p> <p><b>2. Global Environment Objective:</b> Long-term conservation and sustainable use of biodiversity in the Panamanian portion of the MBC.</p>	<p>1. More rational allocation of lands and natural resources to balance economic development and conservation needs.</p> <p>2. Declines in rates of deforestation and habitat fragmentation in high priority areas of the Panamanian portion of the MBC.</p>	<p>1.1 Evaluation of public expenditures and policies in the PAMBC.</p> <p>2.1 Analysis of deforestation rates; remote sensing; aerial and field surveys.</p>	<p>(Goal to Bank Mission)</p>
<p><b>Project Development Objectives:</b></p> <p>1. Substantial actions on the part of stakeholders to achieve conservation and sustainable use of biodiversity in the PAMBC through land use practices which integrate biological, social, and economic priorities.</p>	<p>1.1 By 2002: Significant decline in new colonists in priority biodiversity areas of the NAPAS and indigenous <i>comarcas</i>.</p> <p>1.2 By 2000: All EIAs for investments in the PAMBC to incorporate the biological corridor concept.</p> <p>1.3 By 2000: All donor and multilateral projects greater than US\$5 million within the PAMBC consistent with the biological corridor concept.</p>	<p>1.1 Annual reports of INRENARE; reports from indigenous <i>comarcas</i>.</p> <p>1.2 Evaluations of EIAs; INRENARE annual reports.</p> <p>1.3 Surveys of donor and multilateral projects.</p>	<p>(Objective to Goal)</p> <ul style="list-style-type: none"> <li>• Political will exists to support sustainable use and conservation of biodiversity and the MBC within Panama</li> <li>• Public investment in development and alleviation of rural poverty reduce the factors which draw people from the Pacific zone to the Atlantic agricultural frontier.</li> <li>• Price trends do not favor extensive cattle ranching in frontier areas</li> <li>• Government policy does not promote big development projects within corridor without mitigating measures</li> <li>• Demographic pressures from populations already within the corridor do not explode</li> <li>• Development of public infrastructure, increases in land prices, and structural changes in agriculture toward high input market crops will not create a local land market which displaces the poor into upper watersheds and protected areas.</li> </ul>

<p><b>Outputs:</b></p> <p>1. Tools for integrating the biological corridor concept into sectoral strategies, local and regional planning and public investments developed and disseminated</p> <p>2. Increased information on the status of biological diversity along Panama's Atlantic Slope.</p> <p>3. Increased awareness of the importance and demand for the conservation of the PAMBC at national and international levels.</p> <p>4. Natural resource management pilots in priority areas implemented and information disseminated by communities.</p> <p>5. Reduced access to protected areas and indigenous <i>comarcas</i> within priority areas of the PAMBC.</p>	<p>1.1 By year 5: 1 national, 5 regional and 21 local corridor plans developed and implemented.</p> <p>2.1 Monitoring reports with quantitative analysis regarding deforestation, ecosystem conditions and threats and indicator species, disseminated in years 2 and 5 of the project</p> <p>2.2 Production of ecosystem map for PAMBC.</p> <p>3.1 30% of local populations, 50% of primary school teachers and 25% of decisionmakers (e.g., members of Congress, business leaders, national and local NGOs, indigenous leaders, governors, mayors) know and understand PAMBC concept by year 5.</p> <p>4.1 By year 5: sustainable use projects compatible with the aims of the PAMBC implemented in 100 communities.</p> <p>4.2 By year 5: 120 local leaders trained on PAMBC objectives and project mechanisms and 500 local actors trained in natural resources management techniques by year 5.</p> <p>5.1 By year 5: 295 kilometers of priority protected areas demarcated, with participatory management plans under implementation.</p> <p>5.2 150 park guards and volunteers trained and equipped to effectively patrol priority protected areas.</p> <p>5.3 175 kilometers of <i>comarca</i> boundaries demarcated.</p>	<p>1.1 Review of completed plans; project annual reviews and supervision reports.</p> <p>2.1 Project annual reviews and supervision reports.</p> <p>3.1 Survey in year 5.</p> <p>3.2 Project annual reviews and Supervision reports.</p> <p>4.1 Project annual reviews and Supervision reports.</p> <p>4.2 Stakeholder surveys conducted in year 5</p> <p>5.1 Annual reports of INRENARE.</p> <p>5.2 Project annual reviews and Supervision reports.</p> <p>5.3 Reports from indigenous congresses.</p>	<p><b>(Outputs to Objective)</b></p> <ul style="list-style-type: none"> <li>• Markets and innovation favor adoption of appropriate land use models</li> <li>• Parallel donor projects, including the regional corridor project (GEF) become effective and share program objectives</li> <li>• Conflicts over land, land use and access to resources between indigenous communities, campesinos, private sector interests and government will not create an environment hostile to the biological corridor concept.</li> <li>• Private investment in tourism, and mining respects the corridor concept</li> </ul>
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<p><b>Project Components/Sub-components:</b>  <b>1. Corridor Planning and Biodiversity Monitoring</b>  1.1 National Planning and Intersectoral Coordination.</p> <p>1.2 Local &amp; Regional Planning In Priority Areas</p> <p>1.3 Biodiversity Monitoring</p>	<p><b>Inputs: (budget for each component)</b>  <b>US\$2.39 million for:</b></p> <p>1.1.1 Development of sectoral strategies and guidelines for the Panamanian portion of the MBC by INRENARE, MICL, MOP, IPAT, MIDA, MIPPE, Gobierno y Justicia/Politica Indigenista.</p> <p>1.1.2 Development of strategy and proposal for adjudication of forested, national lands.</p> <p>1.1.3 Development of mining strategy within context of MBC.</p> <p>1.1.4 Five annual PAMBC coordination workshops with donors, NGOs, local authorities, MIPPE, INRENARE.</p> <p>1.1.5 Five annual meetings of CNA to discuss and formalize global strategy and policy for PAMBC.</p> <p>1.2.1 Regional PAMBC participatory plans for Bocas del Toro, <i>Comarcas</i> Teribe, Ngobe-Bugle, Kuna Yala, and Madugandi.</p> <p>1.2.2 21 corregimiento-level and 5 provincial or <i>comarca</i> participatory plans for PAMBC.</p> <p>1.2.3 Four protected area management plans, four protected area resource inventories, and validation and public consultation of annual operating plans.</p> <p>1.3.1 Design, equipment and operation of monitoring system.</p> <p>1.3.2 Purchase and interpretation of images; vegetation/ecosystems map.</p> <p>1.3.3 Establishment and support of monitoring network.</p> <p>1.3.4 Rapid Biological Assessments.</p> <p>1.3.5 Monitoring of three indicator species.</p>	<p>1.1.1 Official strategy documents.</p> <p>1.1.2 Disbursement and progress reports.</p> <p>1.1.3 Workshop and meeting Reports from workshops.</p> <p>1.2 Disbursement and progress reports and completed plans.</p> <p>1.3 Disbursement, progress and monitoring reports; vegetation and ecosystems maps.</p>	<ul style="list-style-type: none"> <li>• A national level interlocutor, with sufficient influence, can be allied to the project to facilitate coordination between sectors.</li> <li>• That project processes can result in the participation of sufficiently representative and politically influential local bodies such that planning processes are credible.</li> <li>• That the concept of the Mesoamerican Biological Corridor, and the subsequent processes associated with its realization, are sufficiently credible so as to gain support from other bilateral, multilateral, and private voluntary donors.</li> </ul> <p>Adequate coordination between the project and the regional MBC project.</p>
<p><b>2. Mesoamerican Biological Corridor Awareness and Promotion</b>  2.1 National Awareness</p> <p>2.2 International Promotion</p>	<p><b>US\$0.89 million for:</b></p> <p>2.1 Public Awareness Campaign.</p> <p>2.2. International Program.</p>	<p>2.1 Disbursement and progress reports; opinion survey results.</p> <p>2.2 Disbursement and progress reports; promotion products.</p>	<ul style="list-style-type: none"> <li>• Sufficient support in civil society for environmental issues to ensure receptivity to the biological corridor concept.</li> </ul>

<p><b>3. Capacity Building for Conservation &amp; Sustainable Use of Biodiversity</b>  <b>3.1 Strengthening of Local Communities</b></p>	<p><b>US\$2.15 million for:</b></p> <p>3.1.1 Selection and training of 64 local promoters.          3.1.2 120 indigenous and non-indigenous leaders trained on PAMBC objectives, activities and implementation arrangements.          3.1.3 Develop a training program          3.1.4 Legal and institutional strengthening of indigenous tenure and resource access.          3.1.5 Strengthening of local and regional councils          3.1.6 Strengthening of provincial and regional units          3.1.7 500 local leaders trained in legal, planning, subproject preparation, gender, and appropriate technology          3.1.8 Exchange visits</p>	<p>3.1 Disbursement and progress reports; course material; course participant surveys; mid-term and final reviews.</p>	<ul style="list-style-type: none"> <li>• Training needs are not greater than available resources.</li> <li>• Key individuals can be identified from other government and non-government institutions who can subsequently have an impact in raising biodiversity and the PAMBC to the level of debate in their institution.</li> <li>• That sufficient creativity and forward looking exists in critical private sector companies with interests in the PAMBC such that they will participate.</li> <li>• That sufficient institutional will exists to restructure and reorganize the NAPAS along decentralized lines.</li> </ul>
<p><b>3.2 Training in Environmental Management</b></p>	<p>3.2.1. Eight workshops for private sector companies on PAMBC, ELA norms and biodiversity.          3.2.2. Eight workshops for private sector on international trends/opportunities regarding biodiversity and sustainability.          3.2.3 Forty professionals trained in methodologies for economic valuation of biodiversity and in incorporation of biodiversity in sectoral and regional planning.          3.2.4 Twenty professionals trained in concepts and methods of policy analysis and biodiversity.          3.2.5 Development and implementation of mining/biodiversity course for GOP regulators.</p>	<p>3.2 Disbursement and progress reports; course/workshop materials; course/workshop participant surveys; mid-term and final reviews.</p>	
<p><b>3.3 Modernization of NAPAS, focusing upon Protected Areas within the PAMBC</b></p>	<p>3.3.1 Implementation of reorganization plan          3.3.2 Strategy development and implementation for increased resource capture for priority protected areas within the PAMBC          3.3.3 Forty central, regional and local DPAW staff trained on administrative, technical, social aspects of PA mgt.          3.3.4 150 park guards and volunteers trained in park management.</p>	<p>3.3 Disbursement and progress reports; reorganization plan; consultant reports; mid-term and final reviews; NAPAS Financial Strategy document; annual NAPAS budget.</p>	

<p><b>4. Investments in Priority Areas</b></p> <p>4.1 Support for Sustainable Use in Indigenous Lands</p> <p>4.2 Community Investments in Sustainable Use of Biodiversity</p> <p>4.3. Investments in Priority Protected Areas</p>	<p><b>US\$6.23 million for:</b></p> <p>4.1.1 Land tenure security subprojects (e.g., support for patrol programs to enforce <i>comarca</i> limits).</p> <p>4.1.2 Conservation and recuperation of cultural traditions and traditional knowledge for biodiversity conservation.</p> <p>4.1.3 Organization for local implementation.</p> <p>4.2.1 Subprojects related to sustainable use, conservation or protection of biodiversity.</p> <p>4.2.2 Support to project selection and oversight committees.</p> <p>4.3.1 Protected area infrastructure.</p> <p>4.3.2 Co-management of protected areas with indigenous communities.</p> <p>4.3.3 Special interpretive and volunteer programs.</p> <p>4.3.4 Demarcation of 290 km of strategic limits.</p>	<p>4.1 Disbursement and progress reports; consultant reports; mid-term and final reviews; annual report from indigenous congresses; visual inspections of km demarcated.</p> <p>4.2 Disbursement and progress reports; consultant reports; mid-term and final reviews; annual report from local and regional committees.</p> <p>4.3 Disbursement and progress reports; mid-term and final reviews.</p>	<ul style="list-style-type: none"> <li>• Improved indigenous control will result in better natural resource protection and use over the long term.</li> <li>• PAMBC compatible alternatives for natural resource use are sufficiently profitable to generate interest from the communities and private sector.</li> <li>• INRENARE can sufficiently engage local stakeholders so as to begin the process of enhancing long-term management and protection of protected areas.</li> <li>• That the conflicts between the legal declarations of protected areas and indigenous <i>comarcas</i> are sufficiently understood and both sides sufficiently flexible to allow compromise and resolution.</li> </ul>
<p><b>5. Project Management</b></p> <p>5.1 Project Executing Unit (PEU)</p>	<p><b>US\$ 1.14 million for:</b></p> <p>5.1 Project coordinating unit</p> <p>5.2 Project monitoring and evaluation</p>	<p>5.1 Progress reports</p>	<ul style="list-style-type: none"> <li>• PEU has easy access to President of INRENARE</li> <li>• No conflicts between PCU associated with MIDA and PEU associated with INRENARE</li> <li>• Quality and stability of PEU personnel</li> </ul>

## Annex 2

### Project Description

#### Panama Atlantic Mesoamerican Biological Corridor Project

The on-going IBRD *Rural Poverty and Natural Resources Project* (Credit 41580-PA) and the proposed IBRD/GEF Panama Atlantic Mesoamerican Biological Corridor Project together address the root causes leading to migration to, and expansion of, the agricultural frontier while enhancing on-site protection of areas of high biodiversity values inside and outside of protected areas. The two closely-related projects provide the Government of Panama with a coherent, multi-sector response to the interrelated issues of rural poverty, natural resources management, and biodiversity conservation.

The two projects focus one set of instruments on the poorer and more populous southern provinces of the Pacific to reduce outmigration from poverty and resource degradation leading to migration that pushes the agricultural frontier and leads to subsequent invasions of public forests and protected areas; and another set of instruments within the Atlantic portion of the Mesoamerican Biological Corridor, reducing open access to high biodiversity areas and thus reducing the pull factors and controlling *in situ* threats to biodiversity.

This will be accomplished by (i) investing heavily in areas of origin of poor migrants; (ii) improving protection of protected areas; (iii) assisting indigenous and non-indigenous dwellers of the Cordillera and Atlantic coast to protect their community lands from external threats and assisting them with biodiversity conservation and sustainable resource use activities; (iv) increasing awareness and promoting land use planning to enlist local governments in the Atlantic behind the principles of the biological corridor; (v) assisting public and private development activities (e.g., roads) to appropriately internalize the corridor concept and biodiversity measures within sector development planning and projects; (v) actively seeking to build partnerships with commercial interests (e.g., mining) in the Atlantic to enhance biodiversity protection and private sector involvement in biodiversity management activities; and (vi) strengthening INRENARE and local government capacity to coordinate other on-going projects to ensure more coherent and efficient use of resources in pursuit of corridor objectives.

#### **IBRD Rural Poverty and Natural Resources Project - US\$27.9 million**

The principal objective of the *Rural Poverty and Natural Resources Project* is to apply, on a pilot basis, methodologies that would channel financial resources to rural communities to assist them in promoting sustainable productive systems and thereby reduce rural poverty, natural resource degradation, and migration. More specifically, operational goals include:

- Creating capacity at the local level to organize, self-diagnose problems, plan activities through participatory means, seek out and negotiate assistance, and act in pursuit of resolving priority quality of life issues.
- Establishing a demand-driven financing mechanism that operates in high poverty areas and provides matching grants to communities for activities that help reduce rural poverty, improve the quality of life, and offer alternatives for sustainable natural resource management and livelihood.

Implemented by the Ministry of Agricultural Development, NGOs, and private and community organizations, the *Rural Poverty and Natural Resources Project* will: (i) provide training and organizational assistance to communities to identify their needs, in activities related to production technology, production support, community organization and rural development, and to prepare community development or action plans using participatory methodologies; and (ii) establish a demand-driven Fund for Sustainable Agricultural and Rural Development that would provide matching grants to communities to help finance these plans in whole or in part (other sources of funds would also be used when available). Eligible investments include: agricultural system research; agricultural extension; technical assistance; training and productive infrastructure, including mini-irrigation schemes, processing facilities, reforestation and rehabilitation of rural roads.

#### **IBRD/GEF Panama Atlantic Mesoamerican Biological Corridor Project - US\$12.8 million**

The *Panama Atlantic Mesoamerican Biological Corridor Project* would complement the *Rural Poverty and Natural Resources Project* by: (i) integrating the biological corridor concept into sector strategies and investments; (ii) increasing information on the status of biological diversity along Panama's Atlantic Slope; (iii) increasing awareness of the importance

of the PAMBC at the national and international levels; (iv) improving natural resource management in priority areas of the PAMBC; and (v) reducing colonization of priority areas of the PAMBC by strengthening protected areas management and indigenous land tenure.

### Priority Areas For Project Intervention

During 1996, an intensive process of physical, biological and participatory planning resulted in Panama's developing a national proposal which identified its potential contributions to the Mesoamerican Biological Corridor (MBC). The process was completed by INRENARE as part of a regional Mesoamerican Biological Corridor study assisted by GEF/UNDP. The official output is the "*National Protected Areas and Biological Corridor Plan*", a document which defines the global strategy in Panama for the MBC. The study provided the initial delineation of national biological corridors, established conservation priorities based on biological values and provided a diagnostic of issues relevant to their conservation. Planning for the proposed project took the *Corridor Plan* as its point of departure and began from the perspective of focusing GEF resources on securing the conservation of intact ecosystems rather than on restoration or rehabilitation of converted landscapes. This served to focus priorities on Panama's Atlantic slope and the contiguous intact ecosystems found in the Pacific portions of Darién National Park. Through these areas, a *de facto* biological corridor remains which transverses Panama from its southern border with Colombia to its northern border with Costa Rica.

Subsequent prioritization was carried out based on: (i) the objective of maintaining connectivity through these intact and relatively intact ecosystems; (ii) estimates of threats to such connectivity based on historic deforestation processes (comparisons between 1986 and 1992) and current economic development activities and trends; (iii) estimates of opportunity costs to conserve the biological corridor; (iv) social evaluations and consultations with indigenous and non-indigenous authorities, NGOs, and organizations to identify opportunities and potential conflicts; (v) INRENARE's expressed priorities; and (vi) an analysis of existing financing for activities consistent with the biological corridor concept within the Atlantic watershed. In addition, a detailed diagnostic for prioritization within National Protected Areas System, completed by the preparation of the IBRD-financed *Rural Poverty and Natural Resource Management Project*, was used to strengthen conclusions regarding priorities within protected areas.

A summary of the results are presented in Attachments 1, 2, and 3. The attachments reference all of the areas where currently intact and relatively intact ecosystems are found which together comprise the *de facto* biological corridor. The priority areas established for local interventions by the proposed project are highlighted in the Attachments.

From the planning processes, a very clear strategy for project intervention evolved. Of the 2.8 million hectares which comprise the terrestrial portion of the PAMBC, approximately 1.3 million hectares are within areas with legal declarations as protected areas while 1.1 million hectares are within areas with legal declarations as indigenous *comarcas*. Significant overlaps between these two areas exists. An additional 0.2 million hectares of indigenous territories (Teribe and Wargandi) are currently under discussion as being legally declared as *comarcas*; the discussions on the declaration of the Teribe *comarca* are well-advanced and there is apparently an emerging consensus which is expected to result in the declaration within 1-2 years. The protected area system and the indigenous *comarcas* and territories provide a clear foundation and opportunity to promote conservation and sustainable development compatible with the concept of the PAMBC: (i) there is an existing legal framework; (ii) legal aspects of land tenure and ownership are unambiguous and an open access situation does not exist, although conflictive and complicated elements remain to be resolved; and (iii) local populations demonstrate a higher degree of social organization and have expressed interests in securing development assistance for sustainable livelihood and resource conservation.

Based on the assessments of threats, risks, development priorities and existing (and proposed) financing, the priority areas selected for local project intervention are:

- *Province of Bocas del Toro*, which is an area of high biodiversity value with relatively little existing financing for conservation and where the completion of a road project (Chiriqui Grande to Almirante) will, over the next few years, result in a significant increase in development pressure. Warranted measures include securing protected areas and indigenous lands; identifying and enhancing protection for other high value areas; and securing consensus with communities, private sector interests and local and national authorities on future developments. This area is



designated as the highest priority for the project.

- *International Park La Amistad, Volcan Baru National Park and the La Fortuna Forest Reserve*, which are the “backdoors” to Bocas Del Toro province and require relatively little incremental financing to enhance their current protection.
- *El Copé National Park*, an isolated “island” within the vulnerable center of the PAMBC where the agricultural frontier is threatening to break through to the Atlantic coast. A strategic focus is required in this area as currently there is little existing financing for conservation and sustainable development activities within which to engage local stakeholders. Needs in that area are beyond this project’s ability to respond. A recent IFAD project (“Triple C”) has been approved which could potentially provide key assistance to the PAMBC in this area. INRENARE will be working with IFAD under that project’s natural resources component to coordinate efforts within the PAMBC. This project will thus focus assistance on: (i) El Copé National Park to complement INRENARE’s actions with the Triple C project; (ii) assisting INRENARE to leverage additional financing to cover the link between Bocas Del Toro (and the Ngobe-Bugle *comarca*) and El Copé National Park through the “*Montañoso de Veraguas Biological Corridor*”; and (iii) financing initial studies which could lead to protected area declarations for the “Rio Indio Multiple Use Area” and the “Doñoso Forest Reserve” as key elements to consolidate the “center” of the PAMBC.
- *San Blas Comarca, Corregimiento #1*, where the Kuna Congress has requested assistance to: (i) strengthen protection of the Nargana wildlands on the western edge of the *comarca* where there is pressure steadily increasing from colonization and road building; and (ii) demarcate and protect an area in the south of Nusagandi which is under increasing colonization pressure.
- *Comarca Madugandi and the Wargandi territory*, both Kuna indigenous areas, where assistance has been requested by the Madugandi Congress to demarcate and protect a portion of their southern limit under increasing colonization pressure and by both groups for assistance in management of land conflicts and strengthening vigilance and protection.
- *Darién National Park*, where the project will finance strategic activities (e.g., infrastructure, involvement of local communities in Park management) to enhance protection. Incremental financing is not required in the park buffer zones or connecting biological corridors as significant donor resources are already targeted to these areas and Interamerican Development Bank is currently preparing a “Darién Sustainable Development Project”. A key role for the project will be to assist INRENARE in coordinating activities between donors to increase focus on activities compatible with the PAMBC.

