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Romania
Biodiversity Conservation Management

Project Document
May 1999



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Romania

Biodiversity Conservation Management Project

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CURRENCY EQUIVALENTS

(Exchange Rate Effective 03/10/99)

US\$1.00 = 13,500 Romanian Lei

FISCAL YEAR 1999

ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
DNBC	Directorate of Nature and Biodiversity Conservation
DDBRA	Danube Delta Biosphere Reserve Authority
GDF	General Directorate of Forests (within MWFEP)
FAO	Food and Agriculture Organization
GEF	Global Environmental Facility
MWFEP	Ministry of Waters, Forests and Environmental Protection
MoF	Ministry of Finance
NGO	Non-Governmental Organizations
NFA	National Forestry Authority
SPA	Service for Protected Areas (within NFA)
PCT	Project Coordination Team
PMA	Park Management Authority
PMR	Project Management Report
TOR	Terms of Reference
UNDP	United Nations Development Project

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Romania
Biodiversity Conservation Management Project

CONTENTS

A. Project Development and Global Objective.....	1
1. Project development objective and key performance indicators.....	1
B. Strategic Context.....	2
1. Sector-related CAS goal and GEF Operational Program supported by the project....	2
2. Main sector issues and Government strategy.....	3
3. Sector issues to be addressed by the project and strategic choices.....	4
C. Project Description Summary.....	5
1. Project components.....	5
2. Key policy and institutional reforms supported by the project.....	7
3. Benefits and target population.....	7
4. Institutional and implementation arrangements.....	7
D. Project Rationale.....	9
1. Project alternatives considered and reasons for rejection.....	9
2. Major related projects financed by the Bank, GEF and/or other development agencies.....	11
3. Lessons learned and reflected in proposed project design.....	11
4. Indications of borrower commitment and ownership.....	12
5. Value added of Bank support in this project	12
E. Summary Project Analyses.....	13
1. Economic.....	13
2. Financial.....	13
3. Technical.....	14
4. Institutional.....	14
5. Social.....	14
6. Environmental assessment.....	15
7. Participatory approach.....	15
F. Sustainability and Risks.....	16
1. Sustainability.....	16
2. Critical risks.....	17
3. Possible controversial aspects.....	17

G. Main Loan Conditions.....	18
H. Readiness for Implementation.....	18
I. Compliance with Bank Policies.....	18

Annexes

Annex 1.	Project Design Summary
Annex 2.	Detailed Project Description
Table A	Project Rationale
Annex 3.	Estimated Project Costs
Annex 4.	Incremental Cost Analysis
Annex 5.	Financial Summary
Annex 6.	Procurement and Disbursement Arrangements
Table A.	Project Costs by Procurement Arrangements
Table B.	Consultant Selection Arrangements
Table C.	Thresholds for Procurement Methods and Prior Review
Table D.	Allocation of Loan Proceeds
Annex 7.	Project Processing Budget and Schedule
Annex 8.	Documents in Project File
Annex 9.	Statement of Loans and Credits
Annex 10.	Country at a Glance
Annex 11.	Social Analysis and Participatory Approach
Annex 12.	Financial Management Assessment

Map

Romania
Biodiversity Conservation Management

Project Appraisal Document

Europe and Central Asia Region
Romania Country Unit
Environmentally and Socially Sustainable Development Sector Unit

<p>Date: January 25, 1999 Country Manager/Director: Andrew Vorkink Project ID: 44176 Sector: Environment GEF Supplement ID: TF# Lending Instrument: SIL</p>	<p>Task Team Leader/Task Manager: John Fraser Stewart Sector Manager/Director: Kevin M. Cleaver Program Objective Category: Environmentally Sustainable Development Focal Area: Biodiversity Program of Targeted Intervention: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
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Project Financing Data	<input type="checkbox"/> Loan	<input type="checkbox"/> Credit	<input type="checkbox"/> Guarantee	<input checked="" type="checkbox"/> Grant	<input type="checkbox"/> Other [Specify]
Financing plan (US\$m):					
Source			Local	Foreign	Total
Government			2.4		2.4
National Forest Authority (NFA)			0.9		0.9
GEF				5.5	5.5
		Total	3.3	5.5	8.8
Recipient: Romania					
Responsible agency: Ministry of Waters, Forests and Environmental Protection					
Estimated disbursements (GEF FY/US\$m):					
	99/00	00/01	01/02	02/03	03/04
Annual	1.66	3.08	2.43	1.13	0.50
Cumulative	1.66	4.74	7.17	8.30	8.80
Project implementation period: 5 years Expected effectiveness date: 07/01/99 Expected closing date: 12/31/04					

A: Project Development Objective

1. Project development objective and key performance indicators (see Annex 1):

The objectives of the project are to: establish effective, inter-sectoral, participatory planning and sustainable management of natural ecosystems and associated landscapes at three demonstration sites in the Carpathian mountains, and mechanisms to support replication of these activities at other priority conservation sites.

2. Project Global objectives and key performance indicators (see Annex 1):

The Global objective of the project is sustainable conservation of the biological diversity and ecological integrity of the Romanian forest, alpine and meadow ecosystems of the Carpathian mountain chain.

In line with these objectives, the project will work closely with staff of the Ministry of Waters, Forests and Environmental Protection (MWFEF) and National Forest Authority (NFA) to:

- (a) Strengthen legal and regulatory framework for biodiversity conservation;
- (b) Build capacity in the Directorate of Nature and Biodiversity Conservation (DNBC) and the NFA to plan and lead biodiversity conservation;
- (c) Develop a strategy to incorporate ecosystem considerations in national forest management planning;
- (d) Establish models for planning and managing biodiversity conservation at the three project sites;
- (e) Develop and implement eco-tourism strategies for each park;
- (f) Establish participatory mechanisms to reduce non sustainable resource use; Establish a program to reintroduce European bison into the Romanian wild;
- (g) Develop models for forest management planning that reflect biodiversity concerns;
- (h) Establish a program to generate public support for biodiversity conservation.

Key performance indicators associated with these activities include:

- (a) Laws, Ministerial Orders and regulations for biodiversity conservation issued and ratified;
- (b) Strategy for developing a national protected area network (including mechanisms to replicate protected area management best practice) completed and adopted;
- (c) Strategy to incorporate biodiversity in forest management planning developed and adopted;
- (d) Effectively functioning models of conservation management planning established at the field level;
- (e) No adverse impacts of increased tourism on biodiversity at project sites;
- (f) No increase in adverse impacts of resource use (grazing, forest products, etc) on the biodiversity of project sites;
- (g) European bison reintroduction program being implemented;
- (h) Forest management plans incorporating biodiversity conservation developed;
- (i) Public awareness strategy completed and functioning effectively.

B: Strategic Context

1(a). Sector-related Country Assistance Strategy (CAS) goal supported by the project (see Annex 1):

CAS document number: 16599 Date of latest CAS discussion: June 3, 1997

Protecting and enhancing the environment is one of four main development challenges identified in the Romania CAS. Additional environmental goals identified in the CAS, which the project will address, include: (a) development of an effective system of protected areas, (b) enhancing environmental regulation capability, and (c) promoting public awareness of environmental issues.

In support of this development challenge and in line with these priorities, the project will (i) establish the capacity for protected area planning and management at three field sites and at central Government level;

(ii) develop regulations for biodiversity conservation and protected area management, and (iii) raise public awareness of biodiversity conservation issues.

b. GEF Operational Strategy/program objective addressed by the project:

The project is consistent with the GEF Operational Strategy and especially the Operational Programs on Forest and Montane Ecosystems. The project is also consistent with the Short Term Response Measures under the Operational Strategy, in that a GEF intervention would address urgent needs associated with the transition, which, since 1989, has resulted in increasing threats to biodiversity but has not yet generated sufficient capital to enable the Government to address those threats.

The project will implement priority actions identified in the National Biodiversity Conservation Strategy and Action Plan (1996). Its focus, specifically on *in situ* conservation, supports implementation of Article 8 of the Convention on Biological Diversity by strengthening support for protected areas and sustainable use in adjacent buffer zones. The project will conserve some of the last and largest natural and pristine old growth forest ecosystems in Europe. In addition, the project will foster international and trans-boundary cooperation in the Carpathian mountains and provide support to three important protected areas that are linked by forest corridors with other reserves in eastern Europe.

The project is consistent with Agenda 21 and guidance from the Conference of the Parties since it will promote conservation, management and sustainable use of forest and alpine ecosystems, which include endemic species; involve local communities and build partnerships at local, national and regional levels; and promote cost effective measures to conserve biodiversity. It responds to guidance from the Convention of the Parties by addressing capacity building, especially among local communities, encouraging inter-sectoral cooperation and providing support to activities that are consistent with, and supportive of, other international conventions (Bonn and Bern Conventions).

2. Main sector issues and Government strategy:

International and national conservation initiatives in Romania have targeted wetland ecosystems of the Danube Delta, with less attention to other areas including the extensive natural forests, which cover 27% (6.2 million hectares) of Romania's land area. Approximately two thirds of these forests occur in the Romanian portion of the Carpathian mountains, where more than half of all forests have been effectively managed for conservation objectives, such as watershed management, rather than wood production. These areas include some of the last and largest tracts of relatively undisturbed and virgin forests still remaining in Europe. The natural soil profile and ecology has been maintained through use of natural regeneration in more than 75% of Romania's production forests. The natural integrity and ecological viability of Romania's forest is indicated by the continued presence of the full range of European forest fauna, including approximately 60% and 40% of all European brown bears and wolves respectively.

Romania has some of the most biologically important temperate forests in the World. While the country has a long and distinguished history in conservative forest management, the country does not have a functioning system of protected areas, nor the institutional capacity for conservation and protected area planning and management. In view of this, recently proposed changes in forest land ownership and resource use (particularly wood and non-wood forest products, grazing and tourism) that are associated with the transition from State to a free market economy, could have a major negative impact on the biodiversity of forest ecosystems and their biodiversity.

Most of Romania's forests are owned by the State and managed by the State-owned NFA, which has a long and distinguished history in forestry. GDF and the Directorate for Strategies, Policy and Legislation, under MWFEP are responsible for forest policy development and for legislation governing operations on all forest lands. The NFA, which has a staff of 30,000, is responsible for managing State forest land under policy and legislative direction of the GDF, which has a staff of only 22 Bucharest based

professionals. There is mounting political pressure to privatize and commercialize the NFA, and return as much as two thirds of forest lands to their former owners. Previous experience in Romania (1989/90) and elsewhere suggests that if restitution of forest land takes place in the absence of adequate legal and institutional mechanisms to safeguard public interest, the result would be immediate loss of forest cover, irreversible environmental degradation and significant economic losses for the country. The role of the State will, therefore, need to change rapidly from owner-manager of forests to safeguarder of the public interest in the new free market and land ownership systems (i.e., ensuring sustainable forest management practice; conservation of environmental services, and support to new private sector actors in forestry and related industries).

Government Strategy for biodiversity: Romania ratified the UNESCO World Cultural and Natural Heritage Convention in 1990 (the Paris Convention), the Bern Convention for the conservation of European wildlife and natural habitats in 1993, and the Convention on Biological Diversity in August 1994. With GEF support and World Bank assistance, Romania is implementing the Danube Delta Biosphere Reserve project, and in 1995 – 1996, prepared the National Biodiversity Conservation Strategy and Action Plan. The Danube Delta Project, which is implementing the Danube Delta Biosphere Reserve Authority's conservation management plan, is progressing well, and lessons learned from this experience have contributed to the design of the current project. The top three priorities of the National Biodiversity Conservation Strategy are: (i) development of the legal framework and strengthening the institutional capacity for conservation of biological diversity; (ii) organization of the national systems of protected areas, and (iii) in-situ and ex-situ conservation of threatened, endemic and/or rare species, and those with a high economic value.

Government Strategy for Forestry: A World Bank/FAO forestry sector review was completed in 1993. The Bank is currently responding to a Government request to update this study with additional sector-specific analysis targeting the possible implications of the proposed forest land restitution program and identification of priority needs to support reform of the forestry reform in a manner that would safeguard environmental services while contributing optimally to the national economy. In readiness for project implementation, NFA has established new protected area management compartments, which report directly to the NFA County Directors, at the three project sites.

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

The project will implement the National Biodiversity Conservation Strategy priorities, specifically through reviewing the legal and regulatory framework for Protected Area Management, and building capacity for protected area and conservation management at both the field and central levels. This will be achieved through preparing and implementing management plans for three priority conservation sites, all in forested areas of the Carpathian mountain chain, and developing mechanisms and priorities for replication of this best practice to establish a national network of protected areas in Romania.

The project will develop new skills in participatory protected area and conservation planning that NFA will need to address its future role of safeguarding the public interest in both State and private forest lands. It will also strengthen the capacity of the DNBC to regulate and coordinate biodiversity conservation issues at the national level.

Although the project will not address the issue of forest land restitution, it will demonstrate how biodiversity conservation can be incorporated in forest management planning at the level of forest production units, and at how these efforts should be coordinated to maintain viability of Carpathian ecosystems. It will also raise awareness of stakeholder groups, including prospective new owners of forest lands in the vicinity of the project sites, of the needs and opportunities for biodiversity conservation.

C: Project Description Summary

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

Component	Category	Cost Incl Contingencies (US\$m)	% of Total	GEF financing (US\$m)	% of GEF financing
1. Strengthen the National Framework for Biodiversity Conservation	Policy, Institution Building, Training	1.10	12.5%	0.86	15.6%
• Strengthen DNBC		(0.86)	9.8%	(0.70)	12.7%
• Legal Framework		(0.06)	0.7%	(0.05)	0.9%
• PA Replication		(0.18)	2.0%	(0.11)	2.0%
2. Develop Models for Protected Area and Forest Park Management	Institution Building, Physical, Financial Mechanism, Learning and Adaptation	6.21	70.6%	3.70	67.3%
• Planning and management systems		(4.30)	48.9%	(2.20)	40.0%
• Sustainable Resource Management		(0.68)	7.7%	(0.65)	11.8%
• Eco-tourism strategy		(0.25)	2.8%	(0.19)	3.5%
• Bison reintroduce		(0.84)	9.5%	(0.54)	9.8%
• Sustainable forest management		(0.14)	1.6%	(0.12)	2.2%
3. Build Public Support for Biodiversity Conservation	Learning and Adaptation	0.72	8.2%	0.54	9.8%
4. Project Management and Monitoring	Project Management	0.76	8.6%	0.40	7.3%
Total		8.80	100%	5.50	100%

The project will establish effective participatory systems for sustainable conservation at three demonstration sites in the Romanian Carpathian range, and will build national capacity and public support for replicating this best practice to develop an integrated nationwide system of protected areas and conservation management. It will also explore and develop opportunities for mainstreaming biodiversity conservation in forest planning and management throughout the Carpathian chain.

Different conservation strategies will be tested at each of the three project sites. These include national park, natural park (protected landscape), and biodiversity-friendly sustainable forest management (forest park). These models will address priority conservation planning and management problems common to many threatened biodiversity sites throughout Romania, and will provide practical experience to support implementation of the national biodiversity conservation strategy.

The project includes the following four components:

Component 1: Strengthen the National Framework for Biodiversity Conservation (US\$1.1 million) will be achieved through participatory review and revision of the legal and regulatory framework for protected area management. This will entail review of existing draft legislation, preparation of a national law for protected areas, and development of site specific regulations for the project demonstration sites. The project will build DNBC's capacity to plan and lead biodiversity conservation at the national level. This will include developing and operationalizing a prioritized national strategy for establishing an effective system of protected areas, building public support for biodiversity conservation, establishing a national biodiversity monitoring system, and strengthening regional initiatives to conserve Carpathian ecosystems. In addition, a strategy will be developed to mainstream biodiversity conservation in forest management planning at the level of the ecosystem, rather than the smaller "forest production units".

Component 2: Develop Models for Protected Areas and Forest Park Management (US\$6.2 million) will entail establishing systems for planning and management of biodiversity at the three demonstration sites. The project will develop conservation management planning systems, and provide equipment, training and facilities, including visitor centers at all three sites. It will undertake baseline ecological surveys and put in place biodiversity monitoring systems to provide periodic feedback on the status of ecosystems and their biodiversity, particularly as they relate to known threats such as over grazing, tourism impacts, hunting, and other forms of resource use. In addition it will establish mechanisms to reduce unsustainable use of shared resources such as grazing and forest products, and will develop a strategy for eco-tourism, which will focus on demonstrating links between conservation and economic benefits for local communities. This component will also develop and show-case forest management practices that address biodiversity concerns, including incorporating biodiversity in the NFA forest management planning system, and exploring and disseminating the economic rationale for independent certification of forest products. In addition a European bison reintroduction program will be implemented at the Vanatori-Neamt Forest Park, which is part of the former natural range of this native animal. The bison population will provide a "flagship" for public awareness of forest ecosystems, and also a mechanism for ecological reconstruction and maintenance of the natural diversity of this areas mixed forest and meadow ecosystems.

Component 3: Build Public Support for Biodiversity Conservation (US\$0.7 million) will be achieved through preparation and implementation of both national and park level strategies and targeted action plans for raising the awareness of specific stakeholder groups and the general public about the importance of, and opportunities for, biodiversity conservation. Action plans will target priority groups such as national policy makers, protected area site visitors and primary school children. Possible delivery mechanisms for the public awareness program include mass media, formal and informal education, and networking and the development of linkages with related conservation initiatives in Romania and elsewhere. The component will incorporate and encourage commercially sustainable options such as private sector development of publications, eco-tourism, and the use of eco-labeling in marketing products that are linked with conservation needs and opportunities.

Component 4: Project Management and Monitoring (US\$0.8 million) will establish a Project Coordination Team (PCT) at the national level, composed of a project manager, a procurement specialist and a financial management specialist. The PCT will oversee and support implementation of all project activities in accordance with agreed monitorable indicators. It will work closely with the county level PMA staff at the three sites and with national project staff, to develop and monitor workplans on a biannual basis.