Actions will include support to local capacity building, PAMBC planning and coordination, promotion and awareness, conflict management, demand-driven sustainable use and conservation projects, and protected area management. Activities at the national-level will provide support to the PAMBC as a whole as well as assist to maintain support for the local initiatives. Details are provided below.

**Project Component 1 - Corridor Planning and Biodiversity Monitoring (US\$2.39 million; GEF US\$2.01 million)** would focus on filling in gaps in knowledge critical to refining and negotiating the corridor framework with national and local level actors, would include:

*Subcomponent 1 - National Planning and Intersectoral Coordination (US\$0.43 million; GEF US\$0.42 million)* The Mesoamerican Biological Corridor is rapidly transforming into a regional initiative with broad support from national governments and multilateral and bilateral donors; it is a top priority for the CCAD, which represents the executive branch of national governments through the countries’ Ministers of Environment and Natural Resources. The modest resources available to this project are thus focused on capitalizing on this broad support and initiating processes required to attain the levels of investments necessary to consolidate the Panamanian section of the Mesoamerican Biological Corridor and to ensure the sustainable use of its biological resources. In common with most of the other GEF-financed MBC investments in the region, the principal contribution of the project is the promotion of the MBC vision of conservation and sustainable use of biodiversity and the leveraging project funds by influencing the principal stakeholders of the project. Initial efforts will focus on influencing, targeting, prioritizing and improving efficiency of existing financing through achieving agreements on the importance of the PAMBC and enhancing cooperation and coordination. The short-term desired result would thus be increased financing for PAMBC-compatible activities in priority areas and reduced financing of non-compatible activities.

Of the various stakeholders in the area of the Corridor, among the most important in terms of defining its long-term survival are major decision-makers at various levels of government and key private sector and civil society actors. This subcomponent aims to influence decision-making and long-term strategies of these stakeholders. Specifically, the various investments are targeted at influencing various branches of government, private sector mining interests, and international donors and financiers.

The different activities planned under the subcomponent are:

- Develop and agree upon sector strategies and guidelines for the PAMBC and biodiversity conservation with INRENARE (forests, protected areas, environmental assessment), MICI (mining), MOP (transport), IPAT (tourism), MIDA (agriculture), MIPPE (economic policy and planning), and the division of Indigenous Policy in the Ministry of Governance and Justice (indigenous *comarcas*). This activity includes consultants, studies, workshops and meetings, and preparation and dissemination of strategic documents.
- Develop a strategy and proposal for adjudication of forested national lands as a specific task under the general heading of strategic support to INRENARE. The activity will primarily cover costs of an international and local consultant.
- Assist INRENARE and MICI in the development of a strategy for ensuring that mining interests in the PAMBC begin the process of fully integrating the concept of the Corridor and the importance of biodiversity conservation. In addition to development of a strategy, the activity will finance an environmental audit of Molejon and Petaquilla Mining Projects.
- Finance annual coordination workshops with bilateral and multi-lateral donors, NGOs, local authorities, relevant GOP agencies, and key institutions representing other sectors whose activities have potentially important impacts on biodiversity conservation and the PAMBC.
- Support annual meetings at the national level to discuss and formalize the global strategy and policy for the PAMBC. Initially, the leadership and forum for the meeting will be the Coordination Council of the integrated Rural Poverty and Natural Resources/PAMBC projects, currently representing INRENARE, MIDA, and key stakeholders (NGOs, local development committees and authorities). This is expected to be replaced by the National Commission on Environment (CONAMA) when it is formed under the proposed General Environment Law. This is expected to occur within the first year of the project.

*Subcomponent 2 - Local & Regional Planning in Priority Areas (US\$1.17 million; GEF US\$1.12 million).* In addition to the activities which foment new ways of thinking at the national level, it is critical to ensure that the fundamental concepts of the Corridor, conservation, and sustainable use are implemented at the local and regional levels. Incipient planning processes at various local levels are now taking place in Panama. This subcomponent will support participatory planning activities which integrate the PAMBC, refine its definition based on locally supported opportunities, as well as influence them so that, where appropriate, they are consistent with national sectoral and PAMBC strategies. The tools developed for integration of the PAMBC in participatory planning processes will be disseminated to local governments, NGOs, and other programs and projects operating throughout the PAMBC.

The subcomponent will specifically support planning activities in geographic areas that have been prioritized as the key areas for project intervention within the Panama Atlantic Mesoamerican Biological Corridor. In addition to working with planning initiatives at various governmental levels, the project through this subcomponent will support indigenous groups and planning for key Corridor protected areas. Activities include:

- Develop participatory plans related to PAMBC management with regional and local stakeholders within the 21 *corregimientos* prioritized for project intervention. The areas where plans are to be financed are identified and supporting information provided in background documents; the activity will finance studies, special advisory consultants, workshops, and some equipment costs.
- Develop participatory plans with the indigenous *comarcas* of Ngobé-Bugle, Kuna Yala, and Madugandi; and with the indigenous territory of the Teribe.
- Develop management plans for four protected areas (La Amistad, San San Pond Sak, Bastimentos, and Palo Seco), carry out resource evaluations and inventories in another four protected areas (El Cope, La Fortuna, Palo Seco, and Darién), and hold public consultations and validations of protected area annual operating plans.

*Subcomponent 3 - Biodiversity Monitoring (US\$0.79 million; GEF US\$0.47 million).* A corridor monitoring system is essential to measure the degree to which the goals of the project are being met as well as to provide valuable information to decision-makers. Critical information includes the extent of remaining natural vegetation and the speed of advance of the agricultural frontier. In addition to information on the quantity of habitat, the quality of habitat must also be monitored since the mere presence of forests does not guarantee they still provide for the survival of naturally functioning ecosystems. Finally, given the tremendous difference between raw data and useful information (i.e., processed data), a functional monitoring system must be able to count on resources for analysis and dissemination of information.

The monitoring of habitat quantity in the corridor will depend initially on the establishment of a useful baseline. In the case of Panama, coarse-scale maps exist of remaining forest cover in the country; however, these are outdated and of insufficient detail. The project will support the preparation of a vegetation ecosystems map at a scale of 1:250,000. The actual monitoring of changes in habitat quantity will rely on the collection and interpretation of remote satellite imagery.

Effective monitoring of habitat quality is notoriously elusive because of the difficulty of collecting information at a species level, of measuring population trends, and of desegregating natural variability from observed trends. Nevertheless, even crude measures of population changes in a few indicator species can provide helpful information on major trends in habitat quality. The project will invest modest resources in monitoring the status of several indicator species. This system would be linked to both ongoing (e.g., standardized reporting by park guards and field foresters) and ad hoc (e.g., Rapid Ecological Assessments, discussed above, and biodiversity/ecological research) data collection mechanisms; initial application of the Rapid Assessments will be in the mining zones of Molejon and Petaquilla. All of the project's monitoring efforts would be closely coordinated with the regional monitoring scheme for the MBC supported by the GEF/CCAD/UNDP project.

The main activities of the subcomponent would include:

- Design and install a Monitoring System, including acquisition of necessary equipment and training of necessary personnel. An internationally-recruited consultant will be contracted to assist with the design of the system and a monitoring specialist, located in INRENARE, will be contracted through the life of the project. During the initial design phase, an effort would be made to inventory existing studies, initiatives, and projects. Based on the findings during the phase of initial design, the monitoring system could take advantage of existing capacity of the Panama Canal Monitoring Project (INRENARE/ Smithsonian initiative with funding from USAID; currently scheduled to continue until December 1998).
- Preparation of a vegetation and ecosystems map for Panama. The bulk of remaining natural vegetation and intact ecosystems are located in the Atlantic section of Panama's Mesoamerican Biological Corridor, thus there is little additional cost involved in preparing a vegetation map of the entire country. It is planned that a map at a scale of 1:250,000 will be produced. Similar maps have recently been produced in other Central American countries and every effort will be made to ensure compatibility with existing or planned maps in these neighboring countries. In particular, this map will be coordinated with the ongoing PROARCA initiative to produce a vegetation map of Central America. With a budgeted cost of about US\$260,000, this activity covers the cost of specialized experts, remote satellite image acquisition (LANDSAT and possibly radar images), data collection, ground-truthing, workshops with Panamanian experts, production of GIS-based maps, and printing.
- Change detection exercises. Once an initial baseline map has been produced of forest cover in the PAMBC, changes in natural habitat quality may be monitored through change detection exercises using remote satellite imagery. Although the exact methodology to be followed will be determined during the design phase of the component, it is probable that the change detection analyses will rely on LANDSAT remote images. It should also be noted that change detection exercises for the Mesoamerican Biological Corridor as a whole are planned under the regional GEF MBC Project, allowing for significant opportunities for cost-sharing and coordination between the two projects.
- In order to complement the baseline data provided by the preparation of the vegetation and ecosystems map as well as to improve the state of knowledge about certain critical areas of the PAMBC, rapid biological assessments will fill in knowledge gaps in priority areas. Priority areas for rapid assessments include the Moléjon and Petaquilla mining areas, with others selected during project execution; this activity will finance short but intense assessments of areas within the corridor which are believed to be rich in biological diversity and for which an inventory is

considered important (e.g., areas under imminent threat, areas under consideration for incorporation into the protected area network).

- In order to take into account the quality of corridor natural habitats, the monitoring component will monitor the population status of a small number of indicator species (easily monitorable species whose presence and population stability are indicators of some level of overall ecosystem health). The species to be studied and the exact methodological protocols will be determined during the design phase of the study; it should be noted that successful monitoring of indicator species has been carried out as part of the Panama Canal Monitoring Project. The actual data will be collected primarily in protected areas through an innovative methodology developed for this project by which most data collection will be undertaken by park guards and supplemented by field-based experts as necessary. One major sub-activity will involve support for a monitoring program of the Harpy Eagle. INRENARE has an ongoing program with the Peregrine Fund to monitor this species in the Darién; through this project, monitoring will extend to the rest of the PAMBC.
- Finally, analysis and dissemination of monitoring data will be established and supported through a monitoring network comprised of universities, researchers, and NGOs currently involved in collection of relevant data.

**Project Component 2 - Mesoamerican Biological Corridor (MBC) Awareness and Promotion (US\$0.89 million; GEF US\$0.81 million)** would focus on creating the MBC as a concept, vision and image within Panamanian society in general and among key stakeholders specifically. Specifically, it would attempt to raise to the level of public debate on the operational concept of the MBC; create broad public support and strengthen national and local advocacy for the MBC as a means of enhancing social and political incentives to the participation of key stakeholders; educate key stakeholders as to the goals of the MBC; and promote the integration of biodiversity concerns and the MBC within other GOP and donor supported programs.

*Subcomponent 1 - National Awareness (US\$0.67 million; GEF US\$0.61 million)* This subcomponent is aimed at ensuring high visibility for the biological corridor as a concept and as a strategy for integrating biodiversity concerns within national, regional and local development. Educational activities would be focused at the general public, key national and regional leaders, and primary school teachers and children as a means of creating public support for the biological corridor as well as for the conservation of its key elements (e.g., indigenous lands, protected areas, primary forests, critical watersheds). The subcomponent includes:

- **Public Awareness Campaign.** This activity groups investments that target the general public as opposed to decision-makers. It includes consultants to finalize the design of the program; publicity campaigns through special events, radio and television; preparation of special communication material; sponsorship of fairs or other public events on biodiversity or the Corridor; support ongoing environmental education programs of the Ministry of Education; and surveys.
- **Promotion among national and local leaders.** Awareness activities would promote increased awareness among leaders and representatives at the national and local levels regarding: (a) the existence, objectives, and value of the MBC as it relates to sustainable development in Panama; (b) the importance of biodiversity to sustainable development; and (c) opportunities for sustainable development compatible with MBC objectives. This activity would principally finance a series of special events or workshops.
- **Local environmental education** to incorporate the PAMBC into the existing environmental education program and curriculum of the Ministry of Education (in cooperation with INRENARE) for primary schools and assist with its implementation in priority areas of the PAMBC. This activity would finance development of curriculum modules, printing cost and dissemination, workshops with teachers, and special events (e.g., ecological fairs, youth group activities).

*Subcomponent 2 - International Promotion (US\$0.22 million; GEF US\$0.20 million)* The second subcomponent aims to reinforce the vision of the MBC and biodiversity conservation by creating international awareness and interest in Panama as an ecotourism destination and as a country seriously attempting to conserve its biological resources. International marketing campaigns efforts will be coordinated with the regional CCAD-managed MBC Project and other national initiatives. The project, in cooperation with the Panamanian Institute of Tourism will: (a) finance development of an ecotourism strategy for

the MBC; (b) promote and facilitate international communication of information on the MBC, including establishment and maintenance of a web page on the MBC in Panama; (c) develop, print, and disseminate promotion instruments; and (d) conduct opinion surveys among international visitors.

**Project Component 3 - Capacity Building for Conservation & Sustainable Use of Biodiversity** (US\$2.15 million; GEF US\$1.40 million) would focus on strengthening of government and non-government organizations and communities for the conservation and sustainable use of biodiversity in the PAMBC. Subcomponents include:

*Subcomponent 1 - Strengthening at the Community Level* (US\$1.28 million; GEF US\$1.11 million) would assist indigenous and non-indigenous communities and their representatives in priority areas of the PAMBC to: (a) participate effectively in the local, regional, and national planning processes; (b) utilize biodiversity resources sustainably; and (c) access and make effective use of the resources available for investments in priority areas (under Project Component 4). Specifically, activities would include:

- Selection and training of 64 local PAMBC promoters. This activity would cover costs of selecting and training volunteer promoters and would cover their operational costs during the implementation of the project.
- 120 indigenous and non-indigenous leaders trained on PAMBC objectives, activities and implementation arrangements.
- Development of the overall program of training.
- Training for indigenous representatives in issues related to land tenure conflict management.
- Strengthening of local and regional committees.
- Strengthening of provincial and *comarca* planning units.
- Strengthening in planning and legal issues.
- Training for women's groups in sustainable use of resources.
- Training in appropriate technologies.
- Exchange tours to allow local communities to learn of best practice experiences in other areas.
- Training in project preparation and implementation.

*Subcomponent 2 - Training in Environmental Management* (US\$0.22 million; GEF US\$0.19 million) would offer a series of sixteen workshops for private sector companies on the PAMBC and biodiversity; EIA best practices for biodiversity issues; and international business trends and opportunities relevant to biodiversity and sustainability (e.g., ISO 9000, certification of ecotourism, forestry and agricultural products). This subcomponent would also provide special training for environmental professionals in areas of environmental management as yet undeveloped in Panama. Activities include:

- Eight workshops for the private sector on the PAMBC, biodiversity conservation, and environmental assessments. The target audiences would include investors in the mining, construction, tourist and forestry sectors.
- Eight workshops for the private sector on international trends and opportunities regarding biodiversity and sustainability.
- Training of environmental professionals in methodologies for economic valuation of biodiversity and natural resources and methods incorporating biodiversity concerns in sectoral and regional planning.
- Training of environmental professionals in concepts and methods of policy analysis and biodiversity.
- Training of environmental professionals in special issues of concern regarding the mining industry and the Mesoamerican Biological Corridor.

*Subcomponent 3 - Modernization of NAPAS* (US\$0.65 million; GEF US\$0.1) This subcomponent would support efforts aimed at modernizing Panama's protected area system, focusing upon protected areas within the PAMBC. This includes development of a modernization strategy and revision of internal procedures. As a major element of implementing the modernization strategy, the project will support training for executive, managerial and administrative staff from DPAW's central, regional and protected areas offices on administrative, technical, and social aspects of protected area management and biodiversity conservation. Park guards and volunteers would receive specialized training in their duties and biodiversity monitoring. This subcomponent would also train local representatives seated on the provincial and local committees that will be the main interlocutors between INRENARE and civil society. Specific activities envisaged under this project include:

- Evaluate the organization and current administrative efficiency of the NAPAS and develop a reorganization plan as required, including technical assistance in reorganization and the development of internal procedures, to strengthen protected areas management within the PAMBC
- Develop and implement a strategy to increase resource capture to improve the financial sustainability of protected areas management and protection within the PAMBC.
- Training of central, regional and local DPAW staff on administrative, technical, and social aspects of PA management. This activity will also include legal training for INRENARE staff on resolution of legal and tenure conflicts.
- Training of 150 park guards and volunteers in park management.

**Project Component 4 - Investments in Priority Areas of the PAMBC (US\$6.23 million; GEF US\$3.13 million)** would provide grants to finance eligible costs of securing the long-term protection of the biological corridor and biodiversity, including equipment, consultants, operational expenses, studies, workshops, training, study tours and development and dissemination of materials. In all cases, component expenditures are restricted to pre-defined geographical areas which have been identified as high priority. Subcomponents include:

*Subcomponent 1 - Support for Sustainable Use in Indigenous Lands (US\$0.68 million; GEF US\$0.68 million)* This subcomponent will provide grants to support activities aimed at strengthening indigenous land security and land use, with the objective of promoting the long-term conservation and sustainable use of biodiversity within the PAMBC. Proposals would be developed during project implementation directly with the indigenous authorities, their officially designated representatives, and indigenous communities. Attachment 4 (see below) provides a summary of indicative eligibility criteria, which will be further refined during the finalization of the Project Operations Manual. Eligible subprojects would include:

- Land tenure security subprojects, including the demarcation of approximately 175 kilometers of *comarca* limits in areas under pressure from colonization and support for patrol programs of *comarca* limits. Areas for demarcation have been pre-defined in consultation with indigenous congresses. Demarcation subprojects will only be supported in areas where boundaries are legally established, where potential for violence is not a constraint, and the Ministry of Government and Justice's Office of Indigenous Policies provides a no-objection.
- Vigilance subprojects in support of ongoing efforts by indigenous communities to limit invasions by individual colonists into indigenous *comarcas*. The subprojects will primarily finance such activities as training individuals to locate and map locations of current colonists, facilitate field communications, and mobilization.
- Joint subprojects between indigenous and non-indigenous communities which support ongoing activities to promote improved relations and reduced conflicts between principals. Eligible activities would primarily be social and organizational activities leading to development of working relationships and subprojects eligible for financing under Subcomponent 2 (see below). Subprojects of this nature will require minimal financing.
- Traditional and cultural knowledge subprojects in support of systematizing, disseminating and training of trainers to assist communities in maintaining systems for sustainable use. These subprojects will also generate proposals eligible for financing under Subcomponent 2 (see below).

In addition, financing will be provided under this subcomponent for the organization, implementation and facilitation required during the first two years of the project to agree with indigenous leaders on and organize the operationalization of the subcomponent. Support will include an indigenous specialist and local assistants, workshops, translations, and operating costs.

*Subcomponent 2 - Community Investments in Sustainable Use of Biodiversity (US\$2.64 million; GEF US\$1.45 million)* This subcomponent would provide grants to support indigenous and non-indigenous communities in implementing alternative activities and technologies of resource use. Successful implementation would have a multiplicative effect and would be favorable to the PAMBC by reducing pressure of local communities on natural resources in the core of the corridor. Eligible subprojects will include:

- Subprojects which support conservation or sustainable use of biodiversity with communities. Co-financing requirements for investments would range from 20% for conservation subprojects to 40% for sustainable use

subprojects. The level of co-financing has been calculated to reflect appropriate cost-sharing between the national baseline and the global increment. Full details on the subprojects and eligibility criteria are included in the Operational Manual and a summary is included in Attachment 4. Subproject prioritization and selection will be done at the level of the Local Sustainable Development Committees with no-objections based on eligibility and available financing criteria made either at the provincial, *comarca*, or PEU-levels depending on total cost.

- A biodiversity prospection subproject to finance a model project for inclusion of communities, local benefits, and local intellectual and cultural property rights. Financing will be made available for one biodiversity prospection subproject in which GEF financing is utilized to ensure local participation and equitable benefits. There are currently bioprospection activities in Panama, but little attempt has been made to replicate the INBIO model (from Costa Rica) where local individuals are trained as para-taxonomists and employed through the projects nor has there been much advance in ethnobotanic based prospection. Activities eligible for GEF financing will include those leading to: (i) clarification and negotiation of intellectual and cultural property issues and the benefits to accrue locally from them; and (ii) training of local individuals to be subsequently employed by the subproject. Co-financing requirements will be a minimum of 65%. The successful proposal will have achieved the prior and informed consent from participating communities and will be selected based on its estimated potential to provide local benefits, achieve at least medium term sustainability, and its inclusion of a feasible, transparent collection protocol to ensure that collection levels are compatible with ecosystem and species resilience and do not harm biodiversity. Proposals will be submitted directly to the PEU with final approval contingent on a no-objection from the World Bank.

In addition, financing will be provided under this subcomponent for operational support for the functioning of project selection and oversight committees.

**Subcomponent 3 - Investments in Protected Areas (US\$2.91 million; GEF US\$1.0 million)** The investments under this subcomponent will be administered through INRENARE and aim to ensure adequate protection and conservation of biodiversity in priority protected areas in the PAMBC. Project activities would include:

- Protected areas management infrastructure, including design work for infrastructure such as visitor centers, guard posts, and offices. This activity also includes costs of equipment required for protected area management.
- Park management infrastructure for INRENARE-managed PAs that are located within indigenous *comarcas* or territories. In these areas of overlap between PAs and indigenous areas, investments will need to be planned and executed jointly between INRENARE and the indigenous groups concerned.
- Special programs including interpretive programs in visitors centers and nature trails, and a volunteer park guards program to involve local communities and assist INRENARE staff.
- Physical demarcation of 295 km strategic limits in areas under pressure from colonization.

**Project Component 5 - Project Management (US\$1.14 million; GEF US\$1.05 million)** would contribute toward financing the incremental costs of project administration, coordination, and management related to GEF-financed activities; including project coordination unit personnel (Project Coordinator, Financial Officer, and Administrative Assistant); project monitoring and evaluation; office supplies and equipment; printing and other operational expenses.

**Annex 2**  
**Attachment 1**

**Project Description**  
**Panama Atlantic Mesoamerican Biological Corridor Project**

**PAMBC and Threats Represented by Deforestation Processes in the PAMBC in 1992**  
(areas in bold are project priority areas)

Name	Annual Threat (measured in base of cover in 1992)						
	Deforestation		Subtotal (ha)	Area Interven. (ha)	Threat Total		
	Within (ha)	%			Outside (ha)	(ha)	%
<b>Existing National Parks</b>	<b>6,006</b>	<b>0.7%</b>	<b>10,153</b>	<b>16,159</b>		<b>16,159</b>	<b>1.88%</b>
N.P. Amistad	961	0.5%	1,267	2,228		2,228	1.11%
N.P. Volcán Barú	732	4.9%	589	1,321		1,321	11.55%
N.P. Isla Bastimentos	12	0.6%	143	155		155	8.27%
N.P. Omar Torrijos/El Copé	74	0.6%	291	365	-	365	1.80%
N.P. Portobelo	121	0.8%	191	312		312	2.02%
N.P. Chagres	1,836	1.6%	2,427	4,263		4,263	4.08%
N.P. Darién	2,270	0.4%	5,245	7,515		7,515	1.49%
<b>Other Protected Areas</b>	<b>4,750</b>	<b>2.0%</b>	<b>4,549</b>	<b>9,298</b>		<b>9,298</b>	<b>4.03%</b>
W.L.L. San San-Pond Sack	76	9.3%	259	336		336	3.65%
P.F. Palo Seco	3,058	2.4%	1,608	4,666		4,666	4.00%
F.R. La Fortuna	853	3.6%	202	1,056		1,056	5.57%
F.R. La Yeguada	409	10.4%	194	603		603	20.78%
N.M. Barro Colorado <sup>1</sup>	-	-	-	-		-	0.00%
R.A. Lago Gatún	1	1.4%	-	1		1	0.59%
W.R. Narganá y Comarca de San Blas	352	0.4%	2,285	2,637		2,637	3.17%
<b>Proposed Protected Areas</b>	<b>1,414</b>	<b>3.2%</b>	<b>2,114</b>	<b>3,528</b>	<b>297</b>	<b>3,825</b>	<b>5.15%</b>
N.P. Amistad (addition)	486	8.8%	652	1,138		1,138	43.54%
R.C. Escudo de Veraguas	-	0.0%	-	-		-	0.00%
N.P. Santa Fé	13	0.1%	116	130		130	1.21%
M.U.A. Corregimiento de Río Indio	-	0.0%	-	-	297	297	0.88%
N.P. Fuerte San Lorenzo	95	1.2%	-	95		95	1.01%
R.A. Lago Gatún (adición)	22	4.5%	88	110		110	20.01%
R.C. Isla Galeta	0	0.1%	9	10		10	3.28%
N.P. Chagres (adición)	-	0.0%	25	25		25	0.36%
Humedal Bahía de Escribano	-	0.0%	-	-		-	0.00%
R.C. Isla Majé (Bayano) <sup>1</sup>	-	-	-	-		-	0.00%
W.R. de Punta Garachiné	797	6.0%	1,223	2,020		2,020	23.34%
<b>Corridors Proposed</b>	<b>23,958</b>	<b>2.1%</b>	<b>17,312</b>	<b>41,270</b>	<b>6,761</b>	<b>48,032</b>	<b>4.32%</b>
A.C. Teribe-San San-Pond Sack	625	2.9%	381	1,006		1,006	4.76%
B.C. Isla Bocas del Toro	144	4.4%	446	590		590	18.26%
A.C. Palo Seco	900	9.5%	94	994		994	18.96%
H.C. de Montaña	6,489	5.2%	3,540	10,029		10,029	10.81%
B.C. Caribeño	7,658	6.2%	562	8,220		8,220	10.27%
B.C. Montañoso de Veraguas	1,522	1.0%	1,111	2,632		2,632	1.73%
B.C. Copé-Río Indio	3,113	2.8%	-	3,113	5,051	8,165	5.48%
B.C. de la Costa Bajo	127	3.8%	-	127	1,710	1,837	5.72%
B.C. Lacustre	50	13.4%	46	96		96	129.69%
B.C. Interoceánico	55	4.3%	100	156		156	5.80%
B.C. Playa Colorado-Diurdí	-	0.0%	88	88		88	0.72%
B.C. Comarca Madugandí	1,026	0.5%	1,318	2,344		2,344	1.14%
B.C. Comarca San Blas Correg. #2, #3 y #4	713	0.8%	141	854		854	0.98%
B.C. Comarca Emberá-Waunan, etc.	1,535	0.6%	9,485	11,020		11,020	4.12%
<b>Grand Total</b>	<b>36,127</b>	<b>1.6%</b>	<b>34,128</b>	<b>70,255</b>	<b>7,058</b>	<b>77,314</b>	<b>3.40%</b>

Note: Inconsistencies in area estimates are attributable to slight differences between map products of the 1986 and 1992 forest cover and the PAMBC. "Interven." signifies "forest in 1986 and intervened in 1992". "Regen." signifies areas without forest in 1986 and with forest (or intervened forest) in 1992. "Deforestation" is calculated based on area deforested divided by the sum of area deforested and the area of forest which has not changed use (total divided by 6).



**Annex 2**  
**Attachment 2**

**Project Description**

**Panama Atlantic Mesoamerican Biological Corridor Project**

**The PAMBC - *Corregimientos*, Priorities, and Estimated Population <sup>1</sup>**  
(areas in bold are project priority areas)

<i>Corregimiento</i>	Rural/ Urban	District	Province	Priorities				Est. Population (07/97) <sup>1</sup>		
				Connectivity *		NPAS	Socio- Cultural	Total	Indig.	Non - Indig.
				PAMBC	Local					
Bocas del Toro	U	Bocas del Toro	Bocas del Toro	1	1			5,798	2,499	3,299
Bahia Azul	R	"	"	1	1		X	4,883	4,146	737
Bastimentos	R	"	"	1	1	X		1,226	565	661
Calovebora	R	"	"	1	3			3,740	3,243	497
Punta Laurel	R	"	"	1	1			1,007	829	178
Tobobe	R	"	"	1	1		X	7,284	6,840	444
Changuinola	U	Changuinola	"	1	2	X	X	46,920	21,489	25,431
Almirante	U	"	"	1	1	X	X	15,550	6,142	9,408
Guabito	U	"	"	1	2	X	X	15,757	8,635	7,122
Chiriqui Grande	U	Chiriqui Grande	"	1	2	X	X	11,714	8,903	2,811
Canquintu	R	"	"	1	2		X	4,752	4,562	190
Guoroni	R	"	"	1	3			1,458	1,435	23
Mununi	R	"	"	1	3			754	745	9
Piedra Roja	R	"	"	1	3			2,521	2,486	35
Punta Robalo	R	"	"	1	1	X	X	4,604	3,508	1,096
El Harino	R	La Pintada	Coclé	2	1	X		7,234	-	7,234
Llano Grande	R	"	"	1	2	X		5,339	-	5,339
Piedras Gordas	R	"	"	2	1	X		4,177	-	4,177
El Copé	R	Olá	"	2	1	X		1,268	-	1,268
El Palmar	R	"	"	2	3			1,997	-	1,997
Tulú	R	Penonomé	"	2	3			4,407	-	4,407
Chagres	R	Chagres	Colón	3	3			348	-	348
Achiote	R	"	"	3	3			806	-	806
El Guabo	R	"	"	3	3			1,422	-	1,422
La Encantada	R	"	"	3	3			2,998	-	2,998
Palmas Bellas	R	"	"	3	3			1,800	-	1,800
Piña	R	"	"	3	1			701	-	701
Salud	R	"	"	3	3			2,367	-	2,367
Miguel de la Borda	R	Donoso	"	1	2		X	2,826	-	2,826
Cocle del Norte	R	"	"	2	1		X	3,209	-	3,209
El Guasimo	R	"	"	2	2		X	2,468	-	2,468
Gobea	R	"	"	2	2		X	671	-	671
Rio Indio	R	"	"	2	2		X	1,073	-	1,073
San Jose del General	R	"	"	2	1			1,623	-	1,623
Portobelo	U	Portobelo	"	3	1			3,343	-	3,343
Cacique	R	"	"	3	3			280	-	280
Garrote	R	"	"	3	2			724	-	724
Isla Grande	R	"	"	3	1			723	-	723
Maria Chiquita	R	"	"	3	3			1,622	-	1,622
Palenque	R	Santa Isabel	"	2	2			353	-	353
Cuango	R	"	"	2	2			205	-	205
Nombre de Dios	R	"	"	2	3			1,266	-	1,266
Palmira	R	"	"	2	1		X	351	-	351
Playa Chiquita	R	"	"	2	2			228	-	228
Santa Isabel	R	"	"	2	1		X	216	-	216
Viento Frio	R	"	"	2	3			477	-	477
Ailigandi	R	Comarca	San Blas	1	3			13,971	13,496	475
Narganá	R	"	"	1	1	X	X	15,386	14,478	908
Puerto Obaldía	R	"	"	1	2			1,154	59	1,095
Tubualá	R	"	"	1	3			8,215	8,108	107
Boquete	U	Boquete	Chiriquí	1	2	X		11,996	1,667	10,329

Corregimiento	Rural/ Urban	District	Province	Priorities				Est. Population (07/97) <sup>1</sup>		
				Connectivity *		NPAS	Socio- Cultural	Total	Indig.	Non- Indig.
				PAMBC	Local					
Caldera	R	"	"	2	1	X		1,230	-	1,230
Cerro Punta	U	Bugaba	"	2	2	X		6,970	1,150	5,820
Volcán	U	"	"	2	1	X		8,446	591	7,855
Homito	R	Gualaca	"	2	2	X		1,139	23	1,116
Rio Sereno	R	Renacimiento	"	2	1			3,053	162	2,891
Monte Lirio	R	"	"	2	1			5,838	747	5,091
Cascabel	R	San Felix	"	3	1			809	801	8
Boca de Balsa	R	San Lorenzo	"	3	2			4,182	4,065	117
Emplanada de Corcha	R	"	"	2	2	X		1,933	1,838	95
Soloy	R	"	"	3	1			2,173	2,112	61
Chichica	R	Tolé	"	3	1			5,375	4,907	468
Peña Blanca	R	"	"	3	1			2,347	2,316	31
Sitio Prado	R	"	"	3	1			4,491	4,410	81
Chepigana	R	Chepigana	Darién	2	1	X		18,225	3,973	14,252
Jaqué	R	"	"	3	1			1,965	1,059	906
Puerto Piña	R	"	"	2	2			634	335	299
Tucutí	R	"	"	2	2	X		1,786	1,184	602
Boca de Cupe	R	Pinogana	"	2	2	X		1,083	327	756
Yaviza	U	"	"	2	2			12,381	2,303	10,078
Paya	R	"	"	2	2			445	396	49
Púcuero	R	"	"	2	1	X		492	458	34
Yape	R	"	"	2	2			228	175	53
Cirilo Guaynora	R	Cémaco	"	2	3			1,952	976	976
Lajas Blancas	R	"	"	2	2	X		3,618	2,912	706
Manuel Ortega	R	"	"	2	2	X		2,553	2,180	373
Jinguru dó	R	Sambú	"	2	2			507	146	361
Rio Sábalo	R	"	"	2	2			2,190	1,791	399
Las Margaritas	U	Chepo	Panamá	3	1			4,290	56	4,234
Cañita(Com. Madugandi)	R	"	"	2	2		X	1,959	39	1,920
El Llano(Com. Madugandi)	R	"	"	2	2		X	16,394	3,246	13,148
Chitra	R	Calobré	Veraguas	3	2			2,012	-	2,012
La Yeguada	R	"	"	3	1			1,538	-	1,538
Santa Fé	R	Santa Fé	"	2	1			2,843	57	2,786
Calovebora	R	"	"	2	1		X	3,632	1,627	2,005

\* - "Connectivity" is a subjective measure derived through an expert system, taking into account relative biological importance, current conservation status, degree of threat, and distribution of financing and institutional responses to ensure adequate conservation. Areas designated as "1" are of highest priority, "2" medium, 3 "lowest" for project intervention in pursuit of the global objective of conserving and maintaining the PAMBC. It is extremely important to interpret these rankings as preliminary and subject to change based on the more detailed and valid processes of local planning and consultation to take place through the project. What is not subject to change are the areas identified; they represent the areas within which there currently exists a biological corridor and which thus merit special attention regarding development, investment and land use.

Urban Population: 143,165 (1)  
 Rural Population: 220,760  
 Population, Total: 363,925  
 Population, Indigenous: 160,198  
 Percent, Indigenous: 44%  
 Population, Non-Indigenous: 203,727  
 Percent, Non-Indigenous: 56%

(1) Note: Population figures are based on applying official population growth figures to 1991 census data. Indigenous/non-indigenous population estimates are derived from applying 1991 census estimated percentage of indigenous populations. The results are unverifiable and should be interpreted as being indicative of total population and of the relative balance between indigenous and non-indigenous populations. They are not official figures, nor are there reliable official figures available. A wide range of estimates exist between sources.

**Annex 2  
Attachment 3**

**Project Description**

**Panama Atlantic Mesoamerican Biological Corridor Project**

**Principal Financing For Rural Development And Natural Resource Management Within the PAMBC**

**Eastern Panama**

- Sustainable Rural Development, Darién (IFAD): a six year (1996-2002), US\$ 14.3 million project for communities along the six main rivers in and around the National Park. The project emphasizes improvement of productive systems and commercialization and marketing of agricultural and forest products.
- Biodiversity Conservation, Darién (GEF/UNDP): a five year (1994-99), US\$ 2.5 million project. Project activities focus on the identification of options for sustainable development which take into account management and conservation of biodiversity inside and outside of protected areas; involvement of indigenous communities; and supporting research and monitoring activities.
- Community Management of Cativo Forest (ITTO): a five year (1996-2000), US\$ 1.6 million project in the provinces of Darién and Panama for management of natural forests with communities.
- Agricultural Frontier (EEC): a five year (1996-2000), US\$ 2.4 million project in Darién to set up community forest management systems, diversify production, commercialization and marketing activities, agroforestry in park buffer zones, and community organization

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<b>Subtotal:</b>	<b>US\$ 21.1 million</b>
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**North-Central Panama**

- Management and Development of Protected Areas - FIDECO (USAID/GOP/TNC): a US\$ 25 million trust fund which annually provides 50% of interest income to Fundación Natura for subproject financing for rural communities in sustainable natural resource management and the other 50% to INRENARE for protected area management. Primary emphasis is on the Canal Zone. The trust fund would yield about US\$1.5 million per year or US\$7.5 million in financing during the life of the proposed GEF project.
- The 'Triple-C' (IFAD): a recently approved US\$ 14 million project which will start in 1998. Its objectives would be similar to those of the Sustainable Rural Development, Darién project with the inclusion of a central objective on natural resource management. It will operate in the provinces of Coclé, Colón and Panama and likely have similar financing levels as the other two IFAD projects.
- Portobelo National Park project (SICA): a US\$ 1.1 million which is providing assistance to the national park and within its buffer zone.
- Sustainable Forest Management Donoso District, Colón (ITTO): a one year project, US\$0.6 million project, to develop forest management planning approaches for sustainable forest management in the humid tropical zone of Panama.

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<b>Subtotal:</b>	<b>US\$ 23.2 million</b>
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**Western Panama**

- Ngobe-Buglé (IFAD): a six year project (1994-2000), US\$ 14 million project working with indigenous communities in sustainable livelihood and rural development.
- Conservation for Sustainable Development (CATIE/OLAFO): a three year (1993-98), US\$ 0.7 million project focused on community and smallholder resource management.
- Cooperative Agroforestry, Bocas Del Toro (CATIE/GTZ): a four year (1995-98) US\$ 0.35 million project.
- PROARCA (USAID): a regional five year project (1995-2000), US\$ 0.6 million (approx.) focused on marine and coastal zone management issues.

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<b>Subtotal:</b>	<b>US\$15.7 million</b>
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<b>Total:</b>	<b>US\$60.0 million</b>
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**Annex 2**  
**Attachment 4**

**Project Description**  
**Panama Atlantic Mesoamerican Biological Corridor Project**

**Project Eligibility**

**Definition of Geographical Priorities:**

Eligible Corregimientos	Eligible Indigenous Areas	Eligible Regions	Eligible Protected Areas
<p><b>Definition:</b> <i>Corregimientos</i> are the smallest administrative districts in Panama. Below are listed the 21 priority <i>corregimientos</i> selected for project intervention. In defining geographic eligibility for activities as being based on the following <i>corregimientos</i>, it is important to note that this definition includes indigenous <i>comarcas</i> and territories, e.g., the Teribe Territory is within the <i>corregimientos</i> of Changuinola and Guabito in Bocas del Toro.</p>	<p><b>Definition:</b> <i>Comarcas</i> are semi-autonomous indigenous areas, created by law. They constitute indigenous administrative districts. Indigenous territories are areas where there are indigenous land claims, for which there is no legal declaration. In the case of the Teribe territory, it is expected to have an official declaration as a <i>comarca</i> within the first or second year of project implementation.</p>	<p><b>Definition:</b> Regions are defined either as provinces or <i>Comarcas</i>, except in the case of the Teribe Territory which as yet has no legal definition, rather, only a geographical definition.</p>	<p><b>Definition:</b> Protected areas within the project cover a range of management categories:</p> <ul style="list-style-type: none"> <li>• National Parks (NP)</li> <li>• Wetlands of International Importance (WII)</li> <li>• Protection Forests (PF)</li> <li>• Forest Reserves (FR)</li> <li>• Wildland Reserve (WR)</li> </ul> <p>All have legal declarations which define their boundaries and the activities permitted or prohibited within them.</p>
<p><b>Bocas del Toro Province</b> Bocas del Toro, Municipality</p> <ol style="list-style-type: none"> <li>1. Bahía Azul</li> <li>2. Bastimentos</li> <li>3. Bocas del Toro</li> <li>4. Calovebora</li> <li>5. Punta Laurel</li> <li>6. Tobobe</li> </ol> <p>Changuinola Municipality</p> <ol style="list-style-type: none"> <li>7. Almirante</li> <li>8. Changuinola</li> <li>9. Guabito</li> </ol> <p>Chiriquí Grande Municipality</p> <ol style="list-style-type: none"> <li>10. Canquintu</li> <li>11. Chiriquí Grande</li> <li>12. Guoroni</li> <li>13. Mununi</li> <li>14. Piedra Roja</li> <li>15. Punta Robalo</li> </ol> <p>Chiriquí Province</p> <p>Boquete Municipality</p> <ol style="list-style-type: none"> <li>16. Boquete</li> <li>17. Caldera</li> </ol> <p>Bugaba Municipality</p> <ol style="list-style-type: none"> <li>18. Volcán</li> </ol> <p><b>Panamá Province</b></p> <p>Chepo Municipality</p> <ol style="list-style-type: none"> <li>19. Cañita</li> <li>20. El Llano</li> </ol> <p><b>San Blas Comarca</b></p> <ol style="list-style-type: none"> <li>21. Narganá</li> </ol>	<p><b>Bocas del Toro Province</b></p> <ol style="list-style-type: none"> <li>1. Teribe Territory</li> <li>2. Ngobe-Buglé <i>Comarca</i></li> <li>3. San Blas <i>Comarca</i></li> <li>4. Panamá Province</li> <li>5. Madugandi <i>Comarca</i></li> <li>6. Darién Province</li> <li>7. Wargandi Territory</li> </ol>	<ol style="list-style-type: none"> <li>1. Bocas Del Toro Province</li> <li>2. Teribe Territory</li> <li>3. Ngobe-Bugle <i>Comarca</i></li> <li>4. San Blas <i>Comarca</i></li> <li>5. Madugandi <i>Comarca</i></li> </ol>	<p><b>Bocas del Toro Province</b></p> <ol style="list-style-type: none"> <li>1. NP Isla Bastimentos</li> <li>2. WII San San Pond Sak</li> <li>3. NP La Amistad</li> <li>4. PF Palo Seco</li> </ol> <p><b>Chiriquí Province</b></p> <ol style="list-style-type: none"> <li>5. NP Volcan Baru</li> <li>6. FR La Fortuna</li> </ol> <p><b>Veraguas, Coclé, Colon Provinces</b></p> <ol style="list-style-type: none"> <li>7. NP El Copé</li> </ol> <p><b>San Blas Comarca</b></p> <ol style="list-style-type: none"> <li>8. WR Narganá</li> </ol> <p><b>Darién Province</b></p> <ol style="list-style-type: none"> <li>9. NP Darién</li> </ol>

Project Components/Sub-components:	Geographical eligibility or Focus
<b>1. Corridor Planning and Biodiversity Monitoring</b> 1.1 National Planning and Intersectoral Coordination.  1.2 Local & Regional Planning In Priority Areas  1.3 Biodiversity Monitoring	PAMBC  Local: Eligible <i>corregimientos</i> and indigenous areas. Regional: Eligible Regions  PAMBC
<b>2. Awareness and Promotion</b> 2.1 National Awareness 2.1.1 Public Awareness Campaign  2.1.2 Promotion among national and local leaders  2.1.3 Environmental Education  2.2 International Promotion	Nationwide  Representatives of key stakeholder groups in the PAMBC and national political and sectoral leaders.  Eligible Regions  International
<b>3. Capacity Building for Conservation &amp; Sustainable Use of Biodiversity</b> 3.1 Strengthening of Local Communities  3.2 Training in Environmental Management  3.3 Modernization of NAPAS	Eligible <i>corregimientos</i> and indigenous areas  Qualified representatives of key PAMBC stakeholder groups  INRENARE Central Office and PAMBC
<b>4. Investments in Priority Areas</b> 4.1 Support for Sustainable Use in Indigenous Lands  4.2 Community Investments in Sustainable Use of Biodiversity  4.3. Investments in Priority Protected Areas	Eligible indigenous areas  Eligible <i>corregimientos</i>  Eligible protected areas

## Preliminary Subproject Financing Criteria

All the criteria below are subject to change based on implementation experience. Required changes will be identified by the PEU, Local Sustainable Development Committees or INRENARE. All changes will require a previous "no-objection" of the World Bank. The project operations manual provides more detail.