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

In view of the current lack of clear responsibility for preparation and field implementation of management plans for biodiversity conservation, there is an urgent need to develop a unified and structured approach to the acquisition and management of protected areas, to identify lead responsibility for their management, and to further develop the field capacity to address the rapidly increasing and changing needs for protected area management and biodiversity conservation. The proposed project would address these needs, with emphasis on demonstrating best practice in decentralized land-use planning and field implementation.

While functioning protected area management systems have not yet been established, existing legal provisions provide a framework within which the project can be implemented. These include Law 26/1996 (Forest Code), which allows the NFA to manage national parks in forest lands, and the MWFEP order no 7/1990, which designates NFA to manage the declared national parks at Retezat, Bucegi and Piatra Craiului. The project will review current and proposed protected area legislation and develop specific regulations for the protected area sites.

3. Benefits and target population:

Global and regional benefits: The project will result in global benefits by contributing to sustainable conservation management of some of the last remaining areas of pristine and relatively undisturbed natural mixed forests in Europe. Since approximately sixty percent of the Carpathian mountains are in Romania, the project will make a significant contribution to other regional initiatives to conserve the biodiversity of the Carpathian chain, whose contiguous forests are the focus of international conservation initiatives in all other Carpathian countries. The project will develop and help implement a strategy for the maintenance of ecological corridors throughout the Romanian Carpathians and will establish trans-border linkages and collaboration to support and benefit from conservation initiatives in adjacent Carpathian countries.

National benefits: Investments, training and decentralized institutional arrangements would address priority conservation planning and management problems common to many important and threatened biodiversity sites throughout Romania and elsewhere in Eastern Europe and would, therefore, provide models for replication in priority conservation sites in other parts of the country and region. National level beneficiaries include Government (MWFEP and NFA) and Non-Governmental Organizations (NGOs) whose institutional capacity will be strengthened to address new national needs, and the public at large whose awareness and appreciation of Romania's natural assets will be increased. The project will improve Romania's institutional arrangements and strengthen its capacity for biodiversity conservation, while raising public awareness and providing improved opportunities for environmental and conservation education.

At the local level, the project would build mechanisms and capacity to assist local stakeholders, specifically including NFA local communities, local Government, and NGOs, to participate in preparation and implementation of conservation management and development plans. Sustainable management of the project sites will benefit poor rural communities and local economies adjacent to the sites through stimulation of economic development, including tourism, which is based on the sustainable management of protected areas and natural resources.

4. Institutional and implementation arrangements:

Implementation period: 5 years.

A Project Oversight Committee consisting of experts from the MWFEP, Ministry of Finance (MoF), the Commission of Natural Monuments of the Romanian Academy, and NFA will be established by

MWFEP. The committee will be responsible for providing project oversight advice and assistance in resolving issues associated with project implementation. The Secretary of State of MWFEP will be the chairman of the committee.

Project Management at the National Level: The MWFEP will have overall responsibility for the project, including procurement, disbursement, maintenance of project accounts and coordination of implementation. For this purpose, the MWFEP will establish a Project Coordination Team (PCT). The project will staff, fund and equip the PCT, which will consist of a project coordinator, a procurement officer, and a financial manager. In addition to responsibility for overall management of project activities, the PCT will also supervise Park Management Authorities (PMAs) at the three project sites, and the two Government agencies (DNBC and the NFA Service for Protected Areas) responsible for undertaking project activities at the national level. The staff of the PCT will be appointed on a contractual basis through advertisements and competitive selection. A team of experienced external technical and management consultants will assist both PCT and PMAs in their technical work.

Project Implementation at the National Level: The DNBC and the NFA Service for Protected Areas (SPA) will be responsible for carrying out project activities at the national level, under the supervision of the PCT. The project will strengthen the capacity of DNBC to plan and lead biodiversity conservation in Romania, through provision of equipment and training in technical, legal and regulatory aspects of protected area management, and implementation of an effective public awareness strategy. The project will also strengthen the capacity of the NFA SPA in management planning for forest protected areas, and incorporating biodiversity conservation in forest management planning.

Project Implementation (County Level): PMAs will be established within NFA at each of the three project sites (Retezat, Neamt and Piatra Craiului - Bucegi) and will be responsible for implementation project activities at the field level. The PMAs at Retezat and Piatra Craiului - Bucegi will consist of a park manager, an accountant, an ecologist/biodiversity specialist, a chief ranger, a community outreach and tourism specialist, a public awareness specialist and information specialist. At Neamt, the Park Management Unit will consist of a Forest Park manager, an information specialist, a public awareness specialist and an accountant. All PMA staff will be hired and paid by the NFA. The project will provide computers and necessary office equipment for the PMAs. The NFA, through its territorial units in Deva, Brasov and Neamt, will implement ranger services and monitoring activities at the local level and, with the assistance of the project, incorporate biodiversity concerns in forest management planning.

Accounting, financial reporting and auditing arrangements

Accounting: Romania has launched a major reform of the country's accounting and auditing systems. A concerted effort is currently underway to upgrade the quality of accounting and audit profession. A Law on Accounting (No. 82/1991), which came into force in January 1992, provides for a statutory system of recording economic entities' financial position and financial results, substantially reducing the gap between the traditional Romanian Accounting Standards (RAS) and International Accounting Standards (IAS).

In 1994, Romania implemented a new system of Generally Accepted Accounting Principles (GAAP), more closely based on the French system of GAAP. However, there still remain major differences between RAS and the western and/or international accounting systems. Disclosure standards under RAS are substantially lower. There is no provision for inflation accounting and revaluation of assets (except to the extent allowed by government regulations). RAS, as it stands today, are used by economic entities primarily for purposes of tax liability assessment by the MoF and for statistical record, rather than to assess and present a true and fair statement of financial condition and performance.

The accounting for this project would be maintained in accordance with International Accounting Standards.

Audit Arrangements: Steps would be taken to select auditors for the Project by effectiveness. This would include (i) advertising in the local newspapers to invite “expressions of interest” from local audit firms; (ii) short-listing at least five audit firms; (iii) having the Bank clear the shortlist; and (iv) selecting one of the auditors from the short-list. An auditor acceptable to the Bank would be appointed within the first four months of effectiveness of the project. The audit of the project would be undertaken in accordance with International Auditing Standards. Audited financial statements for the project would be sent to the Bank within six months after the end of every fiscal year.

Financial Reporting Arrangements: In addition to submission of annual audited financial statements, unaudited financial statements would be submitted to the Bank within three months after the end of every fiscal year. The MWFEP would also be required to submit to the Bank quarterly project management reports per guidelines issued by the Bank under (OP/BP 10.02).

Financial Management: A Financial Management Assessment has been undertaken as part of project preparation (see Annex 12). All necessary steps will be taken to ensure that the project complies with the relevant Bank policies (OP/BP 10.02) and that a financial management system is established by effectiveness. Disbursements under the project will be based on traditional disbursement procedures and will be converted to disbursements under the LACI framework based on quarterly project management reports (PMRs) at a later stage of the project if the project management reporting is successfully implemented. A project financial management system, conforming to the LACI guidelines, will be completed during the first year of implementation. The financial management reports will be generated from the financial management system.

Monitoring and evaluation arrangements: Monitoring and evaluation of project activities will be undertaken by the PCT, and will be subject to periodic review by the Bank. The PCT will establish project monitoring and evaluation procedures acceptable to the Bank, and will furnish the Bank with biannual project progress reports, together with work programs inclusive of detailed monitoring indicators for the following six month period. Key performance indicators proposed for monitoring are in Annex 1. Arrangement for monitoring will be detailed and agreed upon during appraisal and recorded in the minutes of negotiation. In addition, a mid term evaluation would be prepared during the third year of the project. Lessons learned from implementation of project activities will be recorded in a report prepared by the borrower with the assistance of the PCT.

D: Project Rationale

1. Project alternatives considered and reasons for rejection:

Rational for Project Design. Project design was undertaken through a participatory process that first identified existing and anticipated threats to biodiversity conservation and their underlying causes, and then developed project components to address these root causes. The linkages between project components, threats causes and desired project outcomes is summarized in Table A of Annex 2. Selection of project demonstration sites was undertaken by the national biodiversity steering committee. Sites were chosen to include natural ecosystems of international importance, together with examples of different conservation management needs and strategies to address them (national park, natural park, forest park/sustainable forest management). Experience gained at these different project demonstration sites will be replicated, during the second half of project implementation, in the context of a prioritized action plan for establishment of an effective national protected area network, and a systemic approach to forest management planning throughout the Carpathian range, which the project will develop.

Without Project Scenario. Regardless of the Government’s commitment to biodiversity conservation, without the establishment of a effective protected area system, biodiversity-rich natural ecosystems would not be protected from the major transition-related threats that are anticipated over the short and medium

term. Government would be unable to commit sufficient budget to establish a functioning protected area management system, and existing Government and NGO groups concerned with conservation would remain weak, ineffective, uncoordinated, and isolated. In the absence of a protected area system, expected impacts (resulting from changing land ownership and land use, including forestry and tourism) would result in loss of biodiversity, and ecological corridors necessary to maintain viability of populations and ecosystems may be irreversibly disrupted. The project will, therefore, lead the way to establishing an effective protected area system.

Project Alternatives. Project preparation considered and rejected the following alternatives:

Establishment of a New Government Institution for Protected Area Management. This was rejected on grounds of cost and efficiency. Almost all Romanian forests are currently owned and managed by the State, which has considerable institutional capacity for forest management in the field. Consequently, rather than establish new institutions, Government intends that the project will build the new skills (in conflict resolution, inter-sectoral and participatory planning, and conservation management) needed by existing institutions in order to address their changing roles. The project will fund the incremental cost of building and demonstrating the necessary new skills and institutional adjustments.

NGO Management of Protected Areas. Project preparation also explored the possibility of delegating responsibility for field implementation to an NGO, whose financial sustainability would be ensured through establishment of an investment fund for protected area management. This suggestion was unacceptable to Government on the grounds that existing NGOs have no capacity for protected area management, and sufficient financial resources to capitalize the fund could not be secured.

Management of Protected Areas by a Private Company. The preparation consultants considered this innovative suggestion, which proposed that landowners and other stakeholders be awarded tradable shares in a company contracted by Government to implement the protected area management plan. Government rejected this options as too radical, and were reluctant to consider devolving responsibility for protected area management to the private sector in the absence of an adequate legal and regulatory framework.

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

Sector issue	Project	Latest Supervision (PSR) Ratings (Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
<u>Bank-financed</u>			
Forestry	Sector Review (1994)		
Forestry	Sector Note (ongoing)		
Environment – Pollution	Pollution Abatement - under preparation		
Environment	NEAP (1995)		
<u>Bank/GEF</u>			
Biodiversity – Wetlands	Danube Delta Biosphere Reserve	S	S
	Ukraine – Danube Delta Biodiversity Protection Project	S	S
Biodiversity	National Strategy & Action Plan (1996)		
	Ukraine – Transcarpathian Biodiversity Protection	S	S
<u>Other development agencies</u>			
Environment / International Waters (with Bank & UNEP support)	Regional Black Sea Environment Program		
EU (TACIS)	Ukraine Carpathian Mountains – Support to Protected Areas/Sustainable Tourism		

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

3. Lessons learned and reflected in the project design:

Experience from similar initiatives in Eastern Europe and around the world suggests that:

- the early involvement of key stakeholders in project preparation, specifically including local communities and influential decision makers, is essential in order to ensure ownership and successful project implementation;
- conservation management strategies should establish a link between the objectives of conservation and tangible benefits for key stakeholders, specifically including local communities (e.g., economic and community development associated with appropriate forms of rural and eco-tourism, etc.);
- in order to achieve environmental, social and financial sustainability, conservation strategies must be site-specific and address local issues and needs;
- the benefits and objectives of the project should be made known to key stakeholders, if not through active participation, then through effective public awareness programs;

- where consumptive use of natural resources is an issue (e.g., grazing, hunting, fishing, and use of other forest products), resource users must be substantively involved in the design of sustainable resource management systems, and effective monitoring and control mechanisms need to be developed and applied;
- decentralized responsibility for financial and project management (e.g., as in the Romania Danube Delta Biodiversity Project) builds local ownership and sustainability of project activities, and
- applied research and monitoring programs should also be site-specific and targeted to provide direct support for effective conservation management.

The project will incorporate these experiences and build on them specifically by (i) addressing the links between socio-economic issues and sustainable natural resource use and management, (ii) building both the local and national capacity for conservation management, and (iii) ensuring a participatory and transparent approach to project preparation and implementation.

4. Indications of borrower commitment and ownership:

In order to implement the GEF pilot phase Danube Delta Biodiversity Project, which is currently being successfully implemented by MWFEP, Government established and staffed the Danube Delta Biosphere Reserve Authority. In preparation for the Biodiversity Conservation Management Project, MWFEP has assigned four professional staff to work full time on project preparation activities through till project effectiveness. In addition, the NFA has agreed to fund the 19 new PMA staff that will implement the project at the field level. The MoF has committed \$2.4 million toward the incremental costs of project implementation. NFA will contribute an additional \$900,000 towards project costs, and has established the SPA, which will work in close collaboration with DNBC to implement project activities and replicate best practice experience at forest biodiversity conservation sites throughout the country.

Historically Government has demonstrated the intention to establish a protected area network and conserve biodiversity, but has been unable to implement this commitment due to lack of financial resources. For example, in 1990, the Romania issued an order identifying 11 National Parks and three biosphere reserves. In 1994, the number of potential protected areas was increased to more than 1,000 when MWFEP requested County administrations to identify sites for conservation management. The Government also ratified the Convention on Biological Diversity in August 1994. Between 1992 and 1995, three major papers identifying environmental priority issues were prepared: (Environmental Strategy Paper; the 1994 Environmental Protection Strategy, and the 1995 National Environmental Action Program). The National Strategy affirms Romania's commitment to sustainable natural resource management and biodiversity conservation. In 1996, with the support of a GEF grant and the assistance of the World Bank, the Government prepared a National Biodiversity Conservation Strategy and Action Plan. Government is committed to implementing the strategy, and the project will provide the resources and technical guidance needed to do so.

At the local level, multi-stakeholder associations have already been established to collaborate on conservation priorities at two of the three project sites. At the third project site, where bison have significance in local mythology, there is considerable local community and land owner (NFA and the Church) enthusiasm for the proposed bison reintroduction and management program that the project will implement in collaboration with all stakeholders.

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

The World Bank is well qualified to prepare and supervise a forest biodiversity conservation project in Romania, and GEF resources are of critical importance to this initiative. While this project would be the

first Bank/GEF operation to focus on conservation and protected area management in forest ecosystems in Romania, the project would benefit from experience gained in implementation of the GEF pilot phase project, the Danube Delta Biodiversity Project, and from other pilot phase GEF/World Bank biodiversity projects focused on protected area and conservation management of forest ecosystems in Belarus, the Czech Republic, Poland, Slovakia, Ukraine and operational phase projects under preparation in Turkey and Georgia.

In addition to the Bank's experience in GEF biodiversity projects and forestry operations throughout the region, the Bank's involvement in the 1993 Romania Forestry Sector Review, together with ongoing analytical work in the forestry sector, provide an objective perspective of ways to demonstrate how biodiversity conservation could be mainstreamed and incorporated in reform of the forestry sector.

While a number of international and Romanian environmental NGOs are active in Romania and the region, there is little coordination or synergy among their different activities. The GEF project will provide a framework for productive collaboration among these groups towards achieving the overall and mutual goal of conservation of Carpathian ecosystems.

E: Summary Project Analysis

1. Economic (supported by Annex 4): The rationale for cost-effectiveness is discussed in section D1 under Project Alternatives.

Cost-Benefit Analysis : NPV=US\$ million; ERR= % Cost Effectiveness Analysis:
 Incremental Cost Other (Specify)

Incremental Costs: Incremental costs are estimated to cover project expenditure on components that have global benefits. Project activities that will yield global benefits are eligible for GEF financing. To calculate the incremental costs of the project, an estimate of baseline expenditure was made to establish the current and planned amount of funding for biodiversity conservation at the three project sites and for national level planning, during the life of the project. The differences between the cost of the baseline scenario (US\$ 1.0 million) and the cost of the GEF Alternative (US\$ 9.8 million) is estimated at US\$ 8.8 million. This represents the incremental cost for achieving global environmental benefits through strengthening policy and legal frameworks for protected area management, developing mechanisms for sustainable resource use in the buffer zones, and strengthening local and national capacity for conserving globally significant biodiversity. The GoR has committed to mobilizing US\$ 2.4 million toward the GEF Alternative and the NFA will provide US\$ 900,000; these will cover all recurrent and some incremental project costs. Consequently, the GEF grant contribution would be US\$ 5.5 million.

For the purposes of the Incremental Cost Analysis, parallel co-financing has been estimated at \$1.0 million, all of which is earmarked for baseline activities. Thus far, co-financing has been secured for carnivore conservation from the European Union LIFE program (\$0.85m). Work on analyzing the effects of grazing on soil vegetation and forests will also be financed by the EU (\$0.11). In addition, the WWF/World Bank Forestry Alliance is financing a pilot activity to demonstrate the benefits and means to establish independent certification of forest management (\$0.04m). If successful, additional funds would be sought from other donors to apply the methodology to other forest management sites throughout the country.

2. Financial (see Annex 5):

Fiscal impact:

Total government financing during the project implementation period is estimated to be US\$2.4 million equivalent, which is less than 4% of MWFEF's annual budget and less than 1.5% of NFA's annual budget. Since the Government contribution is spread over a five year period, the annual fiscal impact will

be even less. The project would not directly result in an increase in revenues to government. The project will result in increases of about US\$0.2 million of annual expenditures for operations and maintenance for the Retezat National Park, Piatra Criaiului Park and Neamt Forest Park. These increases are minimized since the incremental staff positions for park management would represent staff transferred from other duties within the National Forest Administration. The parks would develop the capacity to generate and retain funds through introduction of visitors fees and other income earning activities that will help reduce pressure on the national budget. Tourism generated as a result of the project will also help increase Romania's tax base as a result of increased spending by consumers and foreign visitors.