Subproject	Eligible Groups or Organizations	Co-Financing	Criteria
<b>Sustainable Use In Indigenous Lands</b>			
Demarcation subprojects	Indigenous Congresses and local communities	35%	<ul style="list-style-type: none"> <li>• pre-defined limits in San Blas (Nargana), Madugandi, and Toribe (following legal declaration)</li> <li>• responds to predefined priority</li> <li>• maximum of 175 km between all subprojects</li> <li>• maximum of US\$50,000 financing per subproject</li> <li>• equitable distribution of funds between eligible areas</li> <li>• only in legally established <i>Comarcas</i>, along legally defined boundaries</li> <li>• only where potential for violent confrontation is not an issue</li> <li>• only with the no-objection of the Ministry of Government and Justice's Department of Indigenous Policies</li> </ul>
Vigilance subprojects	Indigenous Congresses, NGOs and local communities	35%	<ul style="list-style-type: none"> <li>• in eligible indigenous areas</li> <li>• organized groups or communities</li> <li>• only in legally established <i>Comarcas</i> within legally defined boundaries</li> <li>• only where potential for violent confrontation is not an issue</li> <li>• responds to predefined priority</li> <li>• maximum of US\$10,000 financing per subproject</li> <li>• equitable distribution of funds between eligible areas and by women</li> </ul>
Joint subprojects between indigenous and non-indigenous communities	Indigenous NGOs and local communities	35%	<ul style="list-style-type: none"> <li>• in eligible indigenous areas</li> <li>• organized groups or communities</li> <li>• maximum US\$5,000 financing per subproject</li> <li>• equitable distribution of funds between eligible areas and by women</li> <li>• pre-signed agreement between indigenous and non-indigenous participants</li> <li>• potential to develop into eligible subproject for Community Investments in Sustainable Use of Biodiversity</li> </ul>
Traditional and Cultural Knowledge	Indigenous NGOs and local communities	25%	<ul style="list-style-type: none"> <li>• in eligible indigenous areas</li> <li>• organized groups or communities</li> <li>• proposal relevant to sustainable use or conservation of natural resources</li> <li>• maximum US\$25,000 financing per subproject</li> <li>• potential to generate eligible subproject for Community Investments in Sustainable Use of Biodiversity</li> <li>• equitable distribution of funds between eligible areas and by women</li> </ul>
<b>Community Investments in Sustainable Use of Biodiversity</b>			
General Criteria		20% for conservation-oriented and 40% for sustainable use	<ul style="list-style-type: none"> <li>• In rural zones in eligible <i>corregimientos</i>, with exception to the "rural" criteria where the subproject directly protects biodiversity.</li> <li>• Following the completion of local planning, all eligible subprojects must respond to priorities identified in the local or protected areas plans; prior to development of local plans, based on participatory planning processes that have included consultation and recommendations from stakeholders outside the beneficiary group.</li> <li>• Favor directly or indirectly the conservation of biodiversity</li> <li>• Is not eligible for financing from another source</li> <li>• Is technically, institutionally, and socially feasible and sustainable under local conditions</li> <li>• Includes the necessary training to allow successful implementation and for sustainability</li> <li>• Beneficiaries are organized groups or communities and have a good reputation among their neighbors as serious and honest.</li> </ul>
Technical Criteria			<ul style="list-style-type: none"> <li>• Demand-driven</li> <li>• Clearly identifies beneficiaries and mechanisms of participation for identification, design, and execution</li> <li>• Proposals simple and focused on a very limited number of sub-activities.</li> <li>• Activities, systems or technologies proposed based on locally available resources and of low cost; "low cost" defined from perspective of participating group.</li> <li>• Includes no significant environmental risk</li> </ul>
Equity Criteria			<ul style="list-style-type: none"> <li>• Percent of financing directed to indigenous groups to reflect official demographic figures on percent indigenous population</li> <li>• A minimum of 35% of direct beneficiaries to be women; not by individual subprojects, by portfolio of subprojects.</li> <li>• A minimum of 60% of total financing directed to communities that, according to official MIPP figures are below the poverty line (i.e., have a poverty index below 60).</li> </ul>

Subproject	Eligible Groups or Organizations	Co-Financing	Criteria
Financing Criteria			<ul style="list-style-type: none"> <li>• Financing ceiling of: i) US\$40,000 for programmatic subprojects, including both individual subproject types (e.g., ecotourism-related, community protection of watersheds for potable water, cultural activities related to protection of biological resources) or programs (i.e., individual community subprojects which aggregate into a coherent program allowing for increased efficiency and impact); ii) US\$15,000 for all others</li> <li>• Minimum co-financing for individual activities within subprojects will be               <ul style="list-style-type: none"> <li>- Infrastructure 60%</li> <li>- Productive activities 40%</li> <li>- Technical assistance and training 10%</li> <li>- Project preparation 10%</li> </ul> </li> </ul>
Bioprospection Subproject		65%	<ul style="list-style-type: none"> <li>• Within PAMBC</li> <li>• Involving one or more local community</li> <li>• Ensuring local benefits</li> <li>• Intellectual and cultural property issues and the benefits to accrue locally predefined and preliminary agreements achieved between participants</li> <li>• Adequate training of local individuals to ensure potential for subsequent employment.</li> <li>• Feasible plan and adequate financing for at least 2 years</li> <li>• Proposal will include a feasible, transparent collection protocol to ensure that collection levels are compatible with ecosystem and species resilience and do not harm biodiversity</li> </ul>
Restrictions on Fund Use			<p>Funds may not be used for:</p> <ul style="list-style-type: none"> <li>• Practices or activities which promote resource degradation or contamination.</li> <li>• Subprojects whose results are to create conditions which further marginalize or overburden any component of the family or social group, in particular, women.</li> <li>• Payment of taxes (direct or indirect)</li> <li>• Rental or purchase of lands, titling or fencing.</li> <li>• Payment of debts, dividends or for capital recovery.</li> <li>• Purchase of stocks, bonds or other investment instruments.</li> <li>• Consumer goods not explicitly specified in the project contract.</li> <li>• Activities which are inappropriate to the experience level of the client without adequate technical assistance.</li> <li>• Religious or political activities of any kind.</li> <li>• Any illicit or immoral activities.</li> <li>• Purchase of vehicles</li> <li>• Purchase of goods for personal use</li> </ul>

**Annex 3**  
**Estimated Project Costs**  
**Panama Atlantic Mesoamerican Biological Corridor Project**

<u>Project Component</u>	<u>Local</u>	<u>Foreign</u>	<u>Total</u>
	-----US\$ million-----		
<b>A. Corridor Planning and Biodiversity Monitoring</b>	<b>1.46</b>	<b>0.85</b>	<b>2.31</b>
1. National Planning and Intersectoral Coordination	0.34	0.08	0.42
2. Local & Regional Planning in Priority Areas	0.67	0.46	1.13
3. Biodiversity Monitoring	0.45	0.31	0.76
<b>B. Mesoamerican Biological Corridor Awareness and Promotion</b>	<b>0.51</b>	<b>0.35</b>	<b>0.86</b>
1. National Awareness	0.38	0.26	0.64
2. International Promotion	0.13	0.09	0.22
<b>C. Capacity Building for Conservation &amp; Sustainable Use of Biodiversity</b>	<b>1.24</b>	<b>0.83</b>	<b>2.07</b>
1. Strengthening of Stakeholder Participation	0.74	0.49	1.23
2. Training in Environmental Management	0.12	0.09	0.21
3. Modernization of NAPAS	0.38	0.25	0.63
<b>D. Investments in Priority Areas</b>	<b>4.39</b>	<b>1.62</b>	<b>6.01</b>
1. Subprojects, Support for Sustainable Use in Indigenous Lands	0.44	0.21	0.65
2. Subprojects, Community Investments in Sustainable Use of Biodiversity	2.01	0.54	2.55
3. Investments in Priority Protected Areas	1.94	0.87	2.81
<b>E. Project Management</b>	<b>0.63</b>	<b>0.47</b>	<b>1.10</b>
<b>Total</b>	<b>8.23</b>	<b>4.12</b>	<b>12.35</b>
<b><u>Total Baseline Cost</u></b>			
Physical Contingencies	0.13	0.08	0.21
Price Contingencies	0.16	0.08	0.24
<b><u>Total Project Cost</u></b>	<b>8.52</b>	<b>4.28</b>	<b>12.80</b>



## Annex 4

### Incremental Cost Analysis

#### Panama Atlantic Mesoamerican Biological Corridor Project

#### Context and Broad Development Goals

The Isthmus of Panama is the narrow terrestrial bridge unites the continental masses of North and South America, separating the waters of the Pacific and Atlantic oceans. This, combined with biogeographic and climatic factors, provide an enabling environment for multiple habitats and microhabitats which enhance the small country's (75,517 km<sup>2</sup>) biological diversity and importance. Included in the Panamanian portion of the Mesoamerican Biological Corridor are outstanding examples of relatively intact areas of global and regional biodiversity importance.

Today, threats are increasing to this almost uninterrupted corridor which may lead to the degradation of important sites and the fragmentation of the corridor, with concomitant impacts upon the regional biodiversity. The principal threats to the conservation of the landscapes forming this corridor are: (1) the advance of the agricultural frontier and spontaneous colonization; (2) new road projects which would offer improved access into the unprotected and intact ecosystems of the Atlantic coast; (3) mining in the mountainous zones of Veraguas, Chiriquí, San Blas, and Darién and the coastal lowlands of Colón; (4) wildlife loss through habitat conversion and fragmentation associated with logging, colonization, and agriculture practices of indigenous groups in some areas; (5) contamination of coastal waters from petroleum wastes and spills in the canal and the cross-country pipeline; and (6) watershed degradation from previously mentioned factors and sloping land agriculture without appropriate soil and moisture conservation practices.

Recognizing the seriousness of these threats, the Government of Panama (GOP) has begun to consider natural resource degradation in a systematic manner with the aim of developing a coherent national strategy for the environment. One element of this strategy is to address the root causes leading to migration to the agricultural frontier and invasion of public forests and protected areas while enhancing on-site protection for areas with global biodiversity. This multi-sectoral response to the interrelated issues of rural poverty, natural resources management, and biodiversity conservation would focus one set of instruments on the poorer and more populous central and southern provinces of the Pacific to reduce the outmigration that pushes the agricultural frontier (and invasions of public forests and protected areas); and another set within the Panama Atlantic Biological Corridor, to control access to high biodiversity areas and diminish both the pull factors and *in situ* threats to biodiversity. This strategy is supported by (1) legislation creating the National Protected Area System (1994), the Environmental Education Law (1992), the Forestry Law (1994), the EIA/Environmental Framework Law (1994) and the Wildlife Law (1995); (2) adherence to international treaties (e.g., Convention on Biological Diversity, RAMSAR, CMS and CITES); and (3) several on-going conservation and sustainable development projects that directly or indirectly contribute to biodiversity conservation.

#### Baseline Scenario

In the absence of GEF assistance for addressing global biodiversity objectives, it is expected that the GOP would concentrate its resources on: (i) **rural poverty alleviation programs** that reduce the rate of loss of forests and degradation of watersheds, soils and coastal zone resources on the Pacific coast, thereby diminishing push factors (estimated cost: US\$25.6 million, largely financed by the World Bank/GOP Rural Poverty and Natural Resources Project as well as IFAD); (ii) **institutional strengthening for natural resource management** aimed at agriculture and forestry ministries (estimated cost: US\$5.3 million, financed by IFAD/ITTO); (iii) **public awareness** campaigns and environmental education programs (estimated cost: US\$0.5 million, financed by GOP); (iv) **capacity building** targeted towards indigenous communities (estimated cost: US\$3.0 million, financed by bilateral and multilateral donors including Germany, Denmark, and EU); (v) **sustainable development programs in the Atlantic coast region** that would help stabilize the Atlantic frontier as well as support protected areas management (estimated cost: US\$25.2 million; financed by GOP/IFAD/EU/UNDP/GEF/ITTO), reduce siltation in the Panama canal watershed (estimated cost: US\$20

million; financed primarily by USA/GOP funds), and promote ecotourism development (estimated cost: US\$5 million, financed primarily with World Bank/GOP funds).

These programs would help to: (i) reduce the push factors underlying the advance of the agricultural frontier in the Atlantic; (ii) stabilize communities already in the agricultural frontier; and (iii) manage the Panama canal watershed and protected areas of high ecotourism potential, which would bring considerable national benefits. Under the Baseline Scenario, the Government would also continue implementing policy reforms to remove incentives for unsustainable use of natural resources in the Atlantic region and would undertake programs aimed at strengthening public sector capacity to implement environmentally sustainable development programs. The combined cost of the Baseline Scenario is estimated at US\$84.6 million.

Implementation of the Baseline Scenario would be extremely important for the development of Panama. Incomes of the rural poor in the Pacific region would increase, which would reduce their incentives to migrate to the frontier. Investments in frontier communities and the adoption of more environmentally friendly and sustainable land uses would help stabilize the frontier and reduce pressures on sites of key environmental importance. Investments in the Panama canal watershed and protected areas of high ecotourism potential would help close access to these areas and protect important sites for biodiversity.

Despite these positive elements, the Baseline Scenario would not result in effective protection of biodiversity conservation in the PAMBC, because:

Funding for biodiversity conservation and protected area management is fragmented with about 80% focused on the Panama canal watershed; about half of the protected areas included in the Panama portion of the corridor lack adequate resources, human and financial (Darién, Omar Torrijos-El Cope, and complex La Amistad/Volcan Baru and Isla Bastimentos/San San Pond Sak);

- There are no incentives for biodiversity conservation in non-protected areas included in the corridor;
- There is inadequate knowledge, and thus stakeholder commitment, in Panamanian society at large, as well as communities and local and regional governments on the importance of biological resources in the corridor and on how to use them sustainably;
- There is no overall coherent land use and natural resource conservation strategy for the Atlantic region within which conservation projects and investment programs are designed and implemented;
- There is no strategy or programs to engage the mining and forest sector in the goals of biodiversity conservation consistent with the principle of the biological corridor; and
- There is no system for constant monitoring of threats to biodiversity and for disseminating information on these threats to agencies and stakeholders in a position to deal with them.

### **Global Environmental Objectives and the GEF Alternative**

The global environment objective is to promote the long-term integrity of a biological corridor along the Atlantic slope of Panama, conserving key global biodiversity values. The ecoregions and ecosystems of the Atlantic slope of Panama have high global importance on their own merits, but in addition, they form part of a critical link in a regional biological corridor linking North America, Central America and South America. Parts of the Atlantic slope of Panama represent the most intact natural areas remaining in Central America.

With GEF assistance for addressing the global biodiversity objectives outlined above, the GOP would be able to undertake a more ambitious program that would generate both national and global benefits. The GEF Alternative would comprise: (i) rural poverty alleviation in the Pacific (Total - US\$25.6 million; same as in Baseline); (ii) institutional strengthening, including biological corridor planning and biodiversity monitoring (Total - US\$7.7 million; *GEF - US\$2.0 million*); (iii) MBC awareness and promotion at the national and international levels (Total - US\$1.4 million; *GEF - US\$0.8 million*); (iv) capacity building for conservation & sustainable use of biodiversity (Total - US\$5.2 million; *GEF - US\$1.4 million*); (v) investments in priority areas of the Atlantic coast (Total - US\$56.4 million; *GEF - US\$3.1 million*); and (vi) project coordination (Total - US\$1.1 million; *GEF - US\$1.1 million*). The total cost of the GEF Alternative is US\$97.4 million.

The GEF Alternative will make possible activities and programs that would not have been possible under the Baseline Scenario, thus covering important gaps that threaten the integrity of the PAMBC. The project would help to maintain a continuous corridor of protected and non-protected areas with incentives for biodiversity conservation and sustainable use (in non-protected areas) or under protected area management, thus not only ensuring preservation of globally significant biodiversity but also maintaining natural habitat connections between key corridor areas. Implementation of the GEF Alternative would result in the following outcomes:

- minimizing threats to biodiversity by putting in place an overall land use plan and monitoring and evaluation framework for biodiversity conservation in the Atlantic which would serve as the framework within which public investment programs for the region would be designed;
- raising awareness about biodiversity resources through information dissemination, training of indigenous and non-indigenous communities, municipal and regional governments and GOP agencies and private sector on biodiversity use consistent with the land use plans;
- minimizing access and threats to important biodiversity areas by strengthening indigenous organizations and management in selected protected areas and traditional systems of resource management;
- ensuring conservation of biodiversity within the PAMBC outside of protected areas by financing the incremental costs of subprojects of communities that are consistent with biodiversity objectives and sustainable uses.

GEF funds would be critical to leveraging additional donor co-financing for this initiative, both from bilateral and multilateral sources.

### **Incremental Costs**

The difference in cost between the Baseline Scenario (US\$84.6 million) and the GEF Alternative (US\$97.4 million) is US\$12.8 million.. In addition to the global biodiversity conservation benefits generated by the project, project activities would generate national benefits from information and planning, capacity building activities, investments in social and economic infrastructure, and sustainable productive activities in the Atlantic zone that would not have taken place under the Baseline Scenario. Consequently, a GEF grant of US\$8.4 million is requested at this time to cover global biodiversity benefits.

Component Sector	Cost Category	US\$ Million	Domestic Benefit	Global Benefit
Rural Poverty Alleviation	Baseline	25.6	Reduction in rate of loss/degradation of economically important forests, degradation of watersheds, soils, and fresh water and coastal zone resources; improved quality of life for rural and urban dwellers; maintenance of natural resource option values.	Enhanced protection of biodiversity resources of global significance through increased access to information on development tradeoffs.
	With GEF Alternative	25.6	Same.	Same.
	Incremental	0.0		
Natural Resources Institutional Strengthening  (including Corridor Planning and Biodiversity Monitoring)	Baseline	5.3	Increased capacity of agricultural and forestry ministries, NGOs, communities, and private sector service providers for natural resource management. Ad hoc inclusion of biodiversity values in ongoing efforts in natural resource monitoring with major focus on the Panama Canal watersheds.	
	With GEF Alternative	7.7	Same as above. Also, increased knowledge of biological resources as inputs into the domestic economy.	Increased capacity for biodiversity conservation, management and protection in selected areas of global significance in the PAMBC. Increased capacity of local community and private sector interests in natural resource management in areas of biodiversity of global importance. Increased public support for biodiversity conservation and sustainable use. Biodiversity monitoring in areas of highest biodiversity value, within a coherent program with explicit biodiversity objectives. Increased access to information on development tradeoffs, particularly for mining and road building; creation of greater transparency in and public demand for biodiversity protection.
	Incremental	2.4		
MBC Awareness and Promotion	Baseline	0.5	Increased public awareness of environmental issues and the need for sustainable natural resource management.	
	With GEF Alternative	1.4		Increased public awareness at both the national and international levels of the importance of conservation of globally significant biodiversity in Panama.
	Incremental	0.9		

Component Sector	Cost Category	US\$ Million	Domestic Benefit	Global Benefit
Capacity Building for Conservation and Sustainable Use of Biodiversity	Baseline (with other donors)	3.0	Improvement in legal processes for securing forest and land tenure for indigenous peoples.	
	With GEF Alternative	5.2	Same as above plus extension of legal security and physical security over land resources to key areas of the PAMBC.	Enhance the long-term protection of biodiversity resources in the PAMBC by assisting indigenous groups to regularize their lands in key elements of the PAMBC and securing their access to lands based on principles of sustainable use of biodiversity.
	Incremental	2.2		
Natural Resource Management	Baseline (with other donors)	50.2	Increased capacity for sustainable natural resource mgt.; enhanced conservation/ protection of economically important natural resources; maintenance of natural resource option values. Increased protection, improved management, and enhanced income through investment in infrastructure, with emphasis on protected areas in the Canal watershed; enhanced biodiversity protection through community involvement in buffer zones.	
	With GEF Alternative	56.4	Same as above plus directly increase coverage to critical areas of high biodiversity value under threat and through coordination enhance targeting and impact of other donor efforts on biodiversity. Enhanced involvement of private sector in conservation.	Increase the level of protection afforded to biodiversity of global significance and obtain broad-based support to the conservation and management of the PAMBC; reduce pressures on critical, non-protected areas of the PAMBC.
	Incremental	6.2		
Project Coordination	Baseline	0.0		
	With GEF Alternative	1.1	Increased capacity to coordinate project activities.	Increased capacity to manage those elements of the project critical to the realization and protection of the PAMBC.
	Incremental	1.1		
<b>Total</b>	Baseline	84.6		
	With GEF Alternative	97.4		
	Incremental	12.8		

**Annex 5**  
**Financial Summary**  
**Panama Atlantic Mesoamerican Biological Corridor Project**

Years Ending 1998 through 2003  
 (projections in US\$ millions)

	Implementation Period					
	1998	1999	2000	2001	2002	2003
<b>Project Costs</b>						
Investment Costs	0.26	2.36	3.67	2.66	1.31	1.16
Recurrent Costs	0.03	0.23	0.31	0.35	0.23	0.23
<b>Total</b>	<b>0.29</b>	<b>2.58</b>	<b>3.98</b>	<b>3.01</b>	<b>1.54</b>	<b>1.39</b>
<b>Financing Sources (US\$ millions)</b>						
IBRD/IDA	0.05	0.49	0.73	0.54	0.27	0.22
GEF	0.19	1.75	2.64	1.97	0.96	0.89
Co-financiers						
Government						
Central	0.05	0.2	0.24	0.23	0.14	0.14
Local						
Communities	0.0	.14	0.27	0.19	.13	0.1
Private Sector	0.0	0.0	0.1	0.08	0.04	0.04
<b>Total</b>	<b>0.29</b>	<b>2.59</b>	<b>3.98</b>	<b>3.01</b>	<b>1.54</b>	<b>1.39</b>

## Annex 6

### Procurement and Disbursement Arrangements Panama Atlantic Mesoamerican Biological Corridor Project

#### Procurement

##### **Procurement Responsibilities**

A Project Coordination Unit (PCU) established within INRENARE will be responsible for carrying all "supply-based" procurement (i.e., estimated inputs required to implement the project detailed in Table 1) and providing technical assistance to local communities in carrying out their procurement responsibilities. "Demand-based" procurement is to be initiated by the communities. As in other social sector projects, the nature and quantities of inputs are to be determined during project implementation through community-initiated sub-projects.