3. Technical:

The project is technically justified on the basis of the urgent need to address growing threats to Romania's rich biodiversity that result from changing incentives to exploit natural resources, and the absence of effective conservation management systems. Consequently, the project will establish functioning models of best practice for protected area management, and build the national capacity to replicate this experience and mainstream biodiversity conservation in forest management. Project rationale and components were developed in a participatory manner by MWFEP and NFA technical staff. All project activities are practical and will address the underlying causes of existing and envisaged threats to Romanian biodiversity. The project will augment the existing considerable capacity for conservative forest management with new skills needed to manage forest biodiversity in the changing socio-economic circumstances. Needed new skills include multi-stakeholder participatory planning and management of natural resources and natural areas, site interpretation, awareness raising, biodiversity conservation and monitoring, and protected area management. Skills will be acquired from international experience through a combination of study tours, exchange programs, networking and on-the-job training. The project will promote linkages between Romanian institutions and sectors that have little tradition of collaboration, and will develop conservation methodologies appropriate for the changing Romanian social and economic conditions.

4. Institutional:

a. Executing agencies: Within the NFA, institutional capacity for project implementation at the field level is very good, however, there is no tradition or collaborative mechanisms for coordination between the General Directorate of Forests (GDF) and the DNBC within the MWFEP, and between the DNBC and the NFA. Since DoE technical staff are inadequately experienced, the MWFEP has assigned lead responsibility for project execution to the GDF, and the project will build the collaborative mechanisms and develop the technical expertise needed for successful project implementation.

b. Project management: Project management will be undertaken by a Project Coordination Unit (PCT) composed of three contracted professional staff who will be funded under the project. The PCT will oversee implementation of project activities at the national and field level. National level activities will be undertaken by existing NFA and DNBC staff., and by PMAs composed of existing and newly recruited NFA staff. Competent PMA managers have already been assigned by MWFEP at each of the three demonstration sites, and additional specialist staff (e.g., in ecology, community outreach, tourism, and public awareness) will be recruited by NFA at project effectiveness. The schedule for appointment of key staff is in Annex B of the Project Implementation Plan.

5. Social:

A social assessment and development of a participation plan were undertaken during project preparation, through consultation with a broad range of stakeholder groups using a number of different information gathering techniques including: formal and semi-formal interviews, group discussions and workshops, rapid rural appraisal and literature review (see Annex 11). Population density in the vicinity of the project

sites varies from 77-119 people per square kilometer. Unemployment rates are generally high (9%-30%), which in some cases is resulting in increased pressure on natural resources. Important land use activities include sheep and cattle grazing, wood harvesting and processing, agriculture and tourism. The increasing number of sheep being brought by outsiders from other regions, to graze in pastures in the project sites, has resulted in a recent significant increase and pressure on local biodiversity and a decline in local incomes from livestock and dairy products.

At the national level, Governmental restructuring and reduction of subsidies are influencing socio-economic conditions to a large degree, including real wage declines and unemployment. At the level of the project demonstration sites, key rural development issues are unemployment, unsustainable use of resources, and lack of access to credit to support development of new income generating opportunities. Poor economic conditions and their implications for social welfare result in a lack of interest in conservation and protected area management on the part of stakeholders. Consequently, the project will support economic opportunities for key stakeholders that are linked with the objectives of the project. The project will establish mechanisms to support sustainable use of natural resources, including grazing and forest products, provide access to small grants to support conservation compatible activities, employ local individuals, and will engage local NGOs and small commercial enterprises in protected area management activities.

6. *Environmental assessment:* Environmental Category A B C

The entire project constitutes an environmental mitigation and management plan. It has been designed and will be implemented in a participatory manner, in order to have a positive environmental impact, through establishing effective systems to conserve the natural integrity and biodiversity of Romanian ecosystems in protected areas, associated landscapes and in production forests. The location of visitor centers and marked trails at project sites will be chosen so as to limit the existing environmental impact of visitors. Visitor centers will not be located inside the core protected areas, and their design, construction and management will be in accordance with World Bank environmental guidelines.

7. *Participatory approach:*

Participation in project identification and preparation: Major elements of the proposed project were identified as top priorities in the National Biodiversity Conservation Strategy and Action Plan, which was prepared in a participatory manner with the involvement of all key national institutions concerned with conservation in Romania. The project preparation was undertaken in consultation with major stakeholders at the local and national level and a broad range of NGOs. The Project Concept document was finalized in collaboration with Government counterparts and NGOs, who are continuing to actively pursue options for cofinancing and establish links between the proposed project and related national and international initiatives. In two of the proposed demonstration sites (Retezat and Bucegi-Piatra Craiului), the local NFA have established collaborative administrative structures for protected area management, which include the participation of local authorities, communities, NGOs and relevant national institutions.

Mechanisms for participation in project implementation: Project success will rely on the involvement and support of local and national stakeholders. Consequently, the establishment of mechanisms to support their participation is an integral feature of project design. Participation mechanisms are detailed in Annex 11. At the national level these include the project oversight committee, the national consultative board, and the five national working groups for protected area classification; protected area law; management planning guidelines; boundary analysis and internal zoning; and ecological adaptation of school curricula. At the local level participation mechanisms include the park management board and consultative boards; the communal grazing association; the working group for park friendly investment activities, and committees for implementation of the small grants program, including the inter-communal grazing committee.

a. Primary beneficiaries and other affected groups:

Primary beneficiaries and affected groups include the NFA and DNBC; local forest, agricultural and pastoral communities; tourists and other visitors to the parks; the private sector, including tour operators and forest harvesters, marketing agents for forest products; environmental NGOs, hunters' associations, local government and its implementing agencies (a full list of stakeholders is in Annex 11).

Non-government organizations consulted or who have participated in project design include: Piatra Craiului-Bucegi: Association for the Protection of the Bear, the Wolf and the Lynx, Carpati Foundation, Dracula, Floarea Reginei (Edelweiss), Romanian Carpathian Society of Tourism, Romanian Mountain Guide Association, Romanian Wildlife Society; Retezat: Committee for Romanian Village Development, Salvamont Retezat, UNESCO Pro Natura; Neamt: ECOMONT, Hunters and Fishermen Association – Neamt, Association of Forest Owners, Dr. GH. Iacomi Ecotouristic Club, Friends of Nature Association, Salmo, Mountain Farmer Federation; National: AidRom, Center for New Education for Children, National Club for Youth Tourism, Romanian Association for Environmental Journalist, Romanian Rural Foundation, EarthVoice – Romania; International: World Learning, WWF, UNDP.

b. Other key stakeholders: Governmental Agencies at each site: Chambers of Commerce, City Councils, Forestry Districts and territorial units, Directia Agricola Arges, Prefectures, Town Halls, local Universities; at the national level: Commission of Natural Monuments of Romanian Academy, DDBRA, Danube Delta Institute, FAO, ICAS, ICIM, Institute of Geography, Ministry of Agriculture and Food, Ministry of Public Works and Territorial Planning, Ministry of Tourism, MWFEF – DEP, GDF, NFA, Parliament, Research Institute of Tourism, Speleological Institute, University of Bucharest; Private sector entities: SC Apollo SA Deva, Pietrele Tourist Complex, Arcadia Tourism Office, Eurohouse Limited Co., Petrotour – Piatra Neamt, SC Comfor Barsan SNC Tirgul Neamt, Tipotrans, Maart's Co.

F: Sustainability and Risks

1. Sustainability:

Project design has addressed institutional sustainability through the rationalization of protected area management responsibilities, capacity building and institutional strengthening at the local level (both government agencies and NGOs) to meet the new challenges of decentralization. The NFA, which has strong institutional capacity and a proven track record for forest management at the county level will have lead responsibility for project implementation at the field level. Initiatives to engage local communities and other local stakeholders, including the Church and other private landowners, in project preparation and implementation should contribute to social sustainability. With regards to financial sustainability Government has demonstrated consistent financial commitment to implementation of the ongoing GEF Danube Delta Biodiversity Project. Additionally, the forestry sector is a net contributor to the national economy through revenue earnings and taxes on forest products including timber and the products of wood industries. Government recognizes that an effective system of protected areas is an essential element of sustainable forest management and have committed to contribute to the incremental costs of the project, and to financially support protected area management after completion of the project. Contributions will be provided by both the central Government and NFA. Mechanisms to support sustainable conservation and public awareness from revenue generation more directly related to protected area management, together with a strategy for their adoption at the project sites and other priority conservation sites, will be developed by the project. Possible sources of revenue include users fees for recreational, educational and other sustainable use of protected area resources. In addition, the project will review and support establishment of eco-labeling to provide for higher priced markets for forest products derived from forest ecosystems managed in a biodiversity friendly manner (notably at the Vanatori-Neamts demonstration site).

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

<u>Risk</u>	<u>Risk Rating</u>	<u>Risk Minimization Measure</u>
Annex 1, cell "from Outputs to Objective"		
Destruction of biodiversity will begin and national authorities will fail to discover damage in time to avert irreversible damage.	N	National public awareness program targeted at key audiences, including policy makers. Biodiversity monitoring program.
Influential groups may resist establishment of protected areas and substantive reforms in management of conservation sites that will limit their current access to natural resources.	M	Model mechanisms to eliminate non sustainable stakeholder behaviors for managing grazing, hunting and forest resource use. Laws and regulations for protected areas. Land use plans for areas adjacent to protected areas. Local and national public awareness programs.
Availability of fiscal resources may preclude replication of protected area management models.	M	Exploration of options for financial sustainability of protected area management systems.
Implementing agencies may be unable to attract and retain qualified staff.	S/M	Project will provide training and career development benefits, and work towards establishing loyalty to this new professional field.
Changing political leadership may result in loss of government commitment to project.	N	Continuing dialog between Bank and Government of Romania regarding project benefits.
Political differences may delay passage of legal amendments.		
Overall Risk Rating	M	

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

3. *Possible Controversial Aspects:*

a. NFA has a long and distinguished history of good and conservative forest management practice. However, since NFA is a commercial entity whose traditional role includes forest resource exploitation, the concept of allocating responsibility for management of protected areas to the NFA has been likened by some in the environmental NGO community as using the wolf to guard the sheep. However, MWFEP, and NFA recognize that the new NFA role will focus on safeguarding the public interest in forest management, including protected area management. Consequently the project will build some of the new skills needed to implement this newly assigned mandate. In addition, the project will provide for the participation of environmental stakeholders in project oversight and implementation, and will ensure that public awareness activities publicize the project's mainstreaming objectives and the NFA's changing role and focus on safeguarding the public interest in forest management.

b. Conservation management of project sites includes controlling access to natural resources, in order to protect ecosystems in core areas, and reducing exploitation to sustainable levels elsewhere in the protected areas. This may limit income for some groups of stakeholders in the short term. The project will work closely with affected stakeholders to support the establishment of mechanisms for sustainable management of protected area resources, specifically including grazing and game animals.

G: Main Loan Conditions

Conditions of Board presentation:

The POC and PCT shall have been established in a manner and under terms of reference satisfactory to the Bank.

Conditions of effectiveness:

A Project Manager, procurement specialist, financial manager and office assistant for the PCT shall have been appointed under terms of reference satisfactory to the Bank.

A financial management system, satisfactory to the Bank, shall have been established.

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):

I. Compliance with Bank Policies

This project complies with all applicable Bank policies.

[The following exceptions to Bank policies are recommended for approval: . The project complies with all other applicable Bank policies.]


Task/Team Leader/Task Manager: John Fraser Stewart


Sector Manager/Director: Kevin M. Cleaver


Country Manager/Director: Andrew Vorkink

Project Design Summary Biodiversity Conservation Management

NARRATIVE SUMMARY	KEY PERFORMANCE INDICATORS	MONITORING & EVALUATION	CRITICAL RISKS AND ASSUMPTIONS
SECTOR-RELATED GOALS			
<p>CAS Goal: Protection of Romania's environment by establishing mechanisms to protect its rich biodiversity heritage.</p> <p>GEF Goal: Sustainable conservation of the biological diversity and ecological integrity of mountain, forest and meadow ecosystems, and associated landscapes of the Carpathians.</p>	<p>No significant loss of Carpathian biodiversity, forest cover or viability of Carpathian ecosystem.</p>	<ul style="list-style-type: none"> • Biodiversity monitoring system. • National forest inventory. 	<ul style="list-style-type: none"> • Destruction of biodiversity may begin and national authorities will fail to discover the damage in time to take action. • The human population in Romania has now reached the level at which traditional uses of biodiversity are not viable in the long run. • Protecting biodiversity contributes positively to local communities, the national economy, and the welfare of the Romanian people.
PROJECT DEVELOPMENT OBJECTIVE			
<p>Establish effective inter-sectoral, participatory planning and sustainable management of natural ecosystems and associated landscapes at three demonstration sites in the Carpathian mountains, and mechanisms to support their replication at other priority conservation sites.</p>	<ul style="list-style-type: none"> • Laws, Ministerial Orders and regulations for biodiversity conservation issued and ratified. • Strategy for developing a national protected area network completed and adopted. • Strategy to incorporate biodiversity in forest management planning developed and adopted. • Effectively functioning models of conservation management planning established at the field level. • No adverse impacts of increased tourism on biodiversity. • Strategy for sustainable eco-tourism developed and being implemented. • No increase in adverse impacts of resource use (grazing, forest products, etc) on the biodiversity of project sites. • European bison reintroduction program being implemented. • Public awareness strategy completed and functioning effectively. 	<ul style="list-style-type: none"> • Ministerial orders, protected area legislation and regulation. • Records of consultative boards and working groups. • Progress and supervision reports. 	<ul style="list-style-type: none"> • Influential groups may resist substantive reforms in management of biodiversity conservation sites that will endanger their current free access to natural resources. • Given GoR's fiscal constraints, models proven managerially and technically feasible in the project areas may not be replicable. • Public support for biodiversity conservation may develop more slowly than the rate that would have been required to support government actions in time to avoid permanent damage to Romania's biodiversity. • Implementation agencies may be unable to attract and retain qualified staff.

PROJECT OUTPUTS			
<p>1. National legal and regulatory Framework for biodiversity conservation established and mechanisms to replicate experience at demonstration sites at other protected areas in place.</p>	<ul style="list-style-type: none"> • Legal and regulatory basis for planning, managing and monitoring biodiversity conservation established. • Laws amended to be consistent with the protected area law and international treaties and agreement regarding biodiversity conservation that Romania has ratified. • Strategy developed to incorporate biodiversity conservation concerns into forest management planning. • National consultative boards in place and functioning effectively 	<ul style="list-style-type: none"> • Project progress reports. • Supervision reports. 	<ul style="list-style-type: none"> • Political differences may delay passage of laws and amendments required. • DNBC may fail to realize that successful central plans can only be developed from experience gained during actual field planning. • Influential groups may resist placement of new protected areas if their free access to natural resources will be restricted. • NFA may find incorporating biodiversity conservation into existing forestry practices threatening in the short run, and burdensome in the long run.
<p>2. Two protected area and one Forest Park model established and effectively managed for biodiversity conservation.</p>	<ul style="list-style-type: none"> • Protected area management plans developed and in use. • Baseline ecological surveys completed and biodiversity monitoring systems operational • Land use plans for areas adjacent to conservation sites adjusted to reflect biodiversity conservation concerns. • Model mechanisms established that are expected to eliminate non-sustainable stakeholder behaviors for managing grazing, hunting and collection of forest products. • Increasing numbers of eco-tourists visit the project sites with no increase in % of areas degraded by their impacts. • Breeding herd of European Bison established at Neamt and strategy developed for subsequently reintroducing the species into the wild. • Two forest districts develop and implement models of forest management plans that integrate biodiversity conservation concerns. 	<ul style="list-style-type: none"> • Project progress reports. • Supervision reports. • Park management plans. 	<ul style="list-style-type: none"> • Communes that own grazing rights and hunters associations may mount opposition to the proposed sites. • Influential stakeholders may skew distribution of benefits from commonly managed resources, and thereby destroy the incentive for weaker members of the community to participate in the new arrangements for resource management. • Developers may resist constraints on their investments that arise from biodiversity concerns. • Bison that survive in managed areas may fail to establish a viable population in the wild. • Forest harvesting that meets standards for independently certifiable forest management that will conserve biodiversity may not be adequately financially profitable in Romania.
<p>3. Programs in place at national level and at the project sites that raise public awareness of biodiversity conservation needs and opportunities.</p>	<ul style="list-style-type: none"> • Increased public awareness of biodiversity conservation issues over baseline. • Ecological education packages developed for use in primary and secondary schools. 	<ul style="list-style-type: none"> • Project progress reports. • Supervision reports. • Public Awareness Strategy and Action Plan. 	<ul style="list-style-type: none"> • People may understand the connection between biodiversity and livelihoods but still not be concerned about long term problems. • The time required for publicity campaigns to affect people's understanding of biodiversity conservation and behavior may exceed the patience of officials to see results. • Teachers may be resistant to add to their pedagogic responsibilities.

PROJECT COMPONENTS			
<p>1. Strengthen National Framework for Biodiversity Conservation</p> <ul style="list-style-type: none"> • Strengthen national laws and regulatory framework. • Strengthen capacity of DNBC to plan and lead biodiversity conservation. • Strengthen NFA to Replicate protected areas in Forest Areas. • Develop strategy to incorporate biodiversity concerns into national forest management planning. 	<p>US\$ 1,097,400</p>	<ul style="list-style-type: none"> • Project progress reports. • Disbursement reports. • Supervision reports. • Minutes of Working Group meetings. 	<ul style="list-style-type: none"> • Growing fiscal constraints may reduce the priority that GoR currently places on biodiversity conservation and endanger local counterpart financing of project activities. • Bureaucratic procedures may endanger timely release of funds. • Political changes may threaten governmental support for the project.
<p>2. Develop Models for Protected Area and Forest Park Management</p> <ul style="list-style-type: none"> • Establish systems for planning and managing biodiversity conservation. • Establish mechanisms to reduce unsustainable resource use. • Establish Eco-Tourism Programs. • Establish program to reintroduce European Bison. • Develop models of forest management practices that reflect biodiversity conservation concerns. 	<p>US\$ 6,214,700</p>	<ul style="list-style-type: none"> • Project progress reports. • Disbursement reports. • Supervision reports. • Regular site visits. • Monitoring of changes against baseline data. • Applications for small grants. 	<ul style="list-style-type: none"> • Ministerial Order issued that legally confirms project sites (two protected areas and one Forest Park) and specifies the basic principles for their management. • NFA maintain staff and office support for PMAs.
<p>3. Build Public Support for Biodiversity Conservation</p>	<p>US\$ 721,700</p>	<ul style="list-style-type: none"> • Project progress reports. • Disbursement reports. • Supervision reports. 	
<p>4. Project Management and Monitoring</p>	<p>US\$ 761,000</p>	<ul style="list-style-type: none"> • Supervision reports. 	<ul style="list-style-type: none"> • Ministry maintains staff and office support for PCT.

Annex 2

Romania Biodiversity Conservation Management

Project Description

Background

1. Natural temperate forest ecosystems (broad leaf, conifer and mixed) cover 27% of Romania's land area. Two thirds of this (approximately 4.5 million hectares) occur in the Romanian portion of the Carpathian mountains, where more than half of all forests have been effectively managed for conservation objectives, such as watershed management, rather than wood production. These areas include some of the last and largest tracts of relatively undisturbed and virgin forests still remaining in Europe. Furthermore, the natural soil profile and ecology is maintained through the use of natural regeneration in more than 75% of production forests. The natural integrity and ecological viability of Romanian forest is indicated by the continued presence of the full range of European forest fauna, including approximately 60% and 40% of all European brown bears and wolves respectively. In addition, the largely forested Carpathian range includes meadow and wetland ecosystems, and higher elevation lands above the tree line contain alpine ecosystems that support many indigenous species of flora.
2. Following land nationalization after world war two, production farmland in non-hilly areas was developed for large scale intensive agriculture. Hedgerows, wetlands and other ecological islands were destroyed and much of the biodiversity lost. State owned forests and alpine pasture lands were, however, relatively conservatively utilized and well managed. Since the beginning of the transition and breakdown of former regulatory systems, Romanian ecosystems have been exposed to new threats, including the appearance of unsustainable land use practices such as over-grazing of common lands, including alpine meadows, and clear cutting of private forest. Uncontrolled and unsustainable forms of tourism, and infrastructure developments that are incompatible with biodiversity and landscape conservation, also particularly threaten highly sensitive mountain ecosystems.
3. Most of Romania's forests are currently State owned and managed by the National Forest Authority (NFA), which has a long and distinguished history in forestry. However, there is mounting political pressure to: (a) privatize and commercialize NFA, and (b) return as much as two thirds of forest land to its former owners. The role of the State will, therefore, need to change rapidly from one of owning and managing forests to a focus on safeguarding the public interest under the new free market and land ownership systems (e.g., ensuring sustainable forest management practice; conserving environmental services, and supporting new private sector actors in the forestry and related industries). Previous experience in Romania (1990/91) and elsewhere suggests that if restitution of forest land takes place in the absence of adequate legal and institutional mechanisms to safeguard public interest (including an effective system of

protected areas), it will result in immediate loss of forest cover, irreversible environmental degradation and significant economic losses for the country.

4. Romania does not have a functioning system of protected areas, or the institutional capacity for conservation and protected area planning and management. In view of this, changes in land ownership and resource use (particularly forest products, grazing and tourism) associated with the transition from State to a free market economy could have a major negative impact on the biodiversity of forest ecosystems and associated landscapes.

5. The Romania Biodiversity Conservation Management Project will be a first step towards establishing an effective national system of protected areas and ensuring that biodiversity concerns are incorporated in the planning and management of Carpathian forest resources. The rationale developed by Romanian counterpart staff to design the project is summarized in Table A of Annex 2. The project will build and demonstrate the decentralized capacity for protected area and conservation management at three separate forested sites, and will establish mechanisms for replication of best practice at other priority conservation sites throughout Romania and the Carpathian chain. In addition the project will build on and strengthen ongoing regional initiatives for conservation of Carpathian ecosystems, including: the Trans-Carpathian Biodiversity Project (Poland, Slovakia and Ukraine), the Carpathian Biosphere Reserve Project (Zakarpatska Oblast, Ukraine), and projects initiated by the Regional Association for the Protection of Carpathian Mountains (ACNAP).

Description of Project Sites

6. Project sites, which were selected by the Romanian Biodiversity Steering Committee, provide opportunities to develop and establish several different conservation management strategies, including national park, natural park (protected landscape), and biodiversity friendly sustainable forest management (Forest Park). Consequently, the project will demonstrate three different models to address priority conservation planning and management problems that are common to many important and threatened biodiversity sites throughout Romania. This will provide experience to support replication of the project models at priority conservation sites in other parts of the country and the Carpathian region. The three project sites include:

- **National Park Model:** Retezat National Park Biosphere Reserve (approximately 55,000 ha), in the South Western Carpathians, includes pristine mountain forest and alpine ecosystems. It has a core area of roughly 13,000 ha of relatively undisturbed and pristine mixed and coniferous forest and alpine meadows that are under increasing threat from the impacts of tourism, unsustainable use of natural resources, and uncoordinated developments in adjacent buffer zone areas. The Retezat massif includes 42 endemic plant species; it is also the European center of genetic diversity for two ecologically and economically important groups of grasses, i.e., *Hieracium* and *Poa* spp. In addition, Retezat includes a designated "Important Bird Area" (IBA), which is important habitat for 5 bird species

listed under appendix II of the Bonn Convention on migratory species of wild animals.

- **Natural Park Model:** The proposed Piatra Craiului-Bucegi Natural Park (approximately 100,000 ha) in the South Central Carpathians, includes roughly 3,400 ha of pristine mixed and coniferous forests and alpine ecosystems, surrounded by production landscapes that together support viable populations of large carnivores. Application of the European Ecological Network (EECONET) concept will provide guidance for the sustainable development of eco-tourism, grazing and agriculture, while controlling further fragmentation of natural forests that currently support one of Europe's greatest concentrations of brown bear, wolf and lynx. Bucegi IBA provides important habitat for 4 bird species listed under appendix II of the Bonn Convention, and 33 listed under appendix II of the Bern Convention (Convention on the Conservation of European Wildlife and Natural Habitats).
- **Sustainable Forest Management Model:** The proposed Vanatori-Neamt Forest Park, in the North East Carpathians includes natural mixed hill-forest and meadows, and provides an opportunity to establish and show-case biodiversity conservation through sustainable forest management. The proposed reintroduction of European bison in production/conservation mixed forest would provide an ecological mechanism, and a focus for public awareness and popular support, for maintenance of the natural ecological diversity of 200,000 hectares of hill forest and meadows. The natural fauna of the area formerly included bison, until they were hunted to extinction at the end of the last century. The site includes virgin, natural and managed mixed forest (predominantly oak, beech, fir and spruce), some of which has been maintained as a hunting reserve since 1475. There are 86 endemic plant species, 16 of which are endemic to the site. The two IBAs that occur in this demonstration site provide important habitat for 7 bird species listed under appendix II of the Bonn Convention, and 30 species listed under appendix II of the Bern Convention.

Project Component 1: Strengthen the National Framework for Biodiversity Conservation (US\$1.1 million)

7. This project outcome will be achieved through: (a) participatory review and revision of the legal and regulatory framework for protected area management; (b) building the capacity of the Directorate for Nature and Biodiversity Conservation (DNBC), within the Ministry of Waters, Forests and Environmental Protection (MWFEP), to plan and lead biodiversity conservation at the national level; (c) strengthening the National Forest Authority to replicate protected area and conservation management in forest areas, and (d) developing a strategy to incorporate biodiversity considerations into forest management planning at an ecosystem level, rather than the level of the forest “production unit”. All activities undertaken under this component will require establishing and maintaining collaborative mechanisms between the DNBC and the Service for Protected Areas at NFA, which will work in partnership to strengthen the

national framework for biodiversity conservation. Collaborative mechanisms will include combined working groups, workshops and shared development of the two national level strategies.

8. Review and revision of the legal framework will entail: (a) the participatory review of existing and draft legislation that has potential influence on biodiversity conservation. This will include workshops, media coverage, establishment of an inter-agency working group and dissemination of draft legislation to key stakeholders, and a national public consultation workshop; (b) development of a new law for protected areas and biodiversity conservation that will define the basic principles for establishment of protected areas, together with the different categories of protected area and conservation sites that will be established in Romania, and the institutional arrangements for their management; and (c) preparation of a strategy to rationalize existing laws with the new protected area law. The review process will be lead by DNBC and will include the participation of other Directorates within MWFEP, including the Department of Forests; the Romanian Academy; the National Commission for UNESCO; the Ministries of Finance, Agriculture, Transport, Tourism, and Public Works and Territorial Planning; and the Parliamentary Commission for Health Ecology and Sport. In addition, site specific regulations for planning and operation of conservation management areas will be developed and adopted.

9. Building the capacity of DNBC of MWFEP will be undertaken following a detailed institutional and training needs assessment of all institutions involved in project implementation, specifically including DNBC. The needs assessment will confirm and define institutional mandates, identify restructuring, staffing and training needs, and will develop a time-bound action plan for implementation of all recommendations and project activities. The project will provide equipment, training and services, to enable DNBC to address its mandate, which will include:

(a) facilitating review and revision of the legal framework for biodiversity conservation (described under paragraph 8);

(b) developing and implementing a national strategy to increase public awareness and support for biodiversity conservation (described under component 3);

(c) developing and operationalizing a prioritized policy and strategy for establishing an effective national system of protected areas, which will include:

(i) GAP analysis to identify geographical priorities,

(ii) developing the rationale and mechanisms for financing protected area management, and

(iii) preparing a program to support replication of protected area management at priority conservation sites;

(d) developing an international strategy for establishing collaborative mechanisms for conservation of Carpathian ecosystems. This will include assessing ongoing

conservation initiatives in Carpathian countries and identifying needs, study tours, international workshop and establishing a Carpathian conservation network, and

(e) establishing and maintaining a national biodiversity monitoring system in collaboration with other concerned institutions.

10. Strengthening the National Forest Authority to replicate protected area and conservation management in forest areas will be undertaken through provision of equipment, training and services, to enable the Service for Protected Areas (SPA) to develop and operationalize a prioritized national strategy to establish a network of protected areas and conservation management of Romania's forests. Capacity building in both SPA and the DNBC will be preceded by institutional needs and training assessment and development of work programs, which will be reviewed and updated on a quarterly basis.

11. A strategy to incorporate biodiversity considerations into forest management planning will be developed by the General Directorate of Forests within MWFE. This will entail review and update of the existing national forest strategy, with the objective of identifying effective mechanisms to incorporate biodiversity conservation into the forest management planning process. Since forest management planning is currently undertaken at the level of the forest "production unit" (approximately 3-5,000 ha), the strategy will propose a new system for ensuring that forest planning and management recognizes and maintains the viability of Carpathian ecosystems. Experience gained in incorporating biodiversity issues in forest management plans at the Neamt Forest Park project demonstration site, together with the development of standards for independently certifiable forest products, will feed into the national strategy for forest biodiversity conservation.

Project Component 2: Develop Models for Protected Area and Forest Park Management (US\$6.2 million)

12. This project outcome will be achieved by: (a) establishing systems for participatory planning and management of biodiversity at the three demonstration sites; (b) establishing participatory mechanisms to reduce unsustainable resource use through introduction of systems for management of shared resources such as grazing and forest products, and the demonstration of links between conservation and economic benefits for the local population; (c) developing a strategy for eco-tourism, which produces benefits for local communities; (d) establishing a program for reintroduction of the European bison at Vanatori-Neamt; (e) demonstrating models for forest management practices that address biodiversity concerns, including incorporation of biodiversity in forest management planning and establishment of guidelines and the economic rationale for independent certification of forest products.

13. Establishment of conservation planning and management systems will be undertaken at the three project demonstration sites: Retezat National Park; Piatra Craiului- Bucegi Natural Park, and Vanatori-Neamt Forest Park. This will entail: (i) establishment of administrative structures, including the construction of visitor centers

and provision of office and field equipment; (ii) transfer of international park management skills; (iii) further development of staff skills through exchange programs, study tours and training in park ranger skills and GIS/information management; (iv) establishment of park planning and management systems using baseline ecological surveys to form the basis of the three conservation area management plans, develop biodiversity monitoring systems, and create park identity (see Table B for a Summary of Technical Interventions); and (v) hosting a conference to share experiences with international partners and seek funds to expand the biodiversity conservation program.

14. Mechanisms to reduce non sustainable resource use will be established through: (i) integration of biodiversity concerns in land use planning for areas adjacent to parks, through stakeholder consultation workshops and incorporation of workshop agreements into land use plans; (ii) establishment of participatory mechanisms to enable sustainable grazing in parks through clarification of land use rights, establishment of commune committees for grazing, provision of planning advice from NGOs, facilitated workshops for commune grazing committees, regular meetings of an inter-commune commission for grazing, study tours for livestock owners and shepherds, and provision of funds for reciprocal agreements; (iii) establishment of mechanisms to support economic development activities that are compatible with the conservation objectives of the park, through development of decision making mechanisms and criteria for selection of appropriate business opportunities, and provision of funds to support acceptable development activities, including eco-tourism, and other forms of sustainable resource use.

15. Develop and implement eco-tourism strategies for each park will entail: (i) assessment of potential eco-tourism opportunities that support park objectives, (ii) stakeholder workshops to disseminate results and identify capacity and interest in participation in eco-tourism activities, (iii) identifying and developing walking trails and camping facilities, and (iv) and developing visitor packages, promotional and interpretation materials.

16. The European bison reintroduction program will be implemented at Vanatori-Neamt Forest Park, which is part of the former natural range of this native animal. The bison will be a flagship for public awareness and also provide an ecological mechanism for maintenance of the natural diversity of the areas mixed forest and meadow ecosystems. Habitat viability assessments and development of a proposal for this component were undertaken by the London Zoological Society during project preparation. Implementation will benefit from experience gained in bison reintroduction programs in other European countries, and selection of appropriate blood stock will be guided by the European Endangered Species Program. The project will build facilities and provide equipment, training and transport to support establishment of a breeding herd.

17. Development of models for sustainable forest management that reflect biodiversity concerns will be undertaken primarily at the Vanatori-Neamt project site. After undertaking baseline ecological surveys, the project will: (a) identify the needs and means for incorporating biodiversity concerns in the existing forest management planning

and management systems, and develop appropriate standards to be used in independent certification of forest management; (b) assess the economic viability and technical requirements associated with establishing independent certification of forest products derived from Tirgu Neamt forest management unit; (c) provide feedback and input to the review of the national forest strategy undertaken under component one, and (d) showcase the forest ecosystem and sustainable forest management practice as part of visitor interpretation.

Project Component 3: Build Public Support for Biodiversity Conservation (US\$0.7 million)

18. This project outcome will be achieved through preparation and implementation of both national and park level strategies and targeted action plans for raising the awareness of specific stakeholders and the general public about the importance of, and opportunities for, biodiversity conservation.

19. Preparation of the National public awareness program will entail:

- (a) review of: (i) the status, trends and historical context of Romanian ecosystems and their management; together with their ecological, economic and cultural significance; (ii) the existing and potential impacts and influence of key stakeholder groups on Romanian natural resource management and biodiversity. Stakeholder groups should include: urban and rural residents, local and national Government (including key policy makers), private sector interests, NGOs and advocacy groups, media, the academic community, the Romanian public, and the international conservation and donor communities;
- (b) identification and prioritization of: (i) key constraints to conservation and sustainable management of biodiversity resources caused by lack of awareness on the part of identified stakeholder groups; (ii) the information needs of each identified group; (iii) cost effective delivery mechanisms to address these information needs.

20. Possible delivery mechanisms for the public awareness program include mass media, formal and informal education, networking, and the development of linkages with related conservation initiatives in Romania and elsewhere. The public awareness program will incorporate and encourage commercially sustainable options, such as private sector development of publications, eco-tourism, and the use of eco-labeling in marketing products that are linked to conservation needs and opportunities.

21. Park public awareness programs will be developed and implemented by each park management unit. While visitor centers will provide interpretation of ecosystem functions and other important features of the parks to visitors, the public awareness programs will be designed to enhance the impact of this experience and carry understanding of key conservation issues to a wider audience. Park public awareness programs will target local schools and communities and other stakeholder groups that are of particular significance to each park. Activities under this sub-component include provision of regular press and media releases and newsletters, annual meetings of

concerned NGOs and other groups, development of educational packages for primary schools, and park related publicity campaigns that are integrated with the national public awareness program implemented under component 3.

Project Component 4: Project Management and Monitoring (US\$0.8 million)

22. The project will establish a Project Coordination Team (PCT) at the national level, composed of a project manager, a procurement specialist and a financial management specialist. The PCT will oversee and support implementation of all project activities in accordance with agreed monitorable indicators. It will work closely with the county level PMA staff at the three sites and with national project staff, to develop and monitor workplans on a biannual basis. The project will provide the PCT with office equipment, transport facilities and training.