##### **Procurement Procedures**

Procurement of works and goods financed by the Bank under the project would be carried out in accordance with the Bank's *Guidelines for Procurement under IBRD Loans and IDA Credits* (January 1995, revised in January and August 1996 and September 1997). Consultant services to provide technical assistance and training would be procured in accordance with *Guidelines for the Use of Consultants by World Bank Borrowers and the World Bank as Executing Agency* (January 1997, revised in September 1997). As applicable, International Competitive Bidding (ICB) would use the Bank-issued Standard Bidding Documents for the procurement of goods and National Competitive Bidding (NCB) would follow procedures acceptable to the Bank.

As discussed with the PCU, the Bank-issued SBD for "Works, Smaller Contracts" would be used for procurement of works, including under NCB procedures. Details of shopping procedures acceptable to the Bank, including formats for request of quotations, would be discussed and agreed during a project launch workshop.

Procurement under subprojects would follow National Shopping procedures for goods and procedures acceptable to the Bank for procurement of small works under lump sum, fixed price contracts awarded on the basis of three quotations. Contracts estimated to exceed US\$25,000 would be procured following NCB procedures. Goods, works and services to be financed under Grant subprojects shall be procured at a reasonable price, taking into account also other relevant factors such as time of delivery and efficiency and reliability of the goods and availability of maintenance facilities and spare parts thereof, and in case of services, of their quality and competence of the parties rendering them, and such goods and services shall be used exclusively in carrying out such subprojects.

##### **Procurement Methods**

##### Goods

The project would procure vehicles, motorcycles, computer equipment, office equipment, furniture, communications equipment, laboratory and field equipment. All these goods are widely available locally at reasonable prices and most foreign suppliers are well represented in Panama. Contracts for the supply of goods and equipment estimated to exceed US\$50,000 up to an aggregate of US\$650,000 shall be awarded on the basis of National Competitive Bidding (NCB) procedures. The number of NCB packages is expected to total seven. Contract packages exceeding US\$250,000 if any, should be awarded on the basis of International Competitive Bidding (ICB) procedures. However, no ICB packages are expected at this time.

Contracts for the supply of goods and equipment estimated to cost between US\$25,000 and US\$50,000, up to an aggregate amount equivalent to approximately US\$183,000 shall be awarded through international shopping (IS) on the basis of quotations to be obtained from a minimum of three supplies from at least two different countries, in accordance with procedures acceptable to the Bank. (See note 1 to Table 1)

Contracts for the procurement of items or groups of items costing less than US\$25,000 up to an aggregate amount equivalent to approximately US\$150,000 may be awarded following local shopping (LS) procedures, on the basis of three quotations obtained from three different eligible suppliers. (See note 1 to Table 1)

### Works

Civil works would consist of construction and rehabilitation of buildings for park guards, visitors centers and multiple use protected area infrastructure. Contracts for procurement of works estimated to cost more than US\$150,000 up to an aggregate amount of US\$1,200,000 would be awarded on the basis of NCB procedures. No ICB is expected. Small works valued at less than US\$150,000 would be procured under lump-sum, fixed price contracts awarded on the basis of quotations from at least three qualified domestic contractors.

### **Consultant Services**

Consulting, training and studies under the project would consist of consultant assignments for individuals and firms providing direct technical assistance to INRENARE, training, land titling, promotion, subprojects, establishment of community participatory structures and participatory planning, and environment and land use planning and monitoring. Technical assistance and training packages are expected to be needed for most components and are detailed in Table 4.

### **Grant Subprojects**

Prior to mid-term review all subprojects will be required to respect the financing ceilings set down in the Project Implementation Volume; based on the mid-term review ceilings may be changed. The average size (total cost, including beneficiary co-financing in cash or kind) of a community subproject is expected to be between US\$10,000 and US\$20,000. Few subprojects are expected to exceed US\$35,000. In exceptional cases, a maximum of US\$50,000 would be allowed, subject to approval by the PCU. Procurement for subprojects costing the equivalent of US\$10,000 or less and procured by local communities would be carried out mainly by direct contracting. This procurement procedure is proposed taking into consideration that: (i) contracts would be small and it would be difficult to obtain competitive proposals; (ii) the communities would contribute to the work through the donation of unskilled labor and local materials; (iii) subprojects would be selected on the basis of willingness of the beneficiary communities to contribute to and physically supervise their execution.

### **Prior Review of Procurement Decisions by the Bank**

Prior review would be required for the first goods and works contracts for each procurement type. All contracts for consulting services provided by firms of an estimated value greater than US\$100,000 and of individuals greater than US\$30,000 would be subject to prior review. Only the TOR would be reviewed for consultant contracts estimated to cost less than US\$100,000 for firms and US\$30,000 for individuals. Any contract awarded after direct negotiations with suppliers would also be subject to Bank prior review (see Table 3, below). In the case of subprojects, the first two NCB contracts, if any, would be subject to prior review.

For all other contracts and expenditures, including training expenditures (tuition, travel, and subsistence), grants for subprojects and incremental recurrent cost, disbursement would be made against Statements of Expenditures (SOEs) for which supporting documents would be maintained by INRENARE and PCU and would be available to external auditors and to the World Bank for staff reviews.



### **Procurement Monitoring and Reporting**

The Grant Recipient will establish procedures for monitoring procurement implementation, including monitoring contract modifications, variations, and extension of completion periods. The Grant Recipient will maintain detailed records of procurement activities under the grant. Periodic reporting obligations would be agreed to keep the Bank informed about progress in the implementation of the procurement plan.

### **Disbursement**

The GEF grant has a 5-year disbursement period and the closing date would be June 30, 2004. There is no **Standard Disbursement Profile relevant to natural resources projects in Panama**. The Grant would be disbursed against eligible project expenditures at the rates of: (i) 85% for civil works; (ii) 100% for foreign supplied and 80% of locally supplied machinery, equipment, vehicles, and furniture; (iii) 100% for consultant services, training and studies; (iv) 100% of non-beneficiary financing of grants for community subprojects; and (v) incremental recurrent costs on a declining basis (90% first two years, 60% third and fourth years and 40% thereafter).

**Documentation of Expenditures.** Disbursements would be made on the basis of full documentation for all expenditures made under contracts requiring prior review by the Bank and amendments to contracts raising the value of such contracts above the prior review limits (Schedule B). For all other expenditures, training, grants and recurrent costs disbursements would be made against SOEs for which supporting documents would be maintained by INRENARE and would be available to the Bank for staff review. The PCU would be responsible for preparing and submitting withdrawal requests with appropriate supporting documents for expenditures under the project. The documents would include: (i) a standard withdrawal application (Form 1903) for the total amount of eligible project expenditures to be replenished into the Special Account with a copy of the monthly bank statement for that account; (ii) the SOE form, which would provide the summary of category expenditures including grants to communities; (iii) standard summary sheets (designed for each subproject and included in the disbursement letter) and supporting documentation for all expenditures above the procurement prior review thresholds; and (iv) a reconciliation statement for the agent or the SA. The use of grants by communities would be checked through auditing procedures, the monitoring systems and project and subproject supervision arrangements.

### **Project Financial Statements and Financial Reporting**

Project financial statements would include a statement of sources and uses of funds, and a register of project assets or balance sheet where appropriate. The funds flow statement would indicate sources (the Bank, GEF, as well as counterpart financing) and expenditures in accordance with main project components and disbursement categories. Project financial statements would show actual and pending payments against those budgeted. Information on sources and uses of funds would be provided monthly to the PCU. Information reported would also include the value of contracts signed, i.e. commitments, relative to actual and pending payments.

### **Accounts and Audits**

INRENARE would maintain separate records and accounts for project expenditures as well as a register of assets purchased with project funds. They would also have the responsibility for preparing the project's financial statements, including balance sheets and sources and uses of funds statements, according to internationally accepted accounting standards. INRENARE would also receive technical assistance to help establish accounting procedures acceptable to the Bank.

## **Auditing**

A process for selection of auditors, their TORs, and auditing arrangements, as described below, was agreed with INRENARE during negotiations of PPRRN. The selection process includes pre-qualifying audit firms, contracting auditors for one year with a provision to extend for a further two years based on satisfactory performance, and initiation of the process for selection of auditors during project preparation with the objectives of having auditors in place by the start of disbursements. The PCU would contract audit firms to audit the consolidated financial statements for the components of the project.

The auditors report would include audits of the Special Account (see below), an opinion on the use of statement of expenditures (SOEs), confirmation that project implementation was in accordance with provisions of the Grant Agreement and verification of procurement transactions. The auditor's TORs would also include a review of internal controls and preparation of a management letter. Audit reports would be submitted to the Bank within six months of the close of the fiscal year. The first audit reports would cover the first year's disbursement as well as disbursements under the PDF.

**Technical audits** would be carried out separately. Technical audits would consist of simple checks of subprojects ensuring that what is purchased is in fact there and would include participants assessments of whether resources were used efficiently or appropriately and of any technical issues.

## **Special Account**

The project will open a Special Account (SA) in dollars, in a commercial bank acceptable to IBRD. The account will be administered by INRENARE through the PEU. The initial deposit would be limited to \$250,000, corresponding to the estimated project expenditures in the first months of the project. Deposits in the SA will have a ceiling of US\$500,000. The Special Account can be reimbursed on a monthly basis allowing the grant recipient to maintain liquidity and to facilitate regular reporting of expenditures made. INRENARE and the PEU will be responsible to regularly submit accounts justifying the disbursements to the SA, supported by the appropriate documentation.

**Annex 6**  
**Procurement and Disbursement Arrangements**  
**Panama Atlantic Mesoamerican Biological Corridor Project**  
**Table 1: Procurement Plan - Goods and Services (non-consulting)**

Note: The table below shows indicative lead times calculated from project beginning estimated on September 15, 1998. Since contracts are simple and most inputs are needed during 1998-2000, procurement could realistically be carried out according to this schedule. Contracts should specify different delivery times for few of the items which are needed over a longer period, as appropriate. All packages could be completed by mid-2000, with the exception of office supplies and materials which will be procured semi-annually throughout the project period.

Package	Value	Method	Time Required (cumulative, months)		
			Docs Ready-advertise	Bids / Quote	Sign Ctr
Vehicles	175,000	NCB	1	2	4
Motorcycles & helmets	73,000	NCB	1	2	4
Boats & motors	49,000	IS	N.A.	0.5	1-2
Field Equip.	62,165	NCB	1	2	4
Video Eq. & Projector	13,750	NS	N.A.	0.5	4
Off. Eq & Software	91,000	NCB	1	2	4
Furniture	44,850	IS	N.A.	0.5	1-2
Tel-fax & installation	7,700	NS	N.A.	0.5	1-2
GPS	17,500	NS	N.A.	0.5	1-2
Power Supply (Solar, generators)	29,000	IS	N.A.	0.5	1-2
Park Protection Equip.	55,550	NCB	1	2	4
Uniforms	118,400	NCB	1	2	4
Radio Eq. & Install.	72,000	NCB	1	2	4
Mules & Saddles	18,750	NS	N.A.	0.5	1-2
Office Supls. & Mats.; INRENARE <sup>1</sup>	15,000	NS	N.A.	0.5	1-2
Office Supls. & Mats.; Regional & Local <sup>1</sup>	25,000	NS	N.A.	0.5	1-2
Office Supls. & Mats.; PCU/PAMBC Tech. Team <sup>1</sup>	60,000 (total)	IS/NS	N.A.	0.5	1-2

<sup>(1)</sup> Procurement of office supplies and materials will be done periodically in small packages (e.g., bi-annually) due to need for flexibility as well as concerns for adequate storage and control.

**Annex 6**  
**Procurement and Disbursement Arrangements**  
**Panama Atlantic Mesoamerican Biological Corridor Project**  
**Table 2: Procurement Plan - Works**

Note: Lead time are indicatives and are calculate from project beginning.

Package	Value	Method	Docs Ready- advertise	Bids or Quot	Sign Ctr	Completion
Joint Vigilance Tierras Indigenas	185,000	NCB <sup>1</sup>	4	6	8	1st Q 2001
Visitor Center	250,000	NCB	4	6	8	1st Q 2001
Miscellaneous Works & Repairs, Protected Areas	570,000	NCB	4	6	8	1st Q 2001
Land Demarcation	195,000	NCB	4	6	8	Before end of project <sup>2</sup>
Repair Works to PCU Office	15,000	3 quotations	1	1	2	First Quarter 99

<sup>(1)</sup> If smaller packages (less than US\$150,000) will be desirable due to size and/or dispersed nature of the works, procurement will be on the basis of at least three quotations.

<sup>(2)</sup> Depending on resolution of legal issues.

**Annex 6**  
**Procurement and Disbursement Arrangements**  
**Panama Atlantic Mesoamerican Biological Corridor Project**  
**Table 3: Prior Review Thresholds (US\$ Thousands)**

Category	Contract Value	Procurement Method	Prior Review Limit
Civil Works	> 150 < 150	NCB <sup>1</sup> Three quotations	First contract None
Goods (not vehicles)	> 250 50 to 250 25 to 50 < 25	ICB NCB IS LS	First contract First contract First contract First contract
Consulting Service by Firms	> 100 < 100	Selection according to Consultants Guidelines “	All Review of TOR only <sup>2</sup>
Individuals	> 30 < 30	Selection according to Consultants Guidelines “	All Review of TOR only <sup>2</sup>
<b>Investment In Priority Area Subprojects</b>	> 25	NCB	First two contracts
Goods and Civil Works	< 25	NS/Community procurement	None
Technical Assistance	< 10 < 25	Direct contracting Community procurement/NS	None TOR only

<sup>(1)</sup> No ICB is expected. However, contracts in excess of US\$1 million would be awarded following ICB procedures.

<sup>(2)</sup> Does not apply to contracts below the threshold in cases of single source selection of firms, assignments of a critical nature, and amendments to contracts raising the original contract value above the thresholds.

**Annex 6**  
**Procurement and Disbursement Arrangements**  
**Panama Atlantic Mesoamerican Biological Corridor Project**  
**Table 4: Consultant Selection Arrangements (optional)**

Consultant Services Expenditure Category	Selection Method							Est. Total Cost (including contingencies)
	QCBS	QBS	SFB	LCS	CQ	Other	NBF	
<b>A. Firms</b>								
Contract 1. Activities: PAMBC sectoral strategies, mining & biodiversity studies; mining environmental auditing training; private sector outreach	X							US\$360,000
Contract 2. Activities: Participatory planning of local corridors; strengthening of regional and local planning capacity for PAMBC.	X							US\$575,000
Contract 3. Activities: Selection & training of local promoters; establishment & training of local and regional committees; local corridor promotion & environmental education; community training and strengthening.	X							US\$825,000
Contract 4. Activities: Design of simplified protected areas planning methodology; protected areas planning; Donoso Forestry Reserve proposal; management plan Rio Indio Multiple Use Area; strategy and proposal development for adjudication of forested national lands in the PAMBC.	X							US\$375,000
Contract 5. Activities: Biodiversity monitoring technical assistance, ecosystems mapping, and establishment of network	X							US\$470,000
Contract 6. Activities: Technical design of PAMBC promotion and education program		X						US\$40,000
Contract 7. Activities National Corridor Promotion Campaign	X							US\$335,000
Contract 8. Activities: International Corridor Promotion Campaign		X						US\$210,000
Contract 9. Activities: Indigenous Lands - implementation organization; legal and institutional aspects of strengthening tenure and resource access security	X							US\$350,000
Contract 10. Activities: Specialized courses - economic evaluation of biodiversity; analysis of policy impacts on biodiversity; integration of biodiversity/PAMBC concerns in sectoral planning.	X							US\$120,000
<b>B. Individuals</b>								
PAMBC technical team					X			
1. 4 General Rural Development/Technical Specialists								1. US\$168,000
2. Uncommitted								2. US\$44,000
Technical assistance to INRENARE (legal, training, NAPAS reorganization, financial resources capture)					X			US\$265,000
Technical assistance to provincial/comarca planning units					X			US\$135,000
Technical assistance for subproject monitoring (monitoring database design & maintenance; technical & financial audits; accounting)					X			US\$121,000
Project Coordinating Unit (3 persons)					X			US\$375,000
Project Monitoring and Mid-term review					X			US\$185,000
<b>Total</b>								<b>US\$4,953,000</b>

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.

**Annex 6**  
**Procurement and Disbursement Arrangements**  
**Panama Atlantic Mesoamerican Biological Corridor Project**  
**Table 5: Project Costs by Procurement Arrangements<sup>1</sup>**  
(in US\$ million equivalent)

Expenditure Category	Procurement Method				Total Cost (including contingencies)
	ICB	NCB	Other	NBF	
1. Civil Works		0.45 (0.31)	0.80 a/ (0.55)		1.25 (0.86)
2. Goods					
Vehicles b/			0.33 c/ (0.29)		0.33 (0.29)
Goods other than vehicles		0.34 (0.20)	0.33 d/ (0.20)		0.67 (0.40)
Publications			0.22 (0.20) e/		0.22 (0.20)
3. Consultant Services			3.52 f/ (3.09)		3.52 (3.09)
4. Miscellaneous					
Training			2.22 g/ (1.57)		2.22 (1.57)
Subgrants			3.20 h/ (1.16)		3.20 (1.16)
Recurrent/Operating Costs			1.38 (0.83)		1.38 (0.83)
<b>Total</b>	-	0.79 (0.51)	12.00 (7.89)		12.79 (8.40)

Note: NBF = Not Bank-financed (includes elements procured under parallel co-financing procedures, consultancies under trust funds, any reserved procurement, and any other miscellaneous items). The procurement arrangement for the items listed under "Other" and details of the items listed as "NBF" need to be explained in footnotes to the table or in the text.

Figures in parenthesis are the amounts to be financed by the Bank loan/IDA credit

- a/ Small civil works to be contracted through lump sum contracts/
- b/ Includes motorcycles, boats, and mules
- c/ Limited International Bidding for pickup trucks and 4x4s (\$225,000)
- d/ International and national shopping procedures

- e/ National shopping
- f/ In accordance with "Guidelines on the Use of Consultants" (January 1997)
- g/ Procurement not applicable
- h/ Matching grants

<sup>1</sup> For details on presentation of Procurement Methods refer to OD11.02, "Procurement Arrangements for Investment Operations." Details on Consultant Services can be shown more easily in the Table A1 format (additional to Table A, where applicable).

**Annex 6**  
**Procurement and Disbursement Arrangements**  
**Panama Atlantic Mesoamerican Biological Corridor Project**  
**Table 6: Allocation of Grant Proceeds**

<u>Categories</u>	<u>Amounts</u>	<u>Financing</u>
1. Civil Works	0.83	85%
2. Goods/Vehicles/Publications	0.85	100% FE/80% LE
3. Consultants Services	2.97	100%
4. Training	1.51	100%
5. Subgrants	1.12	100% of amount disbursed
6. Incremental Recurrent Costs	0.80	90% first two years, 60% third and fourth years and 40% thereafter
7. Unallocated	<u>0.32</u>	
<b>TOTAL</b>	<b>8.40</b>	



**Annex 7**  
**Project Processing Budget and Schedule**  
**Panama Atlantic Mesoamerican Biological Corridor Project**

<b>A. Project Budget (US\$000)</b>	<u>Planned</u>	<u>Actual</u>
1. PDF (GEF Grant)	285,000	285,000
2. PPF (PPRRN)	174,500	174,500
<b>TOTAL</b>	<b>459,500</b>	<b>459,500</b>
<b>B. Project Schedule</b>	<u>Planned</u>	<u>Actual</u>
First Bank mission (identification)	11/1996	11/1996
PDF Approved by GEF	1/1997	1/1997
Date of GEF Council Endorsement	5/1997	5/1997
Appraisal mission departure	2/1998	3/1998
Negotiations	3/1998	4/1998
GEF CEO Endorsement	5/1998	5/1998
Planned Date of Effectiveness	7/1998	9/1998

Prepared by: INRENARE with RUTA/UTN-Panama assistance

Preparation assistance: PDF and PPF (PPRRN)

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Mark Cackler	Sector Leader
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Douglas J. Graham	Environmental Specialist
John Kellenberg	Natural Resources Economist
Enzo de Laurentiis	Procurement Specialist
Kathy MacKinnon	Biodiversity Specialist
Maria Clara Mejia	Indigenous and Social Specialist
Teresa Roncal	Agricultural and Natural Res. Operations
James Smyle (RUTA-Costa Rica)	Natural Resources Specialist
Cielo Morales (UNDP)	Official UNDP

INRENARE Staff included:

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Dimas Arcia	Sub-Director General
Erasmus Vallester	Director of Protected Areas and Wildlife
Sonia de Boza	Director of Planning
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**National Coordinator**  
**Economist**  
**Planning PAMBC**  
**Indigenous Plan/ Social Assessment**  
**Indigenous Specialist**  
**Stakeholder Assessment**  
**Mining**  
**Natural Resources**  
**SINAP Modernization**  
**Promotion PAMBC**  
**Protected Areas**  
**General and Social Assistant**  
**Natural Resources Assistants**

**Annex 8**  
**Institutional Arrangements**  
**Panama Atlantic Mesoamerican Biological Corridor Project**

**Principal Actors**

Entity	Level	Quantity	Institutional Link	Description
<b>ADMINISTERED UNDER CONTRACTS</b>				
Community Promoters	Corregimiento <sup>1</sup>	64	INRENARE	Local resident, known and respected by community, with current involvement in local development activities, who meets minimum criteria (primary education, literacy, etc.)
Patronatos <sup>2</sup>	Protected Area and buffer zone	2	INRENARE and Key Local Stakeholders	Protected Area: joint INRENARE and representatives of local government and key stakeholders.
Local Committees For Sustainable Development <sup>2</sup>	Municipal, Regional Indigenous Congress	8	Civil Society and Local Government	Municipal: joint municipal council and representatives of key local stakeholders; Regional Congresses: existing traditional/political structure.
<b>DIRECT RESPONSIBILITY OF INRENARE</b>				
INRENARE Protected Area Offices	Protected Area	6	INRENARE	INRENARE Protected Area offices La Amistad, Volcan Baru, San San Pond Sak, Isla Bastimentos, El Cope, Darién
INRENARE Regional Offices	Provincial	5	INRENARE	Regional offices of INRENARE Bocas del Toro, Chiriqui, Colon, Kuna Yala, Darién
Corridor Technical Unit (CTU) <sup>3</sup>	Priority project areas in PAMBC	1	PEU	Technical unit, attached to the Project Executing Unit, based in Bocas Del Toro (3 persons) and Colon (limit with Kuna Yala -1 person). Coordinates with Regional INRENARE offices.
Project Executing Unit (PEU) <sup>4</sup>	Project	1	INRENARE	Project Executing Unit, expansion of the Rural Poverty and Natural Resources Project PCU, responding to INRENARE; 3 persons. <sup>4</sup>
Project Coordinating Unit (PCU) of the PPRRN	PPRRN/PAMBC	1	INRENARE/MIDA	Existing Project Coordination Unit of the Rural Poverty and Natural Resources Project (PPRRN)
INRENARE	National			Office of the Director and Departments of Planning, Protected Areas and Wildlife, Forestry and Watersheds.
PPRRN Program Committee	National	1		Headed by MIPPE/MIDA-INRENARE; rotating committee head, representatives of key sectors & institutions for the PAMBC.