Rationale for Project Design Biodiversity Conservation Management Project

Symptoms for Concern	Underlying Reasons and Causes	Desired Changes in the Status of Biodiversity Conservation	Associated Project Component
Weak legal, regulatory and institutional basis for biodiversity conservation (BC):	Lack of political commitment to BC:	Legal and institutional basis for protected area (PA) planning and management in place; legal inconsistencies relating to BC identified:	Strengthen National Framework for Biodiversity Conservation
<p>No provisions for PAs included in draft Land Law.</p> <p>No specific law for PA establishment and management.</p> <p>Other laws lack concern for, or may even be inconsistent with BC.</p> <p>Weak legal basis for BC outside PAs.</p>	<p>Lack of understanding and commitment at national political decision making level for BC.</p> <p>Lack of public pressure for policy changes for BC.</p> <p>Lack of intersectoral mechanism for review and revision of legislation for BC.</p>	<p>Ministerial Order issued that legally confirms 3 model conservation areas (2 PAs and 1 forest park) and specifies the basic principles for their management.</p> <p>Regulations for planning and operating conservation management model areas are developed and in place.</p> <p>Specific law passed for establishing and managing all categories of PAs.</p> <p>Land law amended to be consistent with PA law.</p> <p>All new laws issued during project period are consistent with the international treaties and agreements that Romania has ratified regarding BC.</p> <p>Other laws that may conflict with BC identified.</p>	Strengthen national laws and regulatory framework
Danger that ecological integrity of Romanian ecosystem may be permanently lost.	<p>Lack of strategy for national network of PAs.</p> <p>Lack of appreciation that the Carpathian ecosystem is an interrelated system rather than a collection of independent forest production units.</p>	<p>A Central Authority that will develop PA policy and network strategy legally established.</p> <p>A Central Authority to take responsibility to replicate relevant project experience elsewhere in Romania in place.</p> <p>Mechanism to coordinate BC in the Carpathian chain is in place.</p> <p>Strategy for biodiversity monitoring is developed.</p>	<p>Strengthen Directorate for Nature and Biodiversity Conservation to plan biodiversity conservation policy.</p> <p>Strengthen NFA to replicate PAs in Forest Areas.</p>
Legal basis for forest planning is based on "production unit" decision making rather than systemic view of Romania's ecosystem.	Systemic issues of ecosystem protection not present when existing laws and forest management systems developed.	Strategy to incorporate BC concerns into forest management planning is developed.	Develop strategy to incorporate BC into forest management planning.

ANNEX 2
Table A

Gradual destruction of the Carpathian ecosystem:	Destructive uses of Carpathian resources:	Effective models for BC ready for replication throughout Romanian Carpathian ecosystem:	Develop Models for Protected Area and Forest Park Management:
<p>Decreasing diversity and abundance of animals and plants: e.g., large carnivores, ungulates, chamois, fish in glacier lakes, endemic plants.</p> <p>Tree line receding.</p> <p>Increasing areas covered by invasive species.</p> <p>Integrity of wildlife habitat fragmented.</p> <p>Increasing soil erosion.</p> <p>Increasing water pollution.</p> <p>Construction along roads into parks and danger of other developments in adjacent areas that are incompatible with BC.</p> <p>Danger that tree harvesting may be undertaken in officially declared PAs.</p> <p>Trees and seedlings destroyed by increased populations of rodents.</p>	<p>Lack of administrative structures for planning and managing biodiversity.</p> <p>Expansion of human activity in wildlife corridors.</p> <p>Lack of mechanism that incorporates BC into land use planning.</p> <p>Pressures for financial income within National Forest Authority.</p> <p>Unsustainable grazing by sheep and cattle.</p> <p>Unsustainable hunting practices.</p> <p>Declining populations of birds of prey resulting from unsustainable hunting practices.</p> <p>Lack of understanding of incentives influencing resource-use.</p> <p>Tourists who indiscriminately collect natural products, discard trash, disturb animal habitats and create secondary trails.</p>	<p>Model PAs and a forest park plan that demonstrate how to manage biodiversity effectively.</p> <p>Land use plans for areas adjacent to conservation sites reflect BC concerns and protect remaining animal corridors.</p> <p>Model mechanisms established that eliminate destructive stakeholder behaviors.</p> <p>Increasing numbers of tourists visit models areas with no negative impacts on biodiversity.</p>	<p>Establish systems for planning and managing PAs and Forest Parks that reflect biodiversity conservation concerns</p> <p>Develop shared resource management programs.</p> <p>Develop strategy for eco-tourism.</p>
<p>European bison—major “flagship” species for Romania— has been extinct since 1832.</p>	<p>Habitat loss and unsustainable hunting practices in the 16th, 17th, 18th and 19th centuries.</p>	<p>Establish breeding herd of European Bison at Neamt and develop strategy for subsequently reintroducing animals into the wild.</p>	<p>Establish program to reintroduce European Bison.</p>
<p>Declining genetic diversity in forests.</p> <p>Loss of aquatic biodiversity—e.g., salamanders, fish, dragon flies, other invertebrates—in streams.</p> <p>Reduction in open feeding areas for wildlife.</p>	<p>Continuous use of the same seed sources for seedlings.</p> <p>Log harvesting via water courses.</p> <p>Focus on timber production in forest management.</p>	<p>Models of forest management plans that integrate BC concerns developed for 2 forest districts.</p> <p>Basis for demonstrating and disseminating the financial/economic benefits of Independently Certified Standards for Forest Management is in place.</p>	<p>Develop models of forest management practices that reflect BC concerns.</p>

ANNEX 2
Table A

Weak political support for BC	Low public understanding of biodiversity conservation	Effective program for public awareness	Build public support for Biodiversity Conservation
<p>Very low level of public awareness of potential dangers to Romania's biodiversity.</p> <p>Political decisions necessary for BC are unlikely to be taken without strong public pressures.</p>	<p>Lack of understanding of the economic —e.g., aesthetic, cultural, environmental—and financial values of Romanian biodiversity and the potential for its irreversible loss.</p> <p>Lack of financial models that demonstrate the ecological functions of ecosystems.</p> <p>Lack of assessment of the economic values to the Romanian people of their rich biodiversity heritage.</p>	<p>National program that raises public awareness of Romania's needs and opportunities for BC in place.</p> <p>Ecological education packages developed for use in primary and secondary schools.</p>	<p>Prepare and implement a public awareness program.</p>

Messrs./Mesdames Florin Trifoi (Counselor to the State Secretary, MWFE), Erika Stanciu (Forest Engineer), Mircea Verghet (Forest Engineer), Oliviu Iorgu (Forest Engineer), John F. Stewart (Team Leader), Adriana Dinu (Biodiversity Conservation/PA Management Specialist), Gordon Temple (Facilitator)
 Project Rationale Workshop
 Vata de Jos, Romania
 Dec. 1-5, 1998

Summary of Technical Interventions

PROJECT ACTIVITY	TECHNICAL INTERVENTION ENVISAGED	OUTCOMES
Baseline ecological and socio-economic surveys in project sites	Establishment of protected area boundaries and internal zoning defining areas where activities that could have negative impacts on biodiversity (including grazing, wood harvesting, collection of non-timber forest products, hunting, and tourism) should be limited, excluded or confined.	Conservation of valuable ecosystems / species
Ongoing biodiversity monitoring and feedback to protected area and conservation management planing	Dynamic adjustment of internal zoning to update/modify measures for limiting / excluding managing negative influence of different activities on biodiversity. Targeted conservation interventions, including habitat management and restoration in degraded areas such as alpine pastures damaged by grazing, control of invasive species, reintroduction of species.	Conservation of valuable ecosystems/species Restoration of degraded areas
Grazing studies, feedback to grazing committee's and development of grazing management systems	Limiting grazing pressure to sustainable levels Excluding grazing from vulnerable areas	Conservation of valuable ecosystems/species Sustainable use of natural resources
Eco-tourism assessment and support	limiting number of tourists visiting vulnerable areas Focusing impacts of tourists to non vulnerable areas through establishing trail systems and camping facilities	Conservation of valuable ecosystems/species Conservation linked economic benefits for local communities
Small grants to support Participatory mechanisms for decision making	Partnerships with the private sector to support conservation activities Development of micro-enterprises that benefit local communities and parks	Economic benefits for local communities to benefit protected areas Local support for protected areas
Incorporation of biodiversity considerations in forest management planning	Modification of forest resource harvesting levels and techniques	Conservation of biodiversity and sustainable use of resources in production forests
Intersectoral, participatory development of national law, local regulations and protected area management plans	Modification of natural resource management (e.g., forest, agricultural and common land, and water management, etc) in the production landscape, and infrastructure developments	Maintenance/rehabilitation of biodiversity in the production landscape
Bison reintroduction program	Re-establishment of breeding population of European bison.	Reconstruction and maintenance of forest/meadow ecosystems and improved public awareness and support for biodiversity conservation
Public awareness and education programs	Visitor centers and interpretation of sites for visitors Teachers training Outdoor classrooms for schoolchildren in protected areas	Improved national and local support for biodiversity conservation resulting from increased awareness, and appreciation of the values of biodiversity and the opportunities and benefits of conservation and protected area management

Annex 3
Biodiversity Conservation Management Project
Estimated Project Costs (Including Taxes)

<u>Project Component</u>	Local	Foreign	Total
	-----US \$ thousand-----		
1. Strengthen National Framework for Biodiversity Conservation	353.8	651.0	1,004.9
2. Develop Models for Protected Area and Forest Park Management	4,306.6	1,338.9	5,645.6
3. Build Public Support for Biodiversity Conservation	481.9	155.2	637.1
4. Project Management and Monitoring	614.2	69.1	683.3
Total	5,756.5	2,214.3	7,970.8
<u>Total Baseline Cost</u>			
Physical Contingencies	256.5	111.0	367.6
Price Contingencies	348.9	112.8	461.6
<u>Total Project Cost</u>	6,361.9	2,438.1	8,800.0

ROMANIA: BIODIVERSITY CONSERVATION MANAGEMENT PROJECT

INCREMENTAL COSTS AND GLOBAL ENVIRONMENTAL BENEFITS

Overview

1. The overall goal of the GEF Alternative is conservation of the biological diversity and ecological integrity of the Romanian forest, alpine and meadow ecosystems of the Carpathian mountain chain. The GEF Alternative will establish inter-sectoral participatory planning and sustainable management of natural ecosystems and associated landscapes at three demonstration sites in the Carpathian mountains, and mechanisms to support replication of these activities at other priority conservation sites. The total incremental cost to achieve these outputs is approximately US\$8.8 million, of which a grant of US\$5.5 million is requested from GEF.

Context and Broad Development Goals

2. Natural temperate forest (broad leaf and mixed forests 70%, and conifers 30%) cover 27% (6.2 million hectares) of Romania's land area. Approximately two thirds of this occurs in the Romanian portion of the Carpathian mountains, where more than half of all forests have been effectively managed for conservation objectives, such as watershed management, rather than wood production. These areas include some of the last and largest tracts of relatively undisturbed and virgin forests still remaining in Europe. The natural soil profile and ecology has been maintained through the use of natural regeneration in more than 75% of Romania's production forests. The natural integrity and ecological viability of Romanian forest is indicated by the continued presence of the full range of European forest fauna, including approximately 60% and 40% of all European brown bears and wolves respectively.

3. Romania's rich natural and biological resource base is coming under increasing pressure in response to the country's need for forestry development. In recent years, following the political and economic transition and the breakdown of regulatory frameworks, the nation's ecosystems have been threatened by a variety of unsustainable land use practices. These include overgrazing of alpine and hill forest meadows, plowing under of contour bands, and clear cutting of private forest land. Overexploitation of state forests and uncontrolled and inappropriate forms of tourism and associated infrastructure developments in highly-sensitive mountain ecosystems have likewise had a significant impact upon biological diversity.

4. Concerns over increasing environmental threats to the country's biological resources prompted the Government of Romania (GoR) to prepare a National Biodiversity Conservation Strategy and Action Plan. The National Strategy affirms Romania's commitment to sustainable natural resource management and biodiversity conservation and identifies four principal biodiversity conservation priorities: (i) development of the legal framework and strengthening the institutional capacity for conservation of biological diversity; (ii) organization of the national systems of protected areas, (iii) in-situ and ex-situ conservation of threatened, endemic and/or rare species, and those with a high economic value and (iv) protection and conservation of biodiversity outside protected areas through minimizing inappropriate land-use practices,

restoring altered ecosystems and habitats, and promotion technologies which favor sustainable natural resource use. The project will address these national priorities.

Baseline Scenario

5. In this analysis, funding for the baseline scenario is differentiated into three sources: (a) direct Government funding of planned and on-going biodiversity conservation programs; (b) donor activities which have been initiated as a result of the GEF program, which will provide baseline information critical to the success of the GEF project, and are listed as co-financing; and (c) other donor activities which will contribute to overall biodiversity conservation in Romania.

6. *Government.* Over the next decade, the GoR's economic transition will likely lead to increased industrial output as well as expansion of the forestry sectors. Recognizing that these activities have not always been highly sensitive to protection and sustainable use of biological resources, the GoR will endeavor to stimulate and carry out such activities in an environmentally sustainable manner. Under the Baseline Scenario, it is expected that the GoR will concentrate its scarce resources on biodiversity conservation through regulating natural resource exploitation in state forests and strengthening the capacity of natural resource management agencies, including the Directorate for Nature and Biodiversity Conservation (DNBC) and the National Forestry Authority (NFA), both of which are under the authority of the Ministry of Waters, Forests and Environmental Protection (MWFEP).

7. At present, Romania has identified a number of national parks, biosphere reserves, and potential protected areas. However, with the exception of the Danube Delta Biosphere Reserve, most areas that are proposed for protected area management occurs in state forest lands that are under threat from proposed changes in land tenure and likely pressures to increase resource use. NFA is charged with overseeing Romania's national parks and protected areas, yet lacks clear responsibility for preparing and implementing management plans for biodiversity conservation. Out of NFA's annual budget of US\$ 160 million, about a quarter is spent on forest conservation (for watershed management, seed stands, game and hunting management, etc.). However, none of this is specifically targeted towards biodiversity conservation and management of protected areas. Consequently, all funding from NFA for project activities is considered incremental.

8. NFA does, however, receive money for its research institute, ICAS, from the Ministry of Research and Technology for research on biodiversity issues. So far, US\$ 268,000 has been allocated to NFA/ICAS for (i) research on biodiversity of forest ecosystems and potential protected areas in forest lands; (ii) the development of a biodiversity database; and (iii) studies on the ecological role of bear, wolf and lynx in the Carpathian mountains

9. *Donors.* The Government of Romania, in conjunction with development agencies, is undertaking activities related to natural resource management and biodiversity conservation. International and National NGOs are also contributing to the enabling environment, with support from private and corporate donors, bilateral and multilateral agencies. The activities which have broad national impacts and will contribute to project success, but are not included in the project baseline scenario because of their broader focus and sometimes less direct impact include:

- A RAMSAR Small Grant Fund to DNBC for identifying and characterizing Romanian Wetlands which can be included in the National Network of Protected Areas, or which can be declared as Internationally Important Wetlands (\$140,000).
- A NFA-ICAS initiative, in collaboration with Belgium, to develop Internet sites on biodiversity in Romania. The Government contribution, from the Ministry of Research and Technology, General Directorate of Natural Resources and Environment, is \$15,000; the Belgian Ministry of the Walloon Region have contributed \$40,000.
- An initiative of Bird Life International in collaboration with the Romanian Ornithology Society (NGO) to identify important bird areas in Romania (\$13,000).
- Investments to minimize human impact on the ecosystems from Retezat mountain, funded by the Regional Environmental Center and carried out by Fundatia SALVAMONT – Lupeni, an NGO mountain rescue team in Retezat (\$15,000).
- World Bank activities: (i) GEF Danube Delta Biodiversity Project, which supports implementation of the Danube Delta Biosphere Reserve’s conservation management plan (US\$ 4.3 million);

Project co-financing of baseline activities totaling \$1.0 million is as follows:

- World Bank/WWF Alliance activity, which will prepare a proposal to demonstrate sustainable forest management through certification of forest products (US\$ 35,000).
- Two projects funded by the European Union: (a) In-Copernicus project to study and mitigate the effects of grazing in Piatra Craiului, for which the EU is providing \$112,000; (b) an EU LIFE project working with MWFEP to support large carnivore conservation in Piatra Craiului, for which about \$850,000 has been allocated.

10. *Costs.* Total expenditures under the Baseline Scenario, through international cooperation, are estimated at US\$1.0 million.

11. *Benefits.* Implementation of the Baseline Scenario would result in limited protection of biodiversity at existing protected areas and limited public sector capacity to manage Romania's natural resource base. The efforts of international and national NGOs will result in a marginal increase in environmental awareness, and the activities of development agencies will result in a limited increase in sustainable natural resource management. The activities are unlikely to ensure protection of globally significant biological resources due to the lack of an explicit focus on biodiversity values as well as institutional, financial, legal and socioeconomic constraints to their protection.

Global Environmental Objective

12. The global environmental objective is to conserve the biological diversity and ecological integrity of the last and largest remaining tracts of relatively undisturbed forest ecosystem in Europe. Romania is near the convergence of four biogeographic influences, including: eastern

(Caucasian/pontic), northern (boreal), southern (Mediterranean and Balkanic) and western (continental European and panonic). Consequently the country includes a relatively large number of endemic and subendemic flora. Additionally, the extent and continuity and naturalness of forest ecosystems of the Carpathian mountain chain ensures ecological viability and supports the full range of Eastern European forest fauna, including, for example, Europe's largest numbers of top predators (bear, wolf and lynx), all ten species of European woodpecker, and ten of Europe's twelve species of mustelid carnivores (excluding wolverine and sable, species that are adapted to arctic and taiga habitats, respectively).

GEF Alternative

13. *Scope.* The GEF Alternative would build on the Baseline Scenario by establishing effective inter-sectoral participatory planning and sustainable management of natural ecosystems and associated landscapes at three demonstration sites in the Carpathian mountain, and mechanisms to support replication of these activities at other priority conservation sites. The GEF Alternative would make possible activities and programs that would not be undertaken under the Baseline Scenario, including strengthening capacity at the field and central levels for planning and managing land-use for conservation and sustainable use of biodiversity in protected areas and surrounding buffer zones; supporting an education and awareness program; mechanisms to reduce non-sustainable resource use, promoting eco-tourism development, reintroducing endemic species and demonstrating sustainable forest management practices. GEF funds are also leveraging additional funds for parallel activities supporting protected area systems and biodiversity conservation.

14. *Costs.* The total cost of the GEF Alternative is estimated at US\$8.8 million, detailed as follows: (i) strengthen the national framework for managing biodiversity conservation — US\$ 1.10 million (*GEF financing — US\$ 0.86 million*); (ii) establish systems for biodiversity conservation planning and management at the three demonstration sites (two protected areas and one forest park) — US\$ 4.30 million (*GEF financing — US\$ 2.20 million*); (iii) establish mechanisms to reduce non-sustainable resource use — US\$ 0.68 million (*GEF financing — US\$0.65 million*); (iv) establish eco-tourism programs — US\$ 0.25 million (*GEF financing — US\$0.19 million*); (v) establish program to reintroduce European bison — US\$ 0.84 million (*GEF financing — US\$0.54 million*); (vi) develop models of forest management practices that reflect biodiversity conservation concerns — US\$ 0.14 million (*GEF financing — US\$0.12 million*); (vii) establish public awareness programs at the three project sites and at the national level — US\$ 0.72 million (*GEF financing — US\$0.54 million*); and (viii) project management — US\$ 0.76 million (*GEF financing — US\$0.40 million*).

15. *Benefits.* Implementation of the GEF Alternative would give the GoR the ability to take a comprehensive approach to biodiversity conservation, protected area management and biodiversity conservation in forest management planning. Benefits generated from this comprehensive approach would include those classified as "national" -- increased sustainability of natural resource use, greater stability in long term revenues from the natural resource base, and increased public awareness of environment and natural resource issues -- as well as those considered "global" in nature. Global benefits would include the conservation of Romania's endemic flora and fauna in three priority areas; protection of the ecological integrity of critical ecosystems and habitats, including important corridors for endangered species; mainstreaming

biodiversity conservation in forest management; outreach to and involvement of local communities and local governments; and development of viable approaches to natural resource use in buffer zones, thereby reducing pressure on protected areas.

Incremental Costs

16. The difference between the cost of the Baseline Scenario (US\$ 1.0 million) and the cost of the GEF Alternative (US\$ 9.8 million) is estimated at US\$ 8.8 million. This represents the incremental cost for achieving global environmental benefits through the establishment of three protected areas which would conserve globally significant biodiversity and development of mechanisms for biodiversity conservation and sustainable use in forest management and among buffer zone communities adjacent to the protected areas. The GoR has committed to mobilizing US\$ 2.4 million toward the GEF Alternative. Additionally, NFA will provide US\$ 900,000 to pay for implementation staff salaries at the three demonstration sites. Consequently, a GEF grant of US\$ 5.5 million is requested.

Incremental Cost Matrix

Component Sector	Cost Category	US\$ Million	Domestic Benefit	Global Benefit
Strengthen the national framework for biodiversity conservation.	Baseline	-	Limited national level capacity to plan and manage biodiversity, raise public awareness and develop a system of protected areas.	
	With GEF Alternative	1.10		Effective national level public sector capacity to: (a) plan and lead biodiversity conservation, (b) raise awareness, (c) implement prioritized protected area and conservation management interventions, and (d) manage forest ecosystems to incorporate conservation of biodiversity of international significance.
	Incremental	1.10		
Establish systems for biodiversity conservation planning and management at three project sites, including two protected areas and one forest park.	Baseline	0.85	Limited capacity to plan and implement protected area management in forests and adjacent landscapes in Romania	
	With GEF Alternative	5.15		Sustainable integrated conservation management in three areas of internationally important biological diversity; and associated buffer zones; increased local, national and international understanding of threats to globally significant biodiversity at these sites, and meaningful participation of local stakeholders in protected area management activities.
	Incremental	4.30		
Establish mechanisms to reduce non-sustainable resource use.	Baseline	0.11	Economic benefits from sustainably managed natural resources and tourist activities.	
	With GEF Alternative	0.79		Sustainable management of natural resources in ecosystems containing biodiversity of global significance, with particular emphasis on deciduous, conifer and mixed forests, alpine pastures and meadows. Ecosystem management will target protected area and buffer zone land-use planning, and will raise understanding of the role biodiversity plays in sustainable development; and of opportunities to maintain these values in the production landscapes, thereby reducing pressure on core protected area ecosystems.
	Incremental	0.68		

Establish eco-tourism programs.	Baseline	-	Limited increase in tourism visitation at project sites	
	With GEF Alternative	0.25		Development and implementation of an eco-tourism strategy that manages impacts of tourism on biodiversity, and links economic benefits with sustainable conservation of internationally important biodiversity and landscapes
	Incremental	0.25		
Establish program to reintroduce European bison.	Baseline	-	Captive herd of breeding bison	
	With GEF Alternative	0.84		Reestablished wild population indigenous bison providing natural mechanism to reconstruct and maintain natural ecosystem diversity, and raise awareness of its international significance.
	Incremental	0.84		
Develop models of forest management practices that reflect biodiversity conservation concerns.	Baseline	0.04	Sustainable forest management and production of forest resources	
	With GEF Alternative	0.18		Sustainable forest management, production of forest resources, and conservation of biological diversity of international importance
	Incremental	0.14		
Establish public awareness programs at the three project sites and at the national level.	Baseline	-	Public awareness of environmental issues and the need for sustainable natural resource management.	
	With GEF Alternative	0.72		Increased public awareness of the importance of conservation of globally significant biodiversity in Romania, of the linkages between international and national interests in biodiversity conservation, and of the issues that need to be addressed in order to achieve this objective.
	Incremental	0.72		
Project management	Baseline	-	Not applicable	
	With GEF Alternative	0.76		Not applicable
	Incremental	0.76		
Totals	Baseline	1.0		
	With GEF Alternative	9.8		
	Incremental	8.8		

Annex 5

Biodiversity Conservation Management

Financial Summary

Years Ending June 30
(in US million – base year 99/00)

	Implementation Period				
	99/00	00/01	01/02	02/03	03/04
<u>Project Costs</u>					
Investment Costs	0.6	2.8	2.4	0.8	0.4
Recurrent Costs	0.2	0.4	0.4	0.5	0.3
Total	0.8	3.2	2.8	1.3	0.7
<u>Financing Sources (% of total project costs)</u>					
GEF	5.1%	25.6%	21.9%	7.3%	2.6%
Government	1.7%	9.2%	8.1%	4.8%	3.5%
NFA	1.1%	2.5%	2.5%	2.6%	1.5%
Total	7.9%	37.3%	32.5%	14.7%	7.6%

Main assumptions: The project will become effective in July, 1999.

Annex 6
Biodiversity Conservation Management Project
Procurement and Disbursement Arrangements

Procurement

Procurement Responsibility

1. Implementation of the project will require procurement of goods and works and the selection and employment of consulting firms and individuals to carry out consulting and other technical assistance services. The PCT at the national level and the PMAs, with the help of the PCT, will be responsible for procurement under their respective activities. The PCT's procurement officer and PMA's administrative assistants will be trained in World Bank procurement procedures. The PCT procurement officer will be responsible for supporting the PMAs in their procurement activities.

Procurement Methods

2. The procurement of goods and works under the project will be conducted in accordance with the Bank's guidelines "Procurement under IBRD Loans and IDA Credits" published in January 1995, revised in January and August, 1996, September 1997 and January 1999. The project components not financed by the Bank will be procured in accordance with national regulations or the co-financing institutions' procurement regulations. A General Procurement Notice will be published in the Development Business of the United Nations in April 1999. The procurement of consultants will be conducted in accordance with the "Guidelines - Selection of Consultants by World Bank Borrowers", dated January 1997, revised September 1997 and January 1999. The Bank's Standard Bidding Documents, Standard Request for Proposal, as well as Standard Form of Consultants' Contracts will be used. A detailed procurement plan is at Annex C. The plan will be further refined during appraisal.

3. Goods. International Competitive Bidding (ICB) will be used for goods estimated to cost the equivalent of US\$200,000 or more. Off the shelf goods, estimated to cost up to US\$50,000 per contract (including Technical Services), will be procured through National Shopping (NS), based on comparison of quotations obtained from at least three suppliers. International Shopping (IS), based on comparison of quotations obtained from at least three suppliers in two different countries, will be applied to packages below US\$200,000. See footnotes to Table 3 for aggregate amounts.

4. Civil Works. Civil works estimated to cost US\$500,000 and above per contract will be procured through ICB. Contracts below US\$500,000 will be procured through NCB. Small value contracts estimated to cost less than US\$100,000 equivalent per contract, may be procured under lump sum, fixed price contracts awarded on the basis of quotations obtained from three qualified domestic contractors in response to a written invitation. The Invitation shall include a detailed description of the work, including basic specifications, the required completion date, a basic form of agreement and relevant

drawings, where applicable. The award shall include a detailed description of the work, including basic specifications, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to successfully complete the contract. The aggregate amounts are included in the footnotes of Table 3.

5. Consultants' Services. Consultants' services will be procured through the Quality and Cost Based Selection (QCBS) procedure. Such contracts will be advertised in Development Business and in a national newspaper for expressions of interest, from which a shortlist will be drawn. For contracts estimated to cost less than US\$200,000, the shortlist may consist entirely of national qualified firms, at least three. Foreign firms, if interested, will be allowed to participate. Consultants' services for the assignments of designing and supervising construction of the visitors centers and information points will be procured through the Least Cost Selection method (LCS). The aggregate amounts are shown under the procurement Table 3.

6. Individual experts will be selected in accordance with Part V of the Consultant Guidelines. Candidatures will be advertised, and selection will be made on the basis of comparison of qualifications and experience.

7. The utilization of funds allocated to meet various incremental operating costs, i.e., mileage, utilities and communication charges, maintenance of office equipment, etc. will be incurred in accordance with an annual budget subject to the Bank's prior approval.

Bank's Review of Procurement

8. Procurement documents for all ICB and NCB contracts (invitation to bid, draft bidding documents, evaluation report, both for goods and works) will be subject to the Bank's prior review. Procurement documents for the first IS, NS (for goods) and small works contracts will also be subject to the prior review of the Bank. With respect to Services, prior Bank review will be required for all terms of reference, irrespective of the contract value. For each contract estimated to cost US\$200,000 or more, after the technical proposal has been evaluated, the technical evaluation report will be submitted to the Bank for its review prior to the opening of the priced proposals. Financial proposals will be opened in public only after the Bank's no objection to the full evaluation report (including the results of the evaluation of both the technical and financial proposals. For contracts estimated to cost between US\$100,000 and US\$200,000 the Bank would be notified of the results of the technical evaluation prior to the opening of the financial proposals. Following the opening of the financial proposals and evaluations thereof, a full evaluation report will be submitted to the Bank. Contracts with local consulting firms estimated to cost more than \$50,000 equivalent each will be also subject of Bank's prior review. For contracts with individual consultants costing US\$20,000 or more the qualifications, experience, terms of reference and terms of employment shall be furnished to the Bank for its review and approval. All other contracts would be subject to ex-post review by the Bank.

Disbursement

9. Allocation of grant proceeds: Disbursements will follow normal Bank procedures and will be made against the categories of expenditures indicated in Table C. The proceeds of the proposed project area expected to be disbursed over a period of five years (see Table D). The anticipated completion date is June 30, 2004, and the closing date December 31, 2004.

10. Special Account: The Special Account and the Project Account will be maintained by the PCT. Advance Accounts will be maintained by the PMAs. Since working capital is not available for project expenditures, the use of Advance Accounts will give the PMAs direct access to funds for expenditures at the project sites. To facilitate disbursements against eligible expenditures, the Government would establish in a Commercial Bank a Special Account (SA) to be operated by the PCT under terms and conditions satisfactory to the Bank. The Bank would, upon request, make an Authorized Allocation of US\$500,000. Applications for the replenishment of the Special Account would be submitted monthly or when 50 percent of the initial deposit has been utilized, whichever occurs earlier. The replenishment application would be supported by the necessary documentation, the Special Account bank statement, and a reconciliation of this bank statement.

11. PMA Advance Accounts. In addition to the Special Account administrated by the PCT, three advance accounts at the three sites will be established at a suitable commercial bank nearest to the sites. These accounts will be replenished by the Special Account. An amount equivalent to 90 days of anticipated expenditure would be advanced from the Special Account to an account established by each of the PMAs based on an annual work program. The advances will be used to meet project expenditures in the three sites. Subsequent advanced to the PMAs will be given only upon their accounting for the advanced previously received. The PCT will be responsible for preparation and submission of regular replenishment requests with appropriate supporting documents for expenditures incurred. Among the documents that accompany replenishment applications a reconciliation statement for the Special Account showing deposits received from the Bank, the amount advanced to PMAs, the date on which this advance was made and the amount awaiting documentation from PCT with an explanation for the delay.

12. Use of Statements of Expenditures: Withdrawal applications would be fully documented, except for expenditures under: (a) contracts for goods valued at less than US\$200,000 each; (b) contracts for works less than US\$100,000 each; and (c) contracts for consulting firms costing less than US\$100,000 equivalent, and contracts for individual consultants costing less than US\$20,000 equivalent; and d) contracts for training; and e) subgrant contracts estimated to cost less than US\$10,000; and f) expenditures under the incremental recurrent cost. Full amount of documentation in support of SOE should be retained by the PCT and the PMAs for at least two years after the closing date of the grant.

Annex 6, Table A: Project Costs by Procurement Arrangements
(US\$ million equivalent)

Expenditures	ICB	NCB	Other	Notes	N.B.F.	Total
A. Civil Works	-	1.897 (1.480)	0.307 (0.127)	<u>a/</u>	-	2.204 (1.607)
B. Goods	0.710 (0.554)	-	0.756 (0.702)	<u>b/</u>	-	1.466 (1.256)
C. Consultant Services, Training and Workshops	-	-	2.614 (1.482)	<u>c/</u>	-	2.614 (1.482)
D. Subgrants	-	-	0.487 (0.487)		-	0.487 (0.487)
F. Incremental Operating Costs	-	-	2.029 (0.668)	<u>d/</u>	-	2.029 (0.668)
<u>TOTAL</u>	0.710 (0.554)	1.897 (1.480)	6.193 (3.466)			8.8 (5.5)

a/ includes: (i) Minor Works contracts (US\$0.127)

b/ includes: (i) National Shopping contracts (US\$0.208)

(ii) International Shopping contracts (US\$0.305)

(iii) Technical Services (NS) contracts (US\$0.144)

c/ includes: (i) Least Cost Method contracts (US\$0.140)

(ii) QCBS contracts (US\$0.338)

(iii) Individual experts (US\$0.458)

(iv) Study Tours, Training and Workshops (US\$0.546)

d/ Recurrent costs including US\$0.482 of implementation staff

Items in parentheses indicate amounts to be financed by the Bank.

Annex 6, Table B: Thresholds for Procurement Methods and Prior Review

Section 1: Procurement Review							
Goods and Civil Works	ICB	NCB	IS	NS	Minor Works	Other methods	Percentage of loan amount subject to prior review
Procurement thresholds: Individual and aggregate	Goods > \$0.200 (\$0.554) - -	- W < \$0.500 (\$1.480)	G < \$0.200 (\$0.305) -	G < \$0.050 (\$0.208) -	W < \$0.100 (\$0.127) -	TS < \$0.050 (\$0.144)	
Prior Review	All (\$0.554)	All (\$1.480)	First (\$0.011)	First (\$0.050)	First (\$0.050)	First (\$0.014)	\$2.159 39.25%
Consultants	QCBS	QBS	Fixed Budget	LCS	Qualifications	Individuals	
Procurement method thresholds		NA	NA	-	-	-	
Prior Review	All (\$0.338)	-	-	All (\$0.140)	-	All terms of reference. > \$0.020 full review	\$0.603 11%
Ex-post	Explain briefly the ex-post review mechanism: Each supervision mission will include a procurement specialist to conduct ex-post reviews. One out of five contracts will be subject to ex-post review.						

Section 2: Capacity of the Implementing Agency in Procurement and Technical Assistance requirement review	
<p>The capacity of the implementation agency to conduct procurement has been assessed. As a result, the following action plan will be implemented:</p> <p>(i) One procurement specialist (PS) should be hired to assist the agency in implementing procurement activities for the project. The PS should have familiarity with World bank procurement procedures and practices. The PS shall be hired prior to the project launch workshop. Also, prior to the project launch workshop, one member of each field implementation team should be assigned the procurement activities for the contracts to be awarded at local level. Prior to appointment of the PS, the Procurement Coordinator should be familiarized with Bank procurement procedures and practices so that he/she can indicate the most immediate project procurement immediately after Board presentation and signature of the grant agreement.</p> <p>(ii) The training to the PS and the field implementation team members in charge with procurement shall be provided before and during the project launch workshop. The procurement specialists, including the ones currently working in the MWFEF's procurement unit, will sent to the training courses in Turin.</p> <p>(iii) A detailed seminar on procurement shall be held for the Ministry staff at the project launch workshop. Training shall also include the preparation of bidding documents for each type of procurement method proposed in the loan agreement.</p>	
Country Procurement Assessment Report or Country Procurement Strategy Paper status: CPAR under preparation	Are the bidding documents for the procurement actions of the first year ready by negotiations Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> will be discussed during appraisal

Section 3: Training, Information and Development on Procurement				
Estimated date of Project Launch Workshop 06/00/99	Estimated date of publication of General Procurement Notice 04/15/99	Indicate if there is procurement subject to mandatory SPN in Development Business Yes <input checked="" type="checkbox"/> No..... <input type="checkbox"/>	Domestic Preference for Goods Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Domestic Preference for Works, if applicable Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Retroactive financing Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Explain:			Advance procurement Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Explain	
Explain briefly the Procurement Monitoring System: A procurement monitoring system will be established at the PCT which will collect and keep up to-date all procurement data. The PCT will use this data in progress reports to the Bank.				
Co-financing: Explain briefly the procurement arrangements under co-financing: None				

Section 4: Procurement Staffing	
Indicate name of Procurement Staff or Bank's staff part of Task Team responsible for the procurement in the Project: Name: Naushad Khan, Procurement Specialist	Ext: 32699
Explain briefly the expected role of the Field Office in procurement: The Resident Mission does not have an accredited procurement staff. However, the project officer in the RM is familiar with procurement. He will serve as a liaison between the procurement staff at headquarters and the beneficiary procurement staff.	

Annex 6, Table C: Allocation of Grant Proceeds

Expenditures	Amount in US\$	Financing Percentage
1. Civil Works	1,446,000	70%
2. Goods	1,028,000	100% of foreign expenditures 100% of national expenditures (ex- factory cost) and 80% of national expenditures for other items procured locally
3. Consultancy Services, Training and Workshops	1,287,000	60%
4. Subgrants	487,000	100% of amounts disbursed
5. Incremental Operating Costs	666,000	70%
6. Unallocated	586,000	
Total	5,500,000	

**Table D: Estimated Disbursements by Year
(US\$million)**

Estimate Disbursements (Bank FY/US\$M)	99/00	00/01	01/02	02/03	03/04	Total
GEF Grant	0.45	2.25	1.93	0.64	0.23	5.50
GOR	0.15	0.81	0.71	0.42	0.31	2.40
NFA	0.10	0.22	0.22	0.23	0.13	0.90
Total per year	0.77	3.21	2.86	1.29	0.67	8.80
Total cumulative	0.77	3.98	6.84	8.13	8.80	8.80

Annex 7
Integrated Protected Areas and Conservation Management
Project Processing Budget and Schedule

A. Project Budget (US\$)	<u>Planned</u> (At final PCD stage) \$166,000	<u>Actual</u> \$395,600 to date (1/25/98) ¹
B. Project Schedule	<u>Planned</u> (At final PCD stage)	<u>Actual</u>
Time taken to prepare the project (months)		
First Bank mission (identification)	--	03/06/96
Appraisal mission departure	11/15/97	02/16/99
Negotiations	02/15/98	03/10/99
Planned Date of Effectiveness	06/15/98	N/A

Prepared by: Ministry of Waters, Forests and Environmental Protection

Preparation assistance: GEF Block B Grant, CIDA TF, Austrian TF, UK Know How Fund

Bank staff who worked on the project included:

<u>Name</u>	<u>Specialty</u>
John Fraser Stewart	Biodiversity and Natural Resources Specialist
Adriana Dinu	Biodiversity Specialist
Gordon Temple	Economist/Financial Analyst
Marjory-Anne Bromhead	Peer Reviewer/Natural Resource Economist
Andrew Parker	Economist/Decentralization Specialist
Naushad Khan	Procurement Specialist
Ramendra Basu	Financial Management Specialist
Kenneth Miller	Disbursement Officer
Maurizio Ragazzi	Lawyer
Charis Wuerffel	Operations Analyst
Jocelyne Albert	GEF Regional Coordinator
Mahesh Sharma	GEF Regional Coordinator
Kathy Mackinnon	GEF Biodiversity Specialist
John A. Hayward	Sector Leader/Natural Resources
Gottfried Ablasser	Quality Assurance
Gabriel Ionita	RM Project Officer
Doina Rachita	RM Project Officer
Elena Dinu	RM Project Officer
Irina Luca	RM Project Officer

¹ Includes:

- (i) supervision of preparation of National Biodiversity Strategy and Action Plan (BSAP), as GEF pre-requisite for project identification;
- (ii) Trust Funds totaling \$172,000, including \$72,000 from the Austrian Global Environmental Trust Fund for support of the BSAP and preparation of a Large Carnivore Conservation Strategy; and \$100,000 from the Canadian Global Environmental TF, for consultant support of project preparation.

Stan Peabody
David Gray
John Kellenberg
Louis Carbonnier
Parvin Baharmast
Irene Bomani

Social Scientist
GIS Specialist
Economist
Forester
Team Assistant
Team Assistant

Annex 8
Biodiversity Conservation Management Project
Documents in the Project File*

A. Project Implementation Plan

Draft TORs for PCT Staff
Institutional Arrangement for Project Implementation (organigram)
Procurement Plan
Implementation Schedule

B. Bank Staff Assessments

Environmental Data Sheet
Project Information Document
COSTAB Project Cost Tables

C. Other

Consultants Preparation Report
GEF Proposal for Review
Romania Biodiversity Strategy and Action Plan

*Including electronic files.

Status of Bank Group Operations in Romania
Operations Portfolio
 As of 30-Apr-99

Project ID	Fiscal Year	Borrower	Purpose	Original Amount in US\$ Millions				Difference Between expected and actual disbursements a/			Last PSR Supervision Rating b/	
				IBRD	IDA	Cancel.	Undisb.	Orig	Frm Rev'd	Dev Obj	Imp Prog	
Number of Closed Projects: 39												
<u>Active Projects</u>												
RO-PE-8759	1992	MOF	HEALTH SERVICES REHA	150.00	0.00	0.00	15.40	15.34	15.34	S	S	
RO-PE-8784	1994	REPUBLIC OF ROMANIA	EDUCATION	50.00	0.00	0.00	29.82	15.51	0.00	S	S	
RO-PE-8777	1994	Government of Romania	PETROLEUM SECTOR REH	175.60	0.00	0.00	111.49	109.51	0.00	S	U	
RO-PE-8774	1994	GOVT. OF ROMANIA	INDUSTRIAL DEVELOPME	175.00	0.00	0.00	116.24	116.24	84.74	S	S	
RO-PE-8776	1995		EMPLOY. & SOC. PROTE	55.40	0.00	0.00	48.35	38.27	0.00	S	S	
RO-PE-36013	1996	SNCFR	RAILWAY	120.00	0.00	0.00	92.43	52.45	0.00	S	S	
RO-PE-8794	1996	RENEL	POWER SECTOR REHAB.	110.00	0.00	0.00	102.15	95.66	0.00	S	U	
RO-PE-39250	1997	GOVERNMENT OF ROMANIA	SECOND ROADS	150.00	0.00	0.00	105.60	-14.40	0.00	S	S	
RO-PE-8795	1997	GOVERNMENT OF ROMANIA	ASAL	350.00	0.00	0.00	144.34	150.00	0.00	U	U	
RO-PE-8793	1997	ROMANIA	HIGHER EDUCATION	50.00	0.00	0.00	43.45	43.46	0.00	S	S	
RO-PE-8778	1997	ROMANIA	BUCHAREST WATER SUPP	25.00	0.00	0.00	17.33	12.32	0.00	S	S	
RO-PE-55495	1998	GOVERNMENT OF ROMANIA	CHILD WELFARE REFORM	5.00	0.00	0.00	5.00	.97	0.00	S	S	
RO-PE-44614	1998	ROMANIA	SCHOOLS REHABILITATI	70.00	0.00	0.00	69.69	7.59	0.00	S	S	
RO-PE-34213	1998	GOVERNMENT OF ROMANIA	GENERAL CADASTRE	25.50	0.00	0.00	24.97	.47	0.00	S	S	
RO-PE-8788	1998	GENERAL INSPECTORAT OF CO	TELECOMMUNICATION	30.00	0.00	0.00	28.72	5.47	0.00	S	S	
RO-PE-58284	1999	GOVERNMENT OF ROMANIA	CULTURAL HERITAGE	5.00	0.00	0.00	5.00	0.00	0.00	S	S	
RO-PE-49200	1999	GOVERNMENT OF ROMANIA	SOCIAL DEVELOP. FUND	10.00	0.00	0.00	10.00	0.00	0.00	S	S	
Total				1,556.50	0.00	0.00	969.98	648.86	100.08			
		<u>Active Projects</u>	<u>Closed Projects</u>			<u>Total</u>						
Total Disbursed (IBRD and IDA):		580.86	3,211.39			3,792.25						
of which has been repaid:		24.73	2,293.41			2,318.14						
Total now held by IBRD and IDA:		1,531.76	922.58			2,454.34						
Amount sold :		0.00	19.78			19.78						
Of which repaid :		0.00	19.78			19.78						
Total Undisbursed :		969.98	0.00			969.98						

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

b. Following the FY94 Annual Review of Portfolio performance (ARPP), a letter based system was introduced (HS = highly Satisfactory, S = satisfactory, U = unsatisfactory, HU = highly unsatisfactory): see proposed Improvements in Project and Portfolio Performance Rating Methodology (SecM94-901), August 23, 1994.

Note:

Disbursement data is updated at the end of the first week of the month.

Romania at a glance

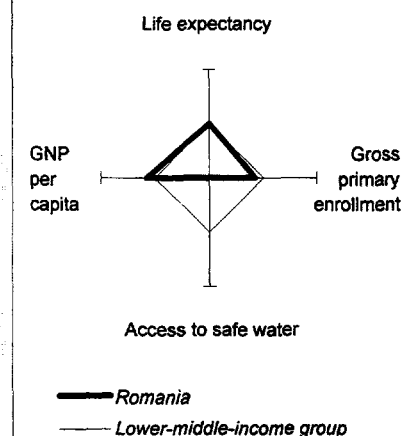
ANNEX 10

9/16/1998

POVERTY and SOCIAL

	Romania	Europe & Central Asia	Lower-middle-income
1997			
Population, mid-year (millions)	22.5	476	2,285
GNP per capita (Atlas method, US\$)	1,420	2,320	1,230
GNP (Atlas method, US\$ billions)	32.0	1,106	2,818
Average annual growth, 1991-97			
Population (%)	-0.5	0.2	1.2
Labor force (%)	0.0	0.5	1.3
Most recent estimate (latest year available, 1991-97)			
Poverty (% of population below national poverty line)	22	..	..
Urban population (% of total population)	57	67	42
Life expectancy at birth (years)	69	69	69
Infant mortality (per 1,000 live births)	22	25	36
Child malnutrition (% of children under 5)	6	..	..
Access to safe water (% of population)	3	..	84
Illiteracy (% of population age 15+)	3	..	19
Gross primary enrollment (% of school-age population)	94	92	111
Male	..	..	116
Female	..	..	113

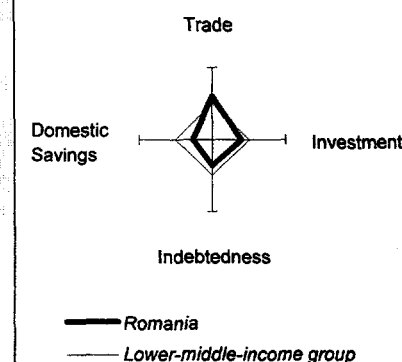
Development diamond*



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1976	1986	1996	1997	
GDP (US\$ billions)	..	..	33.1	32.1
Gross domestic investment/GDP	41.4	34.4	24.7	21.5	
Exports of goods and services/GDP	..	20.1	28.4	29.7	
Gross domestic savings/GDP	..	38.1	16.3	14.5	
Gross national savings/GDP	..	37.1	17.1	14.6	
Current account balance/GDP	..	..	-7.8	-7.3
Interest payments/GDP	..	..	1.1	1.2
Total debt/GDP	..	..	25.1	32.6
Total debt service/exports	..	..	12.6	15.7
Present value of debt/GDP	..	..	23.8	..
Present value of debt/exports	..	..	80.8	..
(average annual growth)					
GDP	4.0	-2.7	3.9	-6.6	..
GNP per capita	3.3	-2.8	1.9	-8.9	..
Exports of goods and services	..	1.7	4.8	2.1	..

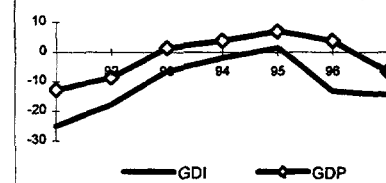
Economic ratios*



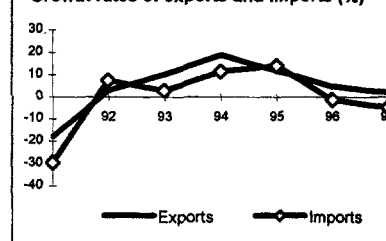
STRUCTURE of the ECONOMY

	1976	1986	1996	1997
(% of GDP)				
Agriculture	22.8	22.8
Industry	36.9	38.7
Manufacturing
Services	40.4	38.5
Private consumption	..	58.3	72.1	75.4
General government consumption	..	3.6	11.6	10.1
Imports of goods and services	..	16.4	36.7	36.7
(average annual growth)				
Agriculture	..	1.1	-2.4	2.2
Industry	..	-5.6	6.8	-5.0
Manufacturing
Services	..	-2.7	-6.1	-14.0
Private consumption	..	0.8	10.0	-6.2
General government consumption	..	4.4	-7.5	-10.6
Gross domestic investment	..	-5.0	-13.3	-14.5
Imports of goods and services	..	2.0	-1.2	-4.6
Gross national product	4.0	-3.0	1.6	-9.2

Growth rates of output and investment (%)



Growth rates of exports and imports (%)

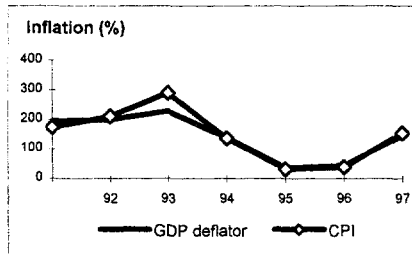


Note: 1997 data are preliminary estimates.

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

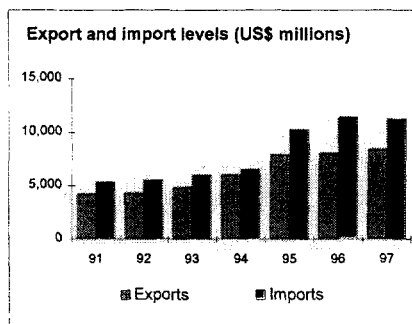
PRICES and GOVERNMENT FINANCE

	1976	1986	1996	1997
Domestic prices				
<i>(% change)</i>				
Consumer prices	..	1.0	38.8	154.8
Implicit GDP deflator	1.3	0.2	43.8	146.8
Government finance				
<i>(% of GDP, includes current grants)</i>				
Current revenue	..	49.7	29.9	30.4
Current budget balance	..	30.1	1.6	1.1
Overall surplus/deficit	..	11.8	-3.9	-3.6



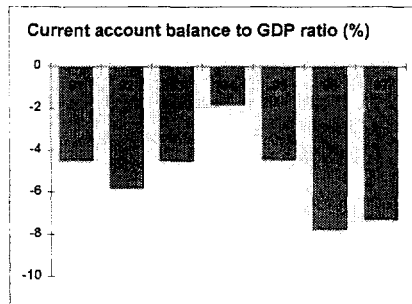
TRADE

	1976	1986	1996	1997
<i>(US\$ millions)</i>				
Total exports (fob)	..	9,763	8,085	8,431
Textiles	2,238	2,485
Metals	1,268	1,556
Manufactures	..	7,234	2,298	2,411
Total imports (cif)	..	8,083	11,435	11,280
Food	..	152	870	694
Fuel and energy	..	4,094	2,390	2,131
Capital goods	..	2,127	2,519	1,171
Export price index (1995=100)	103	105
Import price index (1995=100)	103	105
Terms of trade (1995=100)	100	100



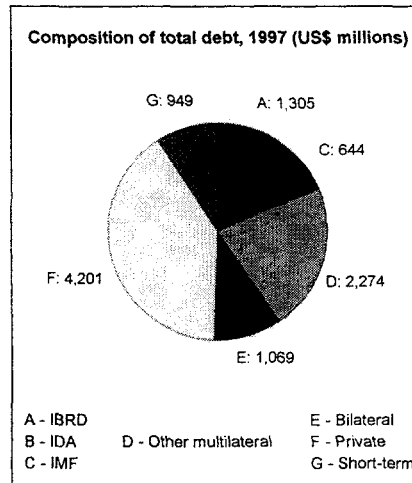
BALANCE of PAYMENTS

	1976	1986	1996	1997
<i>(US\$ millions)</i>				
Exports of goods and services	6,642	10,444	9,648	9,853
Imports of goods and services	6,540	8,507	12,503	12,448
Resource balance	102	1,937	-2,855	-2,595
Net income	-118	-542	-309	-322
Net current transfers	..	0	593	579
Current account balance	-16	1,395	-2,571	-2,338
Financing items (net)	-105	-782	2,788	4,003
Changes in net reserves	121	-613	-217	-1,665
Memo:				
Reserves including gold (US\$ millions)	..	..	3,144	4,671
Conversion rate (DEC, local/US\$)	..	..	3,276.7	7,787.7



EXTERNAL DEBT and RESOURCE FLOWS

	1976	1986	1996	1997
<i>(US\$ millions)</i>				
Total debt outstanding and disbursed	525	6,983	8,291	10,442
IBRD	144	1,836	1,009	1,305
IDA	0	0	0	0
Total debt service	..	..	1,230	1,582
IBRD	2	365	63	99
IDA	0	0	0	0
Composition of net resource flows				
Official grants	0	0	105	120
Official creditors	..	..	1,718	598
Private creditors	..	..	2,008	698
Foreign direct investment	..	..	263	1,224
Portfolio equity	0	0	11	142
World Bank program				
Commitments	110	0	475	620
Disbursements	124	9	227	399
Principal repayments	0	200	0	28
Net flows	124	-192	227	371
Interest payments	2	164	63	70
Net transfers	123	-356	164	301



ANNEX 11

ROMANIA

PROTECTED AREAS AND CONSERVATION MANAGEMENT PROJECT

SOCIAL ANALYSIS and PARTICIPATORY APPROACH

1. An assessment of stakeholder and social issues was undertaken as part of project preparation in an effort to:
 - (a) identify key stakeholders with respect to biodiversity conservation nationally and at the three demonstration sites;
 - (b) review stakeholder interests and associated impacts on resource use, land tenure and the project;
 - (c) identify and mitigate against possible negative socio-economic impacts on local stakeholders resulting from the project; and
 - (d) identify and develop opportunities for the project to benefit stakeholders through capacity building at local and national levels among government agencies and institutions and NGOs, and assisting local resource-users to establish mechanisms for sustainable resource management.