(1) - Smallest administrative division in Panama.

(2) - Committees' level of action is flexibly defined as a function of project geographic coverage and demographic composition: 5 indigenous regional congresses (Teribe - 1, Ngobe-Bugle - 2, Kuna/Nargana - 1; Kuna/Madugandi - 1); 3 municipal (Bocas del Toro, Changuinola, Chiriqui Grande); 2 National Park and buffer zone (Volcan Baru National Park, El Cope National Park).

(3) - CTU recruits will be generalists with a minimum of 5 years experience in 1) organization and participation; 2) project formulation, monitoring and evaluation; 3) rural development and natural resources; in addition, the person recruited for the post in Colon would have demonstrated experience with and acceptance by the Kuna. As needed specialists would be contracted on a short to medium term basis to assist the CTU.

(4) - PEU: Coordinator, Financial Officer/Administrator, Secretary/Administrative Assistant.

Roles of Principal Actors by Component

Principal Actors		Project Components	
Principal Actors	Community Promoters	Promotion; orientation; facilitate planning processes; dissemination; inform LSDC	Participate in local events; dissemination
	Local Sustainable Development Committees (LSDC)	Promotion; orientation; facilitate planning processes; sponsor participatory events; forum for conflict resolution; inform local stakeholders; INRENARE and project management	Participate in local events; dissemination
Corridor Planning and Biodiversity Monitoring	Community Promoters	Promotion; orientation; facilitate planning processes; dissemination; inform LSDC	Participate in local events; dissemination
	Mesoamerican Biological Corridor Awareness and Promotion	Promotion; orientation; facilitate training activities; channel training needs; dissemination	Participate in local events; dissemination
Capacity Building for Conservation & Sustainable Use of Biodiversity	Community Promoters	Promotion; orientation; facilitate training activities; channel training needs; dissemination	Participate in local events; dissemination
	Sustainable Management in Indigenous Lands	Promotion; orientation; channel proposals to and inform LSDC.	Participate in local events; dissemination
Investments in Priority Areas	Community Promoters	Promotion; orientation; facilitate TA; channel proposals to and inform LSDC.	Participate in local consultations of protected area plans.
	Priority Protected Areas	Promotion; orientation; facilitate technical assistance; prioritize and select subprojects; inform local stakeholders; INRENARE and project management	Participate in local consultations of protected area plans.
Patronatos	Local Sustainable Development Committees (LSDC)	Promotion; orientation; facilitate technical assistance; prioritize and select subprojects; inform local stakeholders; INRENARE and project management	Participate in local consultations of protected area plans.
	Local Sustainable Development Committees (LSDC)	Promotion; orientation; facilitate technical assistance; prioritize and select subprojects; inform local stakeholders; INRENARE and project management	Participate in local consultations of protected area plans.
Area Offices	INRENARE Protected Area Offices	Participate in participatory events; inform LSDC; technical advice to participatory planning in protected areas, buffer zones, sensitive habitats; assist to supervise annual operating plans.	Participate in local events; dissemination
	INRENARE Regional Offices	Participate in participatory events; inform LSDC; technical advice to participatory planning in protected areas, buffer zones, sensitive habitats; assist to supervise annual operating plans.	Participate in local events; dissemination
INRENARE Regional Offices	INRENARE Protected Area Offices	Participate in participatory events; inform LSDC; technical advice to participatory planning in protected areas, buffer zones, sensitive habitats; assist to supervise annual operating plans.	Participate in local events; dissemination
	INRENARE Regional Offices	Participate in participatory events; inform LSDC; technical advice to participatory planning in protected areas, buffer zones, sensitive habitats; assist to supervise annual operating plans.	Participate in local events; dissemination
Corridor Technical Unit (CTU)	INRENARE Regional Offices	Participate in participatory events; coordinate with other projects; include PAMBC concerns in Provincial Technical Junta's agenda; regional promotion and dissemination	Participate in local events; dissemination
	Corridor Technical Unit (CTU)	Promotion; aggregate local and regional plans; coordinate with other projects; supervise consultants; regional	Supervise consultants; monitor implementation.
Coordination and Supervision of Implementation; supervise consultants; monitor	INRENARE Regional Offices	Participate in participatory events; coordinate with other projects; include PAMBC concerns in Provincial Technical Junta's agenda; regional promotion and dissemination	Participate in local events; dissemination
	Corridor Technical Unit (CTU)	Promotion; aggregate local and regional plans; coordinate with other projects; supervise consultants; regional	Supervise consultants; monitor implementation.
Coordination and Supervision of Implementation; supervise consultants; monitor	INRENARE Regional Offices	Participate in participatory events; coordinate with other projects; include PAMBC concerns in Provincial Technical Junta's agenda; regional promotion and dissemination	Participate in local events; dissemination
	Corridor Technical Unit (CTU)	Promotion; aggregate local and regional plans; coordinate with other projects; supervise consultants; regional	Supervise consultants; monitor implementation.
Coordination and Supervision of Implementation; supervise consultants; monitor	INRENARE Regional Offices	Participate in participatory events; coordinate with other projects; include PAMBC concerns in Provincial Technical Junta's agenda; regional promotion and dissemination	Participate in local events; dissemination
	Corridor Technical Unit (CTU)	Promotion; aggregate local and regional plans; coordinate with other projects; supervise consultants; regional	Supervise consultants; monitor implementation.

Principal Actors		Project Components	
Corridor Planning and Biodiversity Monitoring	dissemination; monitor implementation	Develop TORs; contract; supervise contracts; coordinate with other projects; monitor procurement; monitoring implementation; reporting	Promotion; assist to develop and review TORs; approve contracts; coordinate with other projects
Mesoamerican Biological Corridor Awareness and Promotion	Develop TORs; contract; supervise contracts; coordinate with IPAT; monitor implementation; reporting	Assist to develop and review TORs; approve contracts; coordinate with other projects	Assist to develop and review TORs; approve contracts; coordinate with other projects
Capacity Building for Sustainable Use of Biodiversity	Procurement; reporting	Responsible for NAPAS training program; supervise and monitor implementation; reporting	Assist to develop and review TORs; approve contracts; coordinate with other projects
Sustainable Management in Indigenous Lands	Develop TORs; contract; supervise contracts; approve (no-objection) subprojects	Assist to develop and review TORs; approve contracts; supervise subprojects with DPI; procurement; monitoring implementation; reporting	Assist to develop and review TORs; approve contracts; coordinate with other projects
Community Investments in Sustainable Use of Biodiversity	Develop TORs; contract; supervise contracts; procure; reporting	Assist to develop and review TORs; approve contracts; coordinate with other projects	Assist to develop and review TORs; approve contracts; coordinate with other projects
Priority Protected Areas	Develop TORs; contract; supervise contracts; procure; reporting	Assist to develop and review TORs; approve contracts; coordinate with other projects	Assist to develop and review TORs; approve contracts; coordinate with other projects
Project Executing Unit (PEU)	Develop TORs; contract; supervise contracts; coordinate with other projects; monitor procurement; monitoring implementation; reporting	Assist to develop and review TORs; approve contracts; coordinate with other projects	Assist to develop and review TORs; approve contracts; coordinate with other projects
INRENARE	Promotion; assist to develop and review TORs; approve contracts; coordinate with other projects	Assist to develop and review TORs; approve contracts; coordinate with other projects	Assist to develop and review TORs; approve contracts; coordinate with other projects
Corridor Committee	Intersectoral coordination and conflict resolution; national dissemination; approve PAMBC plan; seek additional funding	Approve promotion plans; seek additional funding	Approve promotion plans; seek additional funding

**Investments In Priority Areas**

Modes of Implementation

Responsibility For	Actions/Activities	Level	Mode of Execution	Role Of INRENARE	Other Cooperating Institutions
PEU	National Planning and Intersectoral Coordination	National	Contracted	Promotion, Coordination, Participation, Policies/Norms	MIPPE, MIDA, IPAT, MOP, Reps. of key stakeholders
PEU	Local & Regional Planning In Priority Areas (outside protected areas)	Local/Regional	Contracted	Promotion, Coordination, Participation, Policies/Norms	IPAT, DPL, MIPPE, Local government, Reps. of key stakeholders
INRENARE	Protected Areas' Planning	Protected Areas	Contracted/ Direct	Supervision, Participation, Annual Work Program	LSDCs, Promoters
INRENARE (internal); PEU (external)	Biodiversity Monitoring	PAMBC	Contracted/ Direct	Supervision, Execution	To be defined
PEU	National Awareness	National	Contracted	Promotion, Dissemination	Min. of Education, IPAT, AMI
PEU	International Promotion	National	Contracted	Coordination	IPAT
PEU	Strengthening of Local Communities	Local/ Regional	Contracted	Promotion, Coordination, Participation, Policies/Norms	Other projects and programs in the PAMBC
PEU	Training In Environmental Management	National	Contracted	Promotion, Coordination, Participation, Policies/Norms	Universities
INRENARE	Training of INRENARE Personnel	INRENARE	Contracted/ Direct	Supervision, Execution	
INRENARE	Modernization of the NAPAS	NAPAS	Contracted	Coordination, Participation, Execute	
PEU	Subprojects in Sustainable Management In Indigenous Lands	Local	Contracted	Policies/Norms, approve financing criteria, Technical & Regulatory Advice	Min. of Government and Justice, Dept of Indigenous Policies
PEU	Subprojects in Community Investments in Sustainable Use of Biodiversity	Local	Contracted	Policies/Norms, approve financing criteria, Technical & Regulatory Advice	IPAT, Other projects and programs in the PAMBC
INRENARE (works); PEU (contracts)	Investments in Priority Protected Areas	Protected Areas	Contracted	Planning, Coordination, Participation	
INRENARE	Project Administration	Project	Contracted	Supervision	

## Annex 9

### Indigenous People's Development Plan

#### Panama Atlantic Mesoamerican Biological Corridor Project

#### BACKGROUND

Indigenous communities are among the poorest groups in Panama. Preliminary results of the ongoing Living Standards Measurement Study have confirmed that 90% of indigenous peoples are poor and almost 80% of them live under conditions of extreme poverty.<sup>1</sup> They occupy the most significant percentage of pristine ecosystems in the Atlantic Corridor, located in the *comarcas* of Kuna-Yala (Kuna), Madungandi (Kuna), Reserva de Wargandy (Kuna), Ngobe-Bugle, and the westernmost area inhabited by indigenous Teribe (not yet officially declared as indigenous territory).

It is widely recognized that indigenous communities are key actors in conservation of the Panamanian portion of the Mesoamerican Biological Corridor. Their role as guardians and users of natural resources and owners of the largest commonly owned pristine ecosystems in the PAMBC corridor make them natural allies and key partners in biodiversity conservation initiatives. To insure inclusion of indigenous communities within the PAMBC project, an Indigenous Peoples Development Plan (IPDP) has been designed, based upon respect for their sociopolitical and cultural systems with full recognition of territorial rights and targeted benefits from project initiatives and outcomes.<sup>2</sup>

#### Population

The exact number of indigenous in Panama is not known; however, based on the National Demographic Census carried out by the Contraloria General de La Republica in 1990, the indigenous population located in the PAMBC have been estimated at 105,000 to 150,000 (depending on the demographic growth rates applied), which represents at least 50% of the rural population and 33% to 44% of the total population of the AC. Indigenous communities pertain to the following indigenous groups: Teribe (Naso); Ngobes, Bugle and Kunas.<sup>3</sup> Ngobes and Bugles share numerous elements of the material culture and are commonly referred to as Ngobe-Bugles or "Guaymies". In terms of territorial extension, indigenous *comarcas* represent almost 47% of the PAMBC with approximately 13,000 km<sup>2</sup>, including the proposed *Comarca* de Wargandy and the Teribe area. The remaining population is composed by afro-hispanos, mestizos and other immigrant minorities.

#### Methodology

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<sup>1</sup> The LSMS is financed by the World Bank and other international agencies and is carried out by Ministerio de Planificacion y Politica Economica (MIPPE). Final results will be published by the World Bank upon study completion.

<sup>2</sup> The work has been collectively prepared with the help of Francisco Herrera (Panamanian social scientist-indigenous aspects), Cecilia Moreno (Panamanian consultant-gender aspects), Eligio Alvarado (a Kuna social scientist participating in the project design team) and Roque Roldan (Colombian specialist on indigenous legal aspects). The work has been conducted under the direction of Maria Clara Mejia, World Bank social scientist. Important contributions have been made by RUTA officials (Panama and Costa Rica) and other consultants. The reports produced by the consultants (Spanish) are available at the Ruta Office in Panama and also in project files at the World Bank.

<sup>3</sup> In addition to these groups, two other, the Bribris and the Embera-Wounan are located in the northern most and south-easternmost part of the corridor, repetitively. The Bribris are located in the highest basin of the Yorkin river in the Costarican border. Their presence was only officially detected in the 80s. Due to the fact communications wit the Bibris have been impossible since it requires a several days trip in the Costa Rican territory, they have not been yet contacted for the purposes the project. However, Bribris will be contacted during project execution. The Embera-Wounan territory (Darién) was not include due to the presence of paramilitary, other armed groups, incursion of illegal activities in the Colombian border and other ongoing conflicts. However other projects such as the Darién FIDA and the GEF Biodarién have actions in the area involving the Emabera-Waunan groups.

Preparation of the IPDP has combined secondary information and previous experiences with indigenous projects in Panama and field visits to a number of indigenous communities, joint analysis with traditional authorities (Caciques) as well as indigenous NGOs and consultation events with the participation of indigenous representatives. During project preparation, the project team identified basic data related to biodiversity conservation in indigenous territories, socioeconomic characteristics, as well the institutional framework that regulates the decision-making process among indigenous peoples.

Agreements, disagreements and concerns expressed and recommendations made by traditional authorities have been recorded and were taken into account in the project design. A three-folded strategy based on informed participation, systematic consultation and mechanisms to include indigenous peoples in the decision making process have been put in place for project execution.

### **Sociopolitical Systems among Indigenous Groups**

Inclusion of indigenous peoples in project design and implementation requires identification of the sociopolitical system that regulates individual and community life. The above-mentioned indigenous groups in the Atlantic Corridor maintain institutional and political systems which are rich and complex, and entail different levels of consensus building. Social capital is expressed in highly organized kinship, leadership and decision-making systems, as well as in hierarchical institutions, cultural identity, cohesion — elements that play a key role in biodiversity conservation in the PAMBC.

However, the current system based on Caciques and Congressos is relatively new and has been under operation during only 25 years (Kunas) and just a few years (Ngobe-Bugles). Conflicts between traditional and new leaders, political and spiritual leaders, Congressos and indigenous NGOs, indigenous prospective and governmental decisions, were present during project execution. Rivalries and factionalism have been aggravated by the influence of internal factors as well as international agencies, donors, and NGOs. Competition among indigenous for international resources, attention and support, is commonplace.

- Indigenous leaders have made it clear that political institutions that regulate each indigenous group should be the main interlocutor with other social actors and collaborative governmental institutions working in the PAMBC. To develop a participatory approach, the project team contacted general, regional and local authorities, as well as villagers, indigenous associations at the local level and indigenous NGOs.

### **Land Tenure and other Legal Aspects**

A separate report on legal aspects has been prepared by an specialist on indigenous legislation in Latin America and is available in the project files. It contains a description of the legal framework that regulates indigenous affairs with an emphasis on indigenous territorial rights and other problematic issues, including current legislation for private mining, forestry concessions, tourism and representation of indigenous within the politico-administrative system. Principal concerns and legal constraints which may be faced during project execution include:

- The legal process to establish the three already declared Indigenous *Comarcas* has yet to be completed. Jurisdictional and administrative regulations contained in the *Carta Organica* required by law and elaborated by each indigenous group have not been approved by the GOP, as they entail issues that contradict constitutional principles. The *Carta Organica* is required to facilitate recognition and full exercise of indigenous rights within Panamanian society. It also regulates the relation between indigenous *comarcas* and the existing governmental administrative system. The project would provide legal support to overcome this obstacle, if INRENARE, the Ministry of Government and involved indigenous authorities request it.



- Several indigenous communities have been left outside the established indigenous *comarcas*. To the extent possible, the project will take into account all communities in the Atlantic corridor.
- Boundaries of existent indigenous *comarcas* are not completely defined. There is a need to solve some overlapping with parks, colonization areas and *comarcas*. If necessary, conflict resolution will be carried out during project execution.
- One of the indigenous groups in the corridor, the Teribe (Naso), does not have a territory officially recognized. Teribes have made a proposal to establish a *comarca* in 1,400 km<sup>2</sup> in Bocas del Toro, 60% of which is located within La Amistad International Park. The Government of Panama has initiated the process of reviewing the proposal. Establishment of the Teribe territory will help conservation of the park, while addressing the social concerns of the 11 Teribe communities. INRENARE considers the establishment of the Teribe Territory as a high priority and the PAMBC project will support the new territory. Budgetary provisions and institutional arrangements have been made to facilitate and expedite the process.
- Territorial disputes in the *comarca* Wargandi and Madungandi reserve have identified. Authorities have also requested assistance to demarcate some borders under conflict.
- The indigenous Bribris were not been contacted during project preparation. They live in isolation along the Costa Rican border. It would be desirable to document and identify the Bribris population, location and living conditions. They will be contacted during project execution in relation to the Parque Internacional La Amistad.

### **Indigenous Peoples and Natural Resource Management**

Traditionally, indigenous peoples interact as an integral part of the natural environment. Land, forest and natural elements are considered to have significant symbolic, cultural and cosmogony values. Indigenous peoples in the PAMBC have broad knowledge about traditional uses of plants, animals, soil and micro-climates. With respect to biodiversity conservation and natural resource management, traditional extractive and productive systems developed by indigenous communities are largely sustainable. However, the increasing interaction between indigenous peoples and the dominant Panamanian society has created new needs that are no longer satisfied by traditional subsistence productive systems. The use of natural resources with market prices and which can be traded in exchange for money has become a relatively common practice among indigenous peoples in Panama.

The principal threats to biodiversity in the PAMBC are posed by non-indigenous persons associated with agricultural colonization, forestry investments as well as public and private infrastructure and mining projects. Under the pressure of the market economy, demonstration effects, demographic growth and economic interests of private entrepreneurs, indigenous persons are now utilizing non-sustainable practices including large-scale forestry clearing, littering in water flows, overuse of marine ecosystems, extensive cattle ranching in steep slopes, and commercial hunting. Agricultural colonization is directly and indirectly associated with national development projects, including road construction between Almirante and Chiriqui Grande that threatens the proposed *Comarca* Teribe and the existing Ngobe-Bugle *comarca* and road construction between El Llano Carti that threatens the Area of Narganá in the western limit of the Kuna-Yala *Comarca*.

### **Kuna-Yala**

The Kunas, or “Dule”, constitute a strongly consolidated nation that has maintained its autonomy in the face of the modern Panamanian society. The Kuna communities have developed a diversified productive system ranging from traditional subsistence economy, cultivation of corn, plantain, manioc and tropical fruits, fisheries and hunting activities, handicrafts, tourism and commerce. The PEMASKY project, a conservation initiative managed by indigenous Kunas with international financial and technical support, has identified more than 72 agroforestry combinations and 20 types crop systems used by indigenous in Kuna-Yala. The Kuna *Comarca* of San Blas is experiencing an accelerated process of contact and integration with western society inside and outside of Panama. Principal income-generating activities include supplying sea-fruits to nearby

hotels, tourism in some of the islands and commercialization of handicrafts (*molos*). Organization of the space and settlement patterns are concentrated around small communities or "poblados".

Unlike insular indigenous Kuna, the Mandugandi and Wargandi *Comarcas* are located in a mountainous area. Here, intensive hunting and forest clearing has resulted from the contact with and dependency on mestizo colonists, merchants and investors, and in general, from their contact with the Panamanian dominant society. Indigenous Kuna have denounced the negative influence of merchants on wood and other natural fibers and leaves (Weruk or palm) traditionally used for house construction,

### **Ngobe-Bugle**

This group accounts for 63% of the total indigenous population in Panama. Originally located in the high mountains of northern Panama, the Ngobe-Bugle people have slowly moved toward coastal and low land areas, in part searching for new lands and subsistence means but also to avoid land tenure disputes and land degradation. Obligated to compete with the mestizo population and other groups, indigenous Ngobe-Bugle have started combining traditional subsistence activities (beans, maize, etc.) with commercial activities (coffee and cacao) and more recently, extensive cattle ranching, the use of modern instruments for hunting and fishing (e.g., rifles, nets) which has in turn intensified the pressure on natural resources.

Clear symptoms of erosion and land slides, especially in steep slopes as well as over-exploitation of sea species are now more common in the *Comarca* Ngobe-Bugle. Cattle raising has become a symbol of prestige, a means of capital accumulation as well as a factor in increasing deforestation.

### **Teribes**

Located along the Teribe river, this group has been historically confined to isolation and distance from western dominated patterns. The Teribe territory is a pristine, well-preserved ecosystem although minor indicators of degradation can be seen in their territory as a result of adoption of mestizo patterns from the population located in Changuinola. Like other indigenous groups, the Teribes have been obligated to abandon traditional tools such as arrows and bows and have adopted more sophisticated means such as nets and rifles.

### **Main Conflicts Affecting Indigenous Territories in the ABC**

Because of the strategic importance of the PAMBC, both in economic and environmental terms, the project area is affected by multiple conflicts related to land and natural resource use. The principal conflicts are presented in Table 1. To address these problems, the project has been conceived as a space for mediation, promotion of environmentally compatible uses and negotiation around common objectives among various social actors. The project will support eligible subprojects proposed by communities providing technical or legal assistance to manage or reduce these conflicts, including land demarcation in areas in dispute and joint work with the existent governmental instances (e.g., Comites de Paz y Conciliación and the ombudsman) to resolve disputes in indigenous territories.

### **Priority areas involving Indigenous People**

In addition to the already established indigenous *comarcas* of Kuna-Yala, Madugandi, and Ngobe-Bugle, three criteria have been set to identify areas for priority intervention involving indigenous peoples. These include: (a) areas of high biodiversity (e.g., tropical forests, mangrove forests); (b) at-risk areas (e.g., areas prone to land slides and erosion, soil/water degradation, unsustainable coastal tourism, forestry clearing); and (c) indigenous areas under territorial conflict. The PAMBC project will address (b) and (c) only to the extent that they are located in areas of high biodiversity (a). Table 2 presents a list of specific areas identified during the field visits and consultation meetings with indigenous communities.

**Table 1**  
**MAIN CONFLICTS INVOLVING INDIGENOUS PEOPLES**

- Land tenure disputes between indigenous and colonists
- Conflicts between mining concessionaires and indigenous communities
- Overlap between protected areas and indigenous territories
- Public large-scale development projects (e.g., roads, dams) vs. land tenure rights
- Demographic growth and unsustainable use of natural resources by indigenous people vs. conservation of pristine ecosystems
- Commercial tourism vs. indigenous territories and ethno-development
- Inter-ethnic conflicts due to overlapping land rights or uncertain borders of neighbor *comarcas*
- Juridical conflicts between *comarcas* and provincial governments

**Table 2**  
**PRIORITY AREAS INVOLVING INDIGENOUS**

CRITERIA	AREAS INVOLVED
Natural Parks that conflict with indigenous territories	Bonyic Arriba: territorial conflict between Teribes and Ngobes Parque La Amistad: overlapping with Teribes territory Bosque Protector Palo Seco: overlapping with <i>Comarca</i> and Ngobe-Bugle Reserva Forestal La Fortuna: overlapping with Ngobe-Bugle Territory
Infrastructure projects affecting indigenous territories	Road El Llano-Carti (Kuna-Yala) Almirante-Chiriqui Grande (Bocas del Toro)
Mining concessions affecting indigenous territories	El Porvenir, Santa Isabel (east border of San Blas) Bocas del Toro
Areas characterized by degrading agriculture and non-sustainable practices	High watersheds in <i>Comarca</i> Ngobe-Bugle Rio Teribe (deforestation) Valle del Rio Risco Nargana Island (coral reefs, tourism, garbage, etc.)
Areas threatened by massive forest clearing and erosion due to colonization	North of Veraguas and Bocas del Toro South of Mandugandi

**Criteria to select investments in indigenous territories**

During the consultation process held for project preparation, indigenous leaders, particularly Kunas, manifested little interest on the idea of a biodiversity corridor along the Atlantic coast. They questioned the need for such a corridor when the Kuna-Yala and other Kuna *comarcas* have been demarcated and their ecosystems are well preserved. Indigenous communities also expressed distrust of this initiative, perceived by many as a governmental effort to control indigenous territories, thereby diminish their sovereignty and place constraints upon the use of natural resources and productive systems. Table 3 summarizes main incentives and concerns expressed by each indigenous group.

A fruitful discussion on advantages, risks as well as incentives for participation and conservation took place during project preparation. Finally, a preliminary agreement was reached on the following criteria:

- Programs/investments would be based on indigenous knowledge, recognition of indigenous rights and respect for indigenous culture.
- Programs/investments would be negotiated with indigenous communities/authorities to guarantee their active participation and accountability.
- Programs/investments would contribute, either directly or indirectly, to biodiversity conservation.
- Programs/investments would reinforce indigenous territorial rights and capacity for monitoring, conservation and develop sustainable use of natural resources.

**Table 3**  
**EXPECTATIONS AND CONCERNS**  
**FOR INDIGENOUS PARTICIPATION**

Indigenous Groups	Location	Population	Expectations	Concerns
<b>Kunas</b>	Comarca Kuna Yala	31,727	Consistency between the PAMBC and the Kuna culture. Support to resolution of territorial conflicts. Opportunity to diversify sustainable income-generating activities. Support to the Development Plan of the <i>comarca</i>	Risk of control and project interference with <i>Comarca</i> internal affairs. Constraints and conflict with economic activities not compatible with the PAMBC, specifically in areas below 1,000 meters above the sea level. Fear that the project will promote mining development in the Kuna territory
	Comarca Mandugandi Reserva Wargandy	3,285		
<b>Ngobe-Bugle</b>	Veraguas	8,555	Complement to the ongoing Ngobe-Bugle project. New opportunities for women. New technologies for sustainable development and natural resource management.	Risk of mining activities promoted by the project. Risk of factionalism and internal fights for control of project resources. Inability to adequately participate due to high level of illiteracy and unequal access to opportunities
	Bocas del Toro	39,686		
	Chiriqui Grande	15,719		
<b>Teribes</b>	Bocas del Toro	1,200	Support for securing official recognition of territorial rights. Opportunities for diversification of income-generation activities	Scale of subprojects and programs that overwhelm indigenous capacity.

### Action Plan

Preparation of the Panama Biodiversity Corridor Project is based on the principle that (a) conservation of the biodiversity requires a socio-biological approach that considers human beings as components of ecosystems; and (b) that development of sustainable productive practices and management of ecosystems is only possible if social actors are involved in a positive ambiance to collaborate in the task. In short, it is believed that conservation is feasible and sustainable only when all parties perceive benefits in entering in partnership agreements. This, requires building mutual trust, joint work, consultation, co-management, conflict management, secure rights, equal representation and clear responsibilities and duties among parties. Towards this goal, the PAMBC project will support actions and subprojects dealing with:

- Education, training and institutional capacity building among stakeholders and primarily among indigenous and non-indigenous communities (conciliation and consensus for natural resources management in buffer zones and protected areas);
- Security of tenure and access to resources (including legal assistance, physical demarcation and

- control of borders under pressure);
- Participatory planning of sustainable settlements and productive practices;
- Environmentally sustainable development activities (including agroforestry, ecotourism)
- Incentives for biodiversity conservation; and biodiversity monitoring.

On these bases, an Action Plan for Indigenous Development has been outlined. The main objectives, activities as well as correspondent budgetary allocations are presented in Table 4.

**Table 4**  
**INDIGENOUS ACTION PLAN**

<b>General Objective</b>	<b>Activities</b>	<b>Target Group</b>	<b>Total Cost (millions) (1)</b>
<b>Participation-consultation and corridor planning</b>	Project promotion, consultation and coordination with indigenous "enlaces"	Kuna (Kuna-Yala) Kuna (Madungandi) Ngobe-Bugle Teribes	<b>0.23</b>
<b>Capacity Building for culturally sensitive conservation activities and sustainable development</b>	Enhancement-dissemination of indigenous cultural patterns for biodiversity conservation. Training on alternative sustainable use of natural resources. Support to indigenous organizations related to conservation programs. Planning sustainable settlements.	Indigenous communities and organizations  Coordinadora de Mujeres indigenas de Panama  PEMASKY, Asociacion de productores Ngobe-Bugle	<b>0.89</b>
<b>Sub-projects to secure indigenous territorial rights and conflict management in areas under pressure</b>	Legal assistance. Establishment-demarcation-control of indigenous territories. Conflict management in areas under colonist pressure. Co-management of protected areas, buffer zones.	Proposed Teribe territory <i>Comarca</i> Ngobe-Bugle (Carretera Almirante-Rambala) Kuna-Yala Nusagandy east border <i>Comarca</i> Madungandi (Loma Bonita, Carti, Wacucu) Parque Internacional La Amistad Norte, La Fortuna Bosque Protector Palo Seco	<b>0.80</b>
<b>Sub-projects in sustainable development</b>	Ecotourism; sustainable lobster-catching, forestry, agroforestry and natural fibers; organic cacao and coffee; breeding ground fish hatchery, etc.	Kuna (kuna-yala) Kuna (Madungandi) Ngobe-bugles Teribe	<b>1.05</b>
		<b>TOTAL</b>	<b>2.97</b>

## **Inclusion of Indigenous Peoples during project preparation**

One of the most important aspects of the Indigenous Development Plan is the proposed operational arrangement to involve indigenous communities in project design and execution; and to decentralize project activities cleared by Congresos Indigenas and managed by local indigenous organizations in coordination with the Project Management Unit (PMU) and local offices of INRENARE (the executive agency). This has included:

- An indigenous professional (Kuna) was hired and responsible for visiting indigenous communities, explaining project objectives, gathering relevant information, coordinating and consulting with indigenous NGOs and traditional leaders;
- More than 15 meetings with indigenous communities took place during the project design; a two-way information system was established to facilitate the presentation of project objectives, receive feedback from indigenous communities, and define the mechanisms to secure inclusion of indigenous views, needs and concerns, active involvement in the decision making process and joint responsibility for execution, monitoring and evaluation; and
- The Congresos de Caciques Generales as well as other indigenous authorities were requested to assign an official representation of each ethnic group to participate in the coordination and corridor planning process of subproject and activities in their territories. The "official contacts" will participate throughout project execution. Table 5 presents the "official contacts" elected by indigenous authorities to facilitate participation of each indigenous group during project implementation.

**Table 5**  
**Official Representatives**

<b>Indigenous Group</b>	<b>Official Links</b>
<b>Congreso General Kuna-Yala</b>	Instituto de Desarrollo Integral Kuna (IDIKI)
<b>Congreso General Comarca de Madugandi</b>	Organizacion Kuna de Mandugandi (ORKUM), represented by Manuelito Martinez Asociacion de Productores de Madugandi, Sr. Evelio Jimenez
<b>Congreso Regional Este de la Comarca Madugandi</b>	Fundacion Dobba-Yalla will be in charge of land demarcation
<b>Congreso Regional Ngobe-Bugle Bocas del Toro</b>	A representative group composed by Manuel Martinez, Crecencio Palacio, Alberto Valdez, Eusebio Smith, Rupilo Abrego and Valentin Pineda. Representative of organized women: Serma Becker
<b>Teribes</b>	To be determined.

### **Special Recommendations made by Indigenous Peoples to the PAMBC Project**

- To the extent possible, the project should consider indigenous development plans already prepared by indigenous communities;
- The elected "official contact" organization that represents such community will be responsible for preparing subprojects and requesting support from the PAMBC project;
- Prior to the presentation of a subproject, the official representatives of each community will seek the approval of the respective Congreso;
- Need for institutional capacity building among indigenous organizations to face the challenges of indigenous development initiatives in Panama supported by international institutions;
- Effort must be made to eliminate intermediaries between the PMU and indigenous communities;

wherever there is managerial capacity, indigenous organizations should be responsible for execution and follow up of approved subprojects.

### **Inclusion of Indigenous Peoples during project implementation**

- (a) For activities only involving indigenous communities at the local level, selection of sub-projects will be made by the correspondent local authorities and sent to the PEU for verification of eligibility and no-objection.;
- (b) For programs and subprojects involving non-indigenous groups or governmental and private organizations, a special fora encompassing all actors will be required.

### **Secure Land Tenure Component**

For actions related to indigenous land tenure and territorial rights, approval by the respective Congreso General de Caciques (or the King and Consejo in the case of Teribes) will be required prior to any intervention. Project support to secure indigenous land tenure and territorial rights will be developed in collaboration with Ministerio de Gobierno y Justicia throughout the Direccion de Politica Indigenista and other governmental related institutions. In the case of land demarcation involving overlapping national parks or protected areas, the Direccion de Parques Naturales de INRENARE will be involved in the planning and decision-making process. The annual program for indigenous land tenure will be directly presented to the PMU for review and approval.

### **Training, capacity building and sustainable development sub-projects**

In indigenous territories and for all practical purposes, the Directiva del Congreso Regional de Caciques will be the Local Committee for Sustainable Development (LCSD). In each indigenous community, the LCSD will be responsible for selection-endorsement of subprojects to be directly presented to the PEU for financial and technical support. No intermediate instances will be required to approve eligible community-based subprojects.

To help indigenous in preparing eligible subprojects, the PEU will provide technical assistance for the design of subprojects presented by indigenous communities as well as financial support. Community-based subprojects will be executed by indigenous NGOs or the respective governmental agencies selected by the local communities. Environmental education programs will be coordinated by the Asociacion de Mujeres Indigenas de Panama together with Direccion de Educacion Ambiental (INRENARE).

### **Indigenous promoters**

In indigenous territories (*Comarcas*, reservas, etc.), the PAMBC project will count on indigenous promoters to disseminate the project objectives and benefits as well as to facilitate contacts with agencies/programs acting in the PAMBC. A short list of indigenous promoters will be selected by local authorities and proposed to the PEU.

### **Official representation of indigenous groups to the project**

The indigenous organizations and individuals "enlaces" officially appointed by each Congreso de Caciques will act as the legitimate channel for consultation/endorsement of indigenous communities on any action to be taken by the project in their territory.

### **Issues involving indigenous and non-indigenous**

The Project will serve as a fora for review, discussion and assessment of the compatibility between the biological corridor concept and regional, national or sectoral initiatives that are likely to produce an impact on the biological corridor (e.g., large-scale mining projects, national roads, regional tourism strategies, agrarian policies). The Corridor Committee will be composed of representatives of INRENARE,, provincial governments, civil society, private companies, and indigenous "enlaces".

- The two above-mentioned organizations will organize a three to four day session to train twenty to thirty indigenous women from CONAMUIP on environmental education, and to facilitate a two-way analysis of environmental issues from indigenous and non-indigenous perspectives. Trainees will be provided pedagogic material to be used with communities.
- Five pilot training programs (two in *Comarca* Ngobe-Bugle Bocas del Toro and North of Veraguas, one in the Teribe territory, one in Kuna-Yala and one in Madungandi) will be carried out by a cluster of trainees in their respective communities.
- The PAMBC project will provide the required financial and technical support to the pilot training programs.
- Once executed, the PEU will assess the results and make adjustments based upon lessons learned for a second phase that will expand the program.

### **Main Challenges related to indigenous issues in the PAMBC**

- Involve Teribes who are isolated in geographical terms and who have no representatives in Panama City.
- Enhance women's capacity to participate in project related activities.
- Establish incentives and alternative technologies to reverse current extractive practices practiced by indigenous and non-indigenous.
- Incompatibility between macro-development projects (roads, mining, hydropower plants, etc.), and biodiversity conservation.
- Avoid factionalism and rivalry among indigenous NGOs and between them and traditional authorities.
- Overcome current distrust in the distribution of project resources between different sets of stakeholders.
- Inclusion of indigenous communities that have been left out of the established *comarcas* and are not necessarily represented by the Congressos.
- Build trust among stakeholders and among them and governmental agencies in the PAMBC.
- Coordinate with other undergoing strategies for sustainable development and conservation, including: Estrategia regional para el Desarrollo Sostenible de Bocas del Toro, Conservacion Internacional OEA-INRENARE, Educacion Ambiental Smithsonian-INRENARE, Proyecto PEMASKY, Biodarien, Desarrollo Rural Sostenible, Maderas Tropicales MARENA.
- Decentralize the corridor project to the field.

### **Key monitoring and evaluation indicators**

Below is a preliminary list of monitoring and evaluation indicators to be monitored during the project life. Indicators will be monitored through a continue process of social assessment and participatory review.

- Indigenous communities are actively involved in planning, management and evaluation of activities supported by the project.
- Reduction in number and degree of conflicts between protected areas and indigenous territories through co-management, consultation, and consensus building.
- Reduction in number and degree of conflicts between indigenous and colonists in the borders of the indigenous *Comarcas*.
- Reduction in degrading pressures within indigenous *comarcas*
- Increased protection/enhancement of indigenous territorial rights and equitable representation in decisions dealing with development in the PAMBC.
- Increased participation by women in biological corridor-related activities.



**Annex 9**  
**Indigenous People's Development Plan**  
**Panama Atlantic Mesoamerican Biological Corridor Project**

**Attachment 1**  
**Official Communications From Indigenous Authorities**

The PARAC project will provide the technical financial and technical support to the pilot training of teachers in their respective communities.

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**ORGANIZACION KUNA DE MADUNGANDI - ORKUM**  
PERSONERIA JURIDICA DEL ICG Y J N° 256 DEL 30 DE AGOSTO DE 1994

Panamá, 9 de marzo de 1998

Señora  
Cecilia Morano  
Consultora  
BID, Corredor Biológico  
E. S. M.

Estimada Sra. Morano:

Reciba un cordial saludo de parte de la Organización Kuna de Madungandí (ORKUM).

Le informamos que la Comisión Técnica de ORKUM, como brazo derecho del Congreso General de Madungandí y a la vez con los poderes que le dio el Congreso, hemos decidido nombrar al Sr. Manuelito Martínez para que sea nuestro enlace de coordinación entre el programa del Corredor Biológico que usted dirige y la Comarca Kuna de Madungandí.

Sin más que agregar, nos despedimos de usted.

Muy Atentamente,

Lic. Horacio Rivera  
Secretario

  
Evidio Espinosa  
Finanzas

**"DESARROLLO, CONSERVACION, PROGRESO"**  
TELEFAX (507) 224-7482. APARTADO POSTAL 11034. PANAMA 6, REP. DE PANAMA

Panamá, 19 de enero de 1998

Señores  
Corredor Biológico  
del Atlántico Panameño

Estimados Señores:

La Junta Directiva del Congreso General Kuna autoriza al Instituto para el Desarrollo Integral de Kuna Yala (IDIKY) para que coordine todas las actividades relacionadas con el proyecto del Corredor Biológico del Atlántico Panameño.

Sin otro particular,

A atentamente

*Leonidas Kantule V.*  
Leonidas Kantule V.  
Saila Dummud

*Faustino Alba*  
Faustino Alba  
Secretario





# CONGRESO REGIONAL NGABE-BUGLE

## BOCAS DEL TORO

Comarca Ngäbe-Bugle, 15 de enero de 1998.

Estimado señores  
Proyecto Corredor Biológico del Atlántico  
E. S. D.

Respetado señores:

Por este medio desco expresarles mis mejores saludos y deseos de éxito en sus labores en bien del organismo que dirige.

En esta oportunidad me dirijo a ustedes con el fin de informar que el Congreso Regional de Bocas del Toro, en uso de sus facultades legales que le confiere la Ley 10 de la Comarca; nombró unos distinguidos profesionales quienes elaborarán proyecto con varios programas contemplado dentro del proyecto Corredor Biológico del Atlántico Bocatorano.

Los señores son;

1. Manuel Martínez
2. Crecencio Palacio
3. Alberto Valdez
4. Eusabio Smith
5. Rupilio Abrego
6. Valentín Pinoda

Y en representación de las mujeres organizada la joven: SERMA BECKER. Para que recomiende a una de sus compañeras.

Sin otro particular, me suscribo de usted.

*Ismael Palacio S.*

ISMAEL PALACIO  
PRESIDENTE DEL CONGRESO REGIONAL

cc/Marcelino Montezuma-Presidente Congreso General.  
cc/archivo.



Panamá, 22 de diciembre de 1997.

Profesor  
Francisco Herrera  
Consultor de Asuntos sociales  
Componente Indígena/ Banco Mundial

Estimado Señor:

El Congreso Regional Este de la Comarca de Madungandi reunido entre el 20 al 23 de diciembre del año en curso, tuvo la oportunidad de recibir informaciones sobre el Proyecto del Corredor Biológico en el que está incluido nuestra Comarca. El Lic. Eligio Alvarado tuvo a bien en explicarnos los objetivos de dicho proyecto, en especial, las formas de participación de las comunidades involucradas en el mismo, así como también la importancia de designar la persona que sirva de enlace con el proyecto. El Congreso después de analizar las ventajas y los beneficios del Proyecto para nuestras comunidades consideró apoyar decididamente esta iniciativa, ya que está muy de acuerdo con las prácticas de conservación de los recursos naturales y del ambiente que caracteriza a los Pueblos Indígenas. Para garantizar estos objetivos de la conservación el Congreso identificó las áreas que a nuestro juicio son críticas por la mayor invasión de los colonos y que requiere atención prioritaria para demarcar este sector. Hemos solicitado a la Fundación Dobbo Yala para que nos dé asistencia técnica para hacer un cálculo real del costo de la demarcación del área ya que Dobbo Yala ha acumulado una gran experiencia en el trabajo de demarcación; igualmente pediremos apoyo en materia de asesoramiento técnico a otras ONG'S (Nabguana) indígenas. También queremos informarles que la Asociación de Productores de Madungandi a nombre del Congreso Regional Este, será la entidad de enlace por medio de su presidente el señor Evelio Jiménez. Posteriormente les informaremos la Organización que ejecutará el proyecto, una vez que el mismo sea aprobado.

En espera de que el proyecto sea una realidad, y que sirva para frenar los abusos contra la naturaleza y de los recursos naturales, y nuestros deseos de demarcación se logre, nos despedimos de usted.

Atentamente,

*Briseno Garibaldi O.*  
Briseno Garibaldi O.  
Presidente Con. Reg.-Este

c.c. Maria Clara Mejia  
Banco Mundial

c.c. Eligio Alvarado  
Consultor



COMARCA YUYA DE MADUNGANDI  
CONGRESO REGIONAL-ESTE

Dedi, 20 al 23 de diciembre de 1997

ANEXO.....