2. Project preparation entailed consultation with a broad range of stakeholder groups using a number of different information gathering methods, including formal and semi-formal interviews, group discussions and workshops, rapid rural appraisal and literature review (see attachment 1). In addition, local consultants participating in project preparation provided information and contributed to the identification of risks, impacts and mitigation strategies.

Current Socio-Economic Context for Project

3. The social context can significantly influence project activities, viability and long-term success. Context includes national level dynamics associated with the economic transition and trends towards privatization, as well as local level issues associated with land ownership and resource tenure, decentralization, organization and participation in management of natural resources.

4. *Socio-Economic Conditions:* At the national level, massive Governmental restructuring and reduction of subsidies are influencing socio-economic conditions to a large degree, including real wage declines and unemployment. At the level of the project demonstration sites, key rural development issues are: unemployment, unsustainable use of resources, and lack of access to credit to support development of new income generating opportunities. Poor economic conditions and their implications for social welfare result in a lack of interest in investments in protected area management activities. Consequently, wherever possible, the project will support economic opportunities for key stakeholders that are linked with the objectives of the project.

5. *Land Privatization/ Land Tenure and Ownership*: The policy of privatization of state companies, and more importantly of the resources they control, could greatly influence the project. Given poorly enforced land use regulations, the restitution process can lead to uncontrolled development by private interests. The privatization of forest resources currently under review (Law 169/1997) has the potential to fragment forest ecosystems into numerous, small and difficult to manage entities. Due to social and economic constraints and lack of understanding of the long-term benefits, many new forest owners are likely to clear-cut their forests. This process could result in major biodiversity loss. Key concerns associated with tenure and ownership (i.e., privatization) issues include: (a) habitat fragmentation; (b) unsustainable harvesting of forest resources (owners may capitalize on short-term economic opportunities rather than risk losing the resources to a later re-appropriation by the State); and (c) potential for a loss of resource control for several key stakeholders including forestry interests and mayors.

Demographic Trends at the Project Sites

6. *Retezat National Park's* buffer area has a population density of approximately 77 people/km² and is characterized by relatively high unemployment rates (17.5 % for women and 12 % for men). Key land and resource uses include agriculture (hay, potato and corn production) and sheep and cattle grazing. The increased number of sheep coming from other regions of the country have significantly increased pressure on the alpine meadows and resulted in the last years in a declined in local income from cheese and other dairy products. Moreover, the lack of access to credit, inadequate infrastructure, and lack of employment opportunities in the region have contributed to increased migration of the young and skilled people to big cities in search of jobs.

7. *Piatra Craiului - Bucegi* region has a population density that ranges from 119 people/ km² in Brasov area to 184 people/ km² in Prahova area. Compared with the other project sites, Piatra Craiului – Bucegi region has the lowest unemployment rates (12.7 % for women and 6.7 % for men). Key land and resource uses include sheep and cattle grazing, wood processing, manufacturing activities and tourism. With a reasonable tourism infrastructure, numerous small and big towns, and an active labor force there are significant opportunities for economic growth in the region.

8. *Vanatori-Neamt* region has a population density of approximately 99 people/km² and the highest unemployment rate of all project sites (19.2% for women and 17.3 % for men), which has resulted in increased migration of young population to the nearest towns. The total population of Vanatori Neamt is 9,600 with 2060 households. Key land and resource uses include subsistence agriculture with a farming system centered on hay production, cattle and sheep grazing, and forest harvesting and processing. Primary sources of income include pensions, dairy products and livestock.

9. The population and age structure of communities associated with the three project sites are summarized in attachment 4.

Analysis of Stakeholder Groups

Overview

10. The project sites are characterized by multiple use of natural resources by a broad range of stakeholders, and a long history of agro-pastoral and forestry activities. Key stakeholders include: (a) Government institutions and agencies at the national, regional and local levels (including MWFEP, NFA, Ministries of Agriculture, Industry, Tourism, etc); (b) the academic community and research institutes; (c) local residents and resource users (shepherds, farmers, forest users and forestry entrepreneurs); (d) national and local-level NGOs; (e) tourists; and (f) local businesses and industries. Each of these stakeholder groups has specific interests and needs related to resource use and control and will, therefore, be affected differently by the project.

11. Three different groupings of stakeholders are described separately. These include: (i) stakeholders most able to influence the project; (ii) those who are most affected by the project but have only moderate influence on it; and (iii) those whose influence on, and impact from, the project are negligible. Attachment 2 provides an overview of stakeholder involvement in project components; Attachment 3 is a summary of stakeholder analysis, interests, potential impacts and influence on the project; and Attachment 4 outlines the likely initial influence versus the anticipated final impacts of the project on different stakeholder groups.

Stakeholders most able to influence project – interests, influence and impact mitigation

12. This group includes decision makers at national and local levels; those who have significant influence regarding decision making (i.e., media, monasteries), and those with legal responsibility for biodiversity conservation, natural resource management and/or protected areas.

13. *Ministry of Water, Forests, and Environmental Protection (MWFEP)*: The MWFEP, includes five main directorates, including: the General Directorate for Monitoring and Ecological Control, the General Directorate of Forests (GDF), and the General Directorate of Waters (GDW). MWFEP is the central authority for environmental protection in Romania and has recently created a new Directorate for Nature and Biodiversity Conservation (DNBC). This Directorate has legal and regulatory responsibility for biodiversity conservation inside and outside protected areas. The GDF regulates the forestry sector and supervises the National Forest Authority (NFA) and the Research and Management Planning Institute for Forestry. NFA, through its forestry territorial units (Directii and ocoale silvice) manages all state forests, including those within protected areas, and enforces the Forest Law.

14. Given the limited extent to which the decentralization of resource management activities has taken place in Romania, acceptance at the MWFEP of the concept of decentralized management of protected areas may be slow. Consequently the project will demonstrate the importance of participatory processes decentralized management, while building the capacity of DNBC and NFA to plan and lead biodiversity conservation. This will be achieved through provision of training and equipment to support implementation of national level project activities, including replication of project experience throughout the country. The project will also provide training and strengthen the capacity of the NFA Service for Protected Areas to replicate PAs in conservation sites that include significant areas of forests.

15. *Ministry of Public Works and Territorial Planning (MPWTP)*: The MPWTP recently issued a law for territorial administration that includes general provisions for protected areas. The project will involve MPWTP in development of the future protected areas law, in order to

ensure that the Protected Areas Law will be compatible with the Land-Use Planning Law. The project will support workshops and discussions to encourage the MPWTP to adjust current land use plans and develop new land-use plans to incorporate measures for conserving biodiversity.

16. *Romanian Academy:* The Commission of Natural Monuments (CNM) of the Romanian Academy has legal authority over policy decisions on protected area establishment and management of scientific reserves. The CNM will be substantially involved in the project supported initiative to establish a network for protected areas in Romania. Additionally, CNM together with the research institutes of the Romanian academy will assist with establishment of boundaries and internal zoning for the protected area project sites, and provide scientific input for the management plans.

17. *Prefectures and County Councils:* As the liaison between the National Government and local authorities, the Prefectures and County Councils are responsible for enforcing the Environmental Protection Law at the county level. They have relatively powerful influence on any activities undertaken in the county, and would be instrumental in supporting protected area and project efforts to reduce non-sustainable resource use. The project will support Prefectures and County Councils in their efforts to carry out legal tasks related to environmental protection, and will benefit from their influence in support of project implementation through their involvement in the project consultative boards.

18. *Mayors and Local Councils:* The return of control over grazing resources to mayors in the early 1990s increased local government interest in the economic benefits derived from use of grazing resources. Since mayors and local councils may not yet be completely aware of the long-term benefits of sustainable resource use, they could potentially negatively influence public perception and acceptance of the protected areas during the early stage of project implementation. Under the project, representatives of the local Government will participate in the park consultative boards. In addition, park authorities will actively develop close working relationships with mayors, local councils and in order to develop and implement sustainable resource management strategies.

19. *Monasteries (Neamt only):* The monasteries in Neamt are very interested in the return of forestry and agriculture lands through the restitution process. Although the project will have limited impact on the monasteries' activities, they have significant power to influence the local population, more so than media or local government. Consequently, their support of project activities in lands adjacent to the Vanatori Neamt Forest Park, especially possible restrictions on grazing rights or issues concerning land ownership, will be essential. Under the project, the park management authority will work closely with church administrations to explore mutual interests, especially in the development and implementation of public awareness and ecotourism strategies.

20. *Media:* Growing awareness of environmental issues among media agencies at national and local levels will have an important influence during project implementation. Moreover, their ability to inform the public and raise awareness could play a key role in attracting political and public support of protected areas, which is essential for long term project success. The project will work closely with the media at both the local and national level and facilitate their implementation of public awareness programs.

Stakeholders most affected by project activities— interests, influence and impact mitigation

21. These stakeholders include: villagers, shepherds and land owners, NFA, mayors and local councils, tourists/visitors, NGOs, local/small enterprises, harvesting companies and wood

processing industries and hunting associations and poachers. This group is most likely to be impacted either negatively (e.g. through loss of access to resources) or positively (e.g., through provisions of new opportunities for income generation, etc.). Consequently, the project will mitigate negative impacts and strengthen linkages between benefits and project objectives.

22. *Local Resource Users (including Local Landowners, Shepherds, Animal Owners, Farmers, and NFA):* Local communities have a long history of resource utilization within or adjacent to all three demonstration sites. Key resource uses include timber and non-timber forest products and meadows. The transition to a free market economy, has reduced employment and changed land and resource use patterns (notably grazing, management systems and forestry operations). Consequently, the primary interest for local communities associated with the project sites is increasing employment and income generation opportunities.

23. In some cases, implementation of the project activities will result in restricted access to resources (forests, meadows, timber and non-timber forest products, etc.). NFA will also lose some access to forest resources. If project activities create economic hardship, local communities and individuals will likely react against the project. Additionally, since there is little experience with decentralized, participatory approaches to managing complex issues in Romania, inadequate participation of local communities in development of project activities is a risk. Consequently, the project will mitigate negative impacts through supporting the establishment of alternative income generation initiatives that are based on the sustainable or non consumptive use of natural resources, and through raising the awareness of stakeholder groups of the indirect benefits of conservation.

24. *Mayors and Local Councils:* Although local governments have potential to influence the project (see para. 11) they will also be impacted by the project. The establishment of PAs within their jurisdiction may, in the short term, result in loss of direct access to income generating resources from, for example, grazing fees on meadows or potential private development. The project may result in local councils and mayors experiencing difficulty in balancing constituent demands with Protected Area objectives. The project will: (a) target local authorities through the public awareness program to raise understanding of the long-term benefits of sustainable resource use and potential for economic benefit through project activities, such as eco-tourism and the Small Grants program, and (b) involve them in development of project activities.

25. *Tourists:* Visitors are an important stakeholder group with significant impact on, and interests in, the project sites. Their activities also have an economic impact on other key stakeholders, notably, through utilization of services such as private hotels, state-run enterprises, rural/farm tourism lodges, etc. While there is an increasing emphasis on attracting foreign tourists, Romanians account for 80 % of visitors at all three sites. Although facilities are few and inadequate, approximately 8,000 tourists visit Retezat National Park over a four month period each summer, and at least 25,000 visit Piatra Craiului during the same season. Access to these project sites is very important to Romanians for cultural reasons, and project activities that limit access and use, or increase access fees, will be carefully assessed in a participatory manner.

26. *Tourism Operators, Local Business and Industries:* Tourism operators and commercial/industrial interests active within buffer areas of the three demonstration sites have high expectations of the project's impact, including the possibility of increased income through participation in the eco-tourism developments and access to the small grants program. The enhanced profile of the project area could increase the number of tourists visiting the sites, which could, in turn, increase income generation for these businesses.

27. *NGOs (National and Local)*: The Romanian environmental movement is a dynamic sector of the emerging civil society, which is in the process of developing coalitions and new organizational structures. However, most NGOs are still primarily grassroots-oriented, are run by volunteers and have limited budgets and technical expertise. Nonetheless, they are capable of initiating and undertaking a variety of protected area management activities, such as education, public awareness, tourism monitoring, restoration and rehabilitation of trails, etc. In addition, they are developing the capacity to encourage public interest and participation in environmental issues and influence policy and decision-making processes. Some NGOs have high expectations with respect to their participation in project activities. The project will support the development of capacity in local NGOs, and provide opportunities for NGOs to participate constructively in protected area management and public awareness programs.

28. *Forest Harvesting Companies and Wood Processing Industries*: Stakeholders include: (a) forestry interests requiring concessions and access to harvestable supplies of timber and (b) industrial and commercial enterprises utilizing natural resources for manufacturing. Forestry operations are a primary economic activity in all project sites, processing wood resources and providing important opportunities for employment and income generation. These resource users may have the strongest interest in maintaining the status quo and may not be receptive to restriction of access to forest resources. The exception is in Piatra Neamt site, where forest harvesters will benefit from the certification program that may be developed under the project, which aims to assist in accessing higher value and more stable markets. The risk is that harvesters may be skeptical that the benefits of improved access to markets will outweigh the costs of investment and equipment needed for certified harvesting. The project will assess the financial viability of improved forest management and disseminate the findings to forest operators.

29. *Hunting Associations*: Stakeholders include: a) hunting associations that control specific areas for the purposes of maintaining hunting opportunities; and (b) poachers and illegal timber harvesters who take advantage of weak enforcement in order to access restricted resources. Currently, hunting associations are responsible for managing wildlife mainly for economic benefits (through hunting fees) in some of the project sites. This has significant implications for biodiversity conservation. Consequently, the project will, through review of the new Protected Areas Law, determine the future role of the Hunting Associations in Protected Areas.

Stakeholders with negligible influence over the project and for whom the project has minimal impact – interests, influence and impact mitigation

30. This stakeholder group includes Agriculture Directorates, Research Institutes and other National Government Institutions. These stakeholders will be involved through the participatory mechanisms of the project, however, their influence overall may be negligible. Additionally, while this group may receive some benefits as a result of project activities, there will not be significant impact.

31. *Agriculture Directorates*: The extension service of the Agriculture Directorates are the primary implementing agencies for the countries rural development programs. Consequently, they have an important role in rural development under their current and future programs. Coordination of their programs with the activities of the PMAs will be important, especially for the development of extension services in lands adjacent to the project areas.

32. *Research Institutes*: A broad range of Romanian research institutes could provide specific expertise relating to biodiversity conservation issues. These include the Institute for

Forest Research and Management Planning (ICAS), Institute of Environmental Engineering Research (ICIM), the Research Institute for Tourism, Institute of Meadows, Institute of Biology, and the Institute of Geography. While this stakeholder group is able to influence policy directions and management activities, with respect to biodiversity conservation, their main focus is academic research, rather than applied, management-driven research; they will, therefore, have little involvement in project activities.

33. *Other National Government Institutions:* The newly developed Department for Rural Development at the Ministry of Agriculture and the creation of greater extension capabilities within this agency, could positively influence project activities and provide inter-ministerial support. Other Government institutions with potential impacts on biodiversity include the Ministries of Tourism, Finance, Education, Industry and Transportation. While these institutions will be consulted in development of the national legal framework for biodiversity conservation, they will not be directly involved in project activities and hence not significantly affected by the project.

Participation Mechanisms

34. At present, local, and national level stakeholders have little experience in decentralized planning and management of resources. Consequently, the project will foster decentralization of responsibility from the National to the County level and will develop management processes that facilitate the participation of key stakeholder groups, including NGOs. The project will provide the following opportunities for participation:

- (a) decision making, e.g., through establishment of Park Management Units, Consultative Boards, working groups and committee's;
- (b) capacity building, e.g., through provision of training for: (i) Park Management Authority and territorial forestry unit staff in new skills such as conflict resolution, integrated resource management, community participation, public awareness, and communication, etc; (ii) NGOs and local stakeholders to implement project activities; and
- (c) establishing and supporting new opportunities for employment and income generation that are linked to the objectives of the project. Opportunities for include establishment of mechanisms to support sustainable use of natural resources, including grazing and forest products, provision of small grants to support conservation compatible activities, employment of local individuals, and engagement of local NGOs and small commercial enterprises in protected area management activities.
- (d) raising stakeholder awareness of conservation needs and of opportunities to participate in and/or support project activities.

35. Mechanisms for stakeholder participation in project activities are summarized in Attachment 5. Further development and implementation of the project, including identification of training needs and economic development opportunities that will be supported by the project, will be undertaken in a participatory manner through decision making mechanisms that the project will establish at the National and County level. These are summarized in Attachment 6, and outlined below:

A. National Level Participation In Decision Making

Project Oversight Committee

36. The Project Oversight Committee will be responsible for providing project oversight advice and assistance in resolving project implementation issues. The committee will provide the opportunity for national level stakeholders to participate in the overall implementation and development of the project. The committee will be chaired by the Secretary of State of MWFEP and will include experts from MWFEP, MoF, the Commission of