Domingo Diaz  
Domingo Diaz - Piza

Fido Braces Madungandi

Manuel Gonzalez  
Manuel M. Gonzalez - Dedi

Illo Morales  
Illo Morales - Dedi

Tomiliano  
Tomiliano  
Vocero Madungandi

Vadlarino Diaz  
Vadlarino Diaz  
Vocer Piza

Manuel Braces  
Manuel Braces, Secretario

Ricardo Caribaldo J.  
Ricardo Caribaldo, Secretario

**Annex 9**  
**Indigenous People's Development Plan**  
**Panama Atlantic Mesoamerican Biological Corridor Project**

**Attachment 2**  
**Consultation With Indigenous Peoples**

<b>REUNION</b>	<b>DATE</b>	<b>MAIN ISSUES</b>
Hotel Panama: indigenous and non-indigenous organizations	07/97	General information on project objectives and exchange of opinions among stakeholders
Hotel Roma: indigenous and non-indigenous representatives	10/97	General information on project objectives and exchange of opinions among stakeholders
Community of Usdup (Kuna-Yala)	11/97	Information/consultation
Governmental institutions, NGOs, Universities -Indigenous Leaders	11/97	Information/consultation on institutional arrangements
Comunidad Ngobe-Bugle del Valle del Risco; Asociacion Agroforestal; Asociacion de Mujeresl	11/97	Information/consultation; identification of current indigenous development initiatives and coordination mechanisms
Direccion Coordinadora Nacional de Pueblos Indigenas (CONAPIP)	11/97	Information/identification of key contacts
Congreso General Kuna	11/97	Information on the objectives of the PAMBC
Comunidad La Gloria (Ngobe-Bugle) Bocas del Toro (230 indigenous representatives)	11/97	Information/consultation on coordination mechanisms between indigenous and the PAMBC and potential sub-projects
Comunidad de Pueblo Nuevo (Bocas del Toro)	11/97	Information/consultation on coordination mechanisms between indigenous and the PAMBC and potential sub-projects
Congreso regional Este de Mandungandi	12/97	In Information/consultation - Selection of indigenous NGOs re representing Mandungandi
Comunidad Indigena de Sheiyic(Teribes)- Rey Teribe-leaders	12/97	Information/consultation on coordination mechanisms between indigenous and the PAMBC and potential sub-projects
Presidente Congreso Ngobe-Bugle (Chiriqui Grande)	11/97	Information/consultation
Consejo Ngobe-bugle; (Veraguas)	1/98	Information/ Conflict due to Mining Concession in Cerro Colorado
Caciques Generales Kuna Yala - Instituto de Investigacion Kalu Koshun (IIKK)- IDIKI	1/98	Information/consultation -Selection of the indigenous NGO that represents Kuna-Yala
Equipo Tecnico Asesor Congreso Kuna	1/98	Consultation/Analysis of development proposals for Kuna -Yala
Comunidad Kankintu-Directivos Congreso Regional Ngobe Bugle (Bocas del Toro) and Women organizations	1/98	Information on the PAMBC
Coordinadora de Mujeres Indigenas de Panama (CONAMUIP)	3/98	Women's view on a proposal for environmental education in the corridor
Presidente del Congreso Ngobe-Bugle, encargados de Asuntos de la Comision de Mujeres y Relaciones Publicas del Congreso	4/98	Information/consultation of specific initiatives such as video to promote the corridor in Ngobe-Bugle <i>Comarca</i> and involvement of Organizacion de Mujeres Ngobe-Bugle in environmental education activities
Secretario General del Congreso Kuna, IDUKI, Dobo-yala and legal advisors	4/98	Follow up on the PAMBC project

## **Annex 10**

### **Social Analysis and Participatory Approach**

#### **Panama Atlantic Mesoamerican Biological Corridor Project**

#### **Background**

A Social Assessment (SA) has started and will continue during project implementation aimed at assuring proper involvement of all social actors, assessing social impacts and verifying the social soundness of assumptions, project design and operational arrangements. The SA was conceived as a living process to be developed in two phases. The first phase has been already carried out, covering: (a) identification of stakeholders; (b) extensive consultation with all parties involved; (c) analysis of main conflicts among actors; and (d) institutional arrangements to involve stakeholders in project execution. The second phase will continue during implementation and will be focused on validation of social assumptions, feasibility of operational arrangements and adjustment of project strategies.

This annex presents a brief summary of key social issues identified during project preparation. Results of the first phase of the SA, analysis of indigenous issues in the Atlantic Corridor as well as records of the meetings and the consultation-participation process put in place for project design, are contained in four self-standing documents (in Spanish) available in project files. A summarized English version of the Indigenous Development Plan is presented in Annex 9.

Preparation of the SA for the PAMBC project included: (a) field visits, interviews and focus groups to develop a participatory definition of project components; (b) compilation of secondary information on human groups and natural resource management in the Atlantic Region; (c) a wide consultation process with indigenous leaders, peasant associations, governmental and non-governmental institutions involved in biodiversity and sustainable development, mining and tourism private entrepreneurs, local authorities, and international cooperation agencies acting in the corridor; (d) detailed analysis of indigenous issues related to the PAMBC; and (e) gender considerations and consultations with women associations. During project preparation, approximately 50 meetings attended by nearly 300 people took place in Panama City, each indigenous *comarca*, and areas of colonization.

#### **Social Actors in the Atlantic Corridor**

The total population living in the Atlantic Corridor, excluding Darién and the District of Chepo (Panama) was estimated at 353,000 in 1996. The main social actors in the corridor are: (a) indigenous communities and their organizations; (b) colonists, small peasants and local NGOs; (c) private forestry investors; (d) private mining investors; (e) private tourism investors; (f) governmental institutions such as INRENARE; Ministry of Agriculture; Ministry of Public Works; Ministry of Government (Dirección de Política Indigenista); Ministry of Energy; and (g) local governments.

Different strategies based on socio-economic and cultural considerations have been designed in response to the diversity of social actors, systems and cultures. Critical conflicts between productive systems and conservation programs were identified in both indigenous and non-indigenous communities. A substantial number of community-based organizations and other NGOs acting in the corridor were also consulted. Particularly notable was the consultative process with existent indigenous organizations working on biodiversity protection and sustainable development programs in the PAMBC (See Annex 9).

#### **Indigenous Communities**

Indigenous communities are among the poorest groups in Panama. They occupy the most significant percentage of pristine ecosystems in the Atlantic Corridor, located in the *Comarca* de San Blas, Ngobe-Bugle,



Madungandi, Reserva de Wargandy and the westernmost area inhabited by Indigenous Teribe, but not yet officially declared as indigenous territory.

The indigenous population in the Atlantic Corridor has been estimated between 105,000 and 150,000 people and represents 50% of the rural population of the Atlantic Corridor, pertaining to the following indigenous groups: Teribe (Naso); Ngobes, Bugle and Kunas. The remaining population is composed by Afro-hispanos, mestizos and other immigrant minorities.

In general, productive systems among indigenous communities are sustainable from an environmental point of view. However, under increasing market pressure, demonstration effects of mestizo living standards and economic interests of private entrepreneurs, indigenous communities have started utilizing unsustainable practices such as forestry clearing, littering in water flows, overuse of marine ecosystems, cattle ranching in steep slopes, commercial hunting, etc. The most critical areas have been identified and jointly analyzed with indigenous leaders. In spite of the mentioned problems, indigenous *comarcas* still consist of large pristine ecosystems and indigenous communities remain key actors and allies for biodiversity conservation and sustainable development.

### **Small Peasants**

The rural mestizo or hispanic population in the Atlantic Corridor (excluding Darien and Cocle) has been estimated at 120,000. Peasants are mainly located along the agricultural frontier, composed in turn of several colonization fronts and dispersed settlements. During project preparation, the most active colonists fronts were identified and visited (riverside of Calobebora in north of Veraguas; Coclesito in Colon; surrounding area of the road between Chiriqui Grande, Almirante in Bocas del Toro; buffer zones of national parks).

The majority of peasants living in areas subject to intense deforestation and environmental degradation have come from the Pacific Region, bringing with them agricultural and cattle ranching patterns previously unused in the Atlantic Region. Although each community has its own characteristics, there are some commonalities that are noteworthy: the immense majority of small peasants live under extreme poverty; family income has been estimated at approximately US\$500 a year; in addition to cattle, production of cacao and plantain have historically been the only market-oriented activities, which are currently declining because of pests; illiteracy as well as lack of access to education and health services is commonplace, with the female rural population being the most affected; geographical isolation and costly transportation, if any, is also a common feature to all colonization fronts. The only "way out" perceived by peasants is through nutrient mining of forested areas.

Other peasant (mestizo or "latinos") communities are located within natural parks or around protected areas subject to permanent conflicts between the rural population and the national park authorities (sometimes involving indigenous communities as well) for access and use of natural resources. The conflict is aggravated by the fact that many protected areas are not clearly demarcated and have not developed participatory management plans that provide clear incentives for conservation, alternative productive systems and benefits for the surrounding population. Finally, there are the "afro-antillano" or "afro-anglo parlante" peoples, located in the coastal area of Bocas del Toro, the banana plantations, Colon and small cities in the PAMBC.

### **Other actors**

An international specialist on mining and environment was hired as part of project team. The consultant carried out extensive consultation meetings with the Camara Minera and related governmental agencies. Joint analysis and discussions around the PAMBC project vis-à-vis miners interests has taken place. As a result of the consultation process, the project will support activities to develop environmental and social considerations in mining concessions that make mining compatible with protection of biodiversity and sustainable development of indigenous communities. As tourism is a growing and promising activity in both the coastal and mountainous areas of the Atlantic Corridor, and considering that tourism developments will have impacts

on biodiversity conservation as well as on indigenous lands, the Instituto Panameño de Turismo (IPAT) was consulted during project preparation.

### **Main Conflicts**

Because of the strategic importance of the PAMBC, both in economic and environmental terms, multiple conflicts exist related to natural resource management and local development goals. These relate to: (a) land tenure (e.g., conflicts between indigenous communities and colonists; overlaps between protected areas and indigenous territories); (b) land use (rural development vs. protected areas; expansion of agricultural frontier and/or commercial tourism vs. conservation of intact ecosystems); (c) extraction of non-renewable resources, particularly in and around indigenous territories; (d) construction of roads in protected areas and indigenous communities; (e) population growth and cultural changes within indigenous communities; and (f) juridical conflicts (*comarcas* vs. provincial governments; traditional vs. local governmental authorities). To address these concerns, the PAMBC project will promote mediation and conflict resolution strategies to provide incentives for environmentally compatible uses and agree on common objectives among actors.

### **Main Social Issues**

Social topics that are relevant for project design and execution regarding non-indigenous communities include:

- Poverty and lack of access to information and services.
- Alternative sustainable technologies for income-generation activities are not always available.
- Large number of stakeholders with high cultural diversity, different needs and views.
- Institutional, legal, and political issues affecting conservation initiatives.
- Lack of economic incentives for conservation.
- Weak governmental presence.
- Transitional period until new environmental law is approved.
- Conflicts and distrust in governmental agencies.
- Weak or non-existent mechanisms for civil society participation in the decision-making process.
- Rural credit is unavailable to small peasants.
- Land tenure security is not guaranteed; titling process is slow and behind real needs.
- Weak municipal administration ("alcaldes" were democratically elected for the first time in 1994).
- Changing behaviors and attitudes toward management of scarce resources.
- Strong private groups interested in mining, tourism, and timber extraction in the biological corridor.
- Unclear boundaries between indigenous lands, parks, protected areas, and claims by non-indigenous.

### **Gender Issues**

Several meetings and consultations with women association, indigenous craft-makers, and social workers occurred during project preparation. From these encounters, it was commonly expressed that rural women particular disadvantages and discrimination relating to access to credit, training and participation in political decisions at the community level. Although immersed in different socio-cultural settings, such disadvantages occur in both indigenous and non-indigenous communities. However, indigenous women have organized the *Coordinadora de Mujeres Indígenas de Panama* (CONAMUIP) with representation at the national level and several community-based women organizations.

Indigenous women have requested project support to several initiatives such as cultivation and use of fibers for handicrafts, collection and reproduction of vegetable species, and domestic animal raising. Subproject proposals have been collected and will be presented to the project for financial and technical support. A gender specialist was hired as part of the PAMBC project team. She is working with indigenous women that organized the First Encounter of Indigenous Women in Panama in 1994 to design a strategy for environmental

education and community-based sustainable projects to be executed by women associations (*Comites de Damas*). The project will also strengthen women's capacity to carry out environmental education programs in the corridor. Specifically, INRENARE (the national environmental authority) as well as the Centro de la Mujer Panameña will train indigenous women associations to promote environmental education activities. Budgetary allocation have been made to empower women's associations and to assure their active involvement in biodiversity conservation activities. The monitoring system will include gathering gender information and making sure equitable access to project resources is in place.

### **Action Plan**

Biodiversity conservation and sustainable development of local economies is only possible to the extent that key social actors become involved in constructive, informed debate and decisionmaking. To promote such development, the project will support: (a) education, training and institutional capacity building among national, regional, local and community stakeholders; (b) participatory planning exercises to identify opportunities for sustainable use and productive practices, priorities and investments; (c) land security (including assistance for the declaration of the *Teribe Comarca*, physical demarcation and control); (d) environmentally sustainable development subprojects (including agroforestry, ecotourism, fisheries, bioprospecting); (e) pilot cases for conflict resolution among social actors in buffer zones and protected areas within indigenous territories); (f) incentives for biodiversity conservation; and (g) joint monitoring.

### **Strategy for involving indigenous and non-indigenous communities**

The strategy to assure indigenous participation has started during project preparation. During project preparation, an indigenous professional was hired and given the responsibility for visiting indigenous communities, gathering relevant information, coordinating and consulting with indigenous NGOs and leaders; the *Congresos de Caciques Generales y Locales* as well as other indigenous authorities designated representatives to coordinate with the project preparation activities and assist in the design of participation and decision-making mechanisms; significant resources were allocated to assist indigenous communities and groups to participate in the project, assume leadership roles in PAMBC planning, and prepare and implement eligible subprojects; and processes were designed to ensure the informed participation of indigenous peoples throughout project implementation. During project implementation, subprojects will be prepared by indigenous communities with the clearance of *Directivas de Congresos Generales y Regionales*, who will submit them to the PEU for project support; indigenous communities will be also represented in the *Comision del Corredor* at the national level; and the PEU will include a technical team operating in the provinces to help indigenous (and non-indigenous) with the preparation of eligible subprojects.

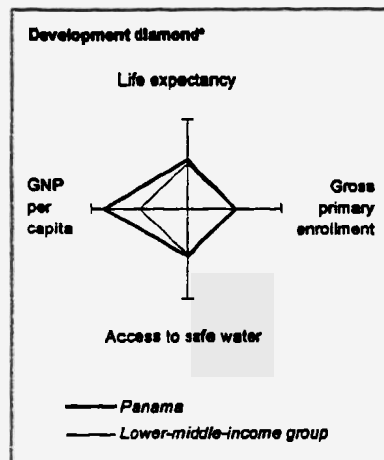
The strategy to assure participation of small peasants during project implementation will rely upon the major NGOs acting in the corridor which are involved in rural radio communication activities, alternative agricultural systems, commercial assistance, education and formation of leaders in peasant communities. Cooperatives and producers associations will be entry points as well. peasants representatives will be members of the *Comites Locales de Desarrollo Sostenibles* at the municipal level; they will also participate in the "Comision del Corredor", which is expected to be a national fora for analysis and actions related to biodiversity conservation and sustainable development in the Atlantic Corridor. Likewise indigenous, mestizo rural communities will benefit from project investment in sustainable development. Peasants associations are expected to prepare subprojects to be considered by the respective CLDS and sent to the PEU for approval and financial support.

# Annex 11 Panama at a glance

8/28/97

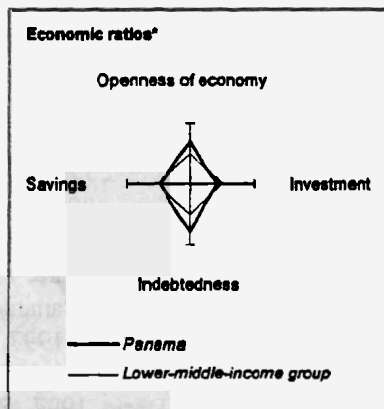
## POVERTY and SOCIAL

	Panama	Latin America & Carib.	Lower-middle-income
Population mid-1996 (millions)	2.7	485	1,125
GNP per capita 1996 (US\$)	3,040	3,710	1,750
GNP 1996 (billions US\$)	8.1	1,799	1,967
<b>Average annual growth, 1990-96</b>			
Population (%)	1.7	1.7	1.4
Labor force (%)	2.4	2.3	1.8
<b>Most recent estimate (latest year available since 1989)</b>			
Poverty: headcount index (% of population)	..	..	..
Urban population (% of total population)	55	74	56
Life expectancy at birth (years)	73	69	67
Infant mortality (per 1,000 live births)	23	37	41
Child malnutrition (% of children under 5)	7	..	..
Access to safe water (% of population)	82	80	78
Illiteracy (% of population age 15+)	9	13	..
Gross primary enrollment (% of school-age population)	106	110	104
Male	..	..	105
Female	..	..	101



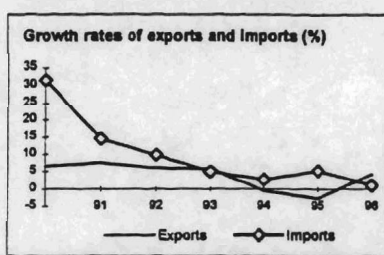
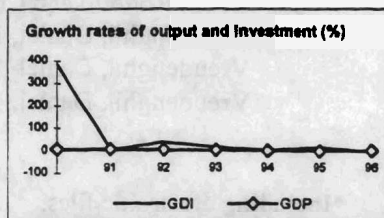
## KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1995	1996	
GDP (billions US\$)	1.8	4.9	7.9	8.2	
Gross domestic investment/GDP	..	..	25.1	23.6	
Exports of goods and services/GDP	..	..	37.8	37.8	
Gross domestic savings/GDP	100.0	..	24.1	23.8	
Gross national savings/GDP	..	..	21.7	22.0	
Current account balance/GDP	..	..	-3.4	-1.6	
Interest payments/GDP	2.2	6.1	5.0	2.4	
Total debt/GDP	50.5	96.2	90.8	78.7	
Total debt service/exports	..	..	24.5	15.0	
Present value of debt/GDP	..	..	103.6	..	
Present value of debt/exports	..	..	206.0	..	
<b>(average annual growth)</b>					
GDP	5.3	3.0	1.8	2.5	4.6
GNP per capita	2.5	0.6	-1.4	1.8	4.7
Exports of goods and services	..	3.5	-2.7	4.2	4.8



## STRUCTURE of the ECONOMY

	1975	1985	1995	1996
<b>(% of GDP)</b>				
Agriculture	..	..	8.3	8.2
Industry	..	..	14.1	13.5
Manufacturing	..	..	9.9	9.7
Services	..	..	77.6	78.3
Private consumption	..	..	60.8	62.1
General government consumption	..	..	15.1	14.1
Imports of goods and services	..	..	38.8	37.6
<b>(average annual growth)</b>				
Agriculture	..	2.9	3.1	1.1
Industry	..	9.5	1.3	-1.6
Manufacturing	..	6.8	0.2	0.7
Services	..	3.4	1.6	3.8
Private consumption	..	4.7	-4.2	6.0
General government consumption	..	-1.9	4.6	1.6
Gross domestic investment	..	21.0	18.2	-3.5
Imports of goods and services	..	8.1	5.2	1.0
Gross national product	4.8	2.5	0.4	3.3



Note: 1996 data are preliminary estimates. Figures in italics are for years other than those specified.

\* 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.

**Annex 12**  
**Panama Atlantic Mesoamerican Biological Corridor Project**  
**Documents in the Project File\***

**A. Project Implementation Plan**

**B. Bank Staff Assessments**

Project Brief presented to the GEF Council and Secretariat, March 1997  
Staff Appraisal Report No. 16090-PAN, World Bank, April, 1997  
Asistencia Preparatoria para la Administración de Fondos, sometida al PNUD/BIRF agosto, 1997

**C. Other (background documents for project preparation)**

Atilano, Alvaro, 1997. Perspectivas de la actividad minera en el Corredor Biológico Panameño  
Aylward, Bruce, 1997. Beneficios y Costos de Oportunidad de la Conservación de Biodiversidad en el Corredor Biológico del Atlántico Panameño-Componente Atlántico.  
Aylward, Bruce, 1997. Deforestación en el Corredor Biológico.  
Castillo, Sergio, 1997. Plan de Modernización del SINAP y de la DAPVS  
Heckadon Stanley, 1998. Evaluación Social CBPCA  
Herrera, Francisco, 1997. Plan de Desarrollo de las Poblaciones Indígenas en el Corredor Biológico Panameño  
ICF Kaiser, 1997. Evaluación Ecológico Rápida Para el Estudio de Impacto Ambiental Complementario del Proyecto Vial Punta Peña-Almirante, Provincia de Bocas del Toro  
Mejía, Maria Clara, 1998. Plan de Desarrollo de las Poblaciones Indígenas en el Corredor Biológico Panameño.  
Roldán, Roque, 1997. Legalización de la tenencia de tierra indígena  
Roman, Argelis, 1997. Plan de Promoción en el PAMBC  
Tovar, Darío, 1997. Planificación del Corredor Biológico Panameño/Componente Atlántico  
Tovar, Darío, 1997. Areas Prioritarias del Corredor Biológico Panameño  
Vieto, Rodolfo and Chang Marín, René, 1997. Informe de Consultoría en Recursos Naturales  
Vreudenghil, Daniel, 1997. Las Areas Protegidas del Corredor Biológico Panameño  
Vreudenghil, Daniel, 1998. Monitoreo De la Biodiversidad  
Vreudenghil, Daniel, 1997/98 Terms of reference for ecosystems mapping

\*Including electronic files.

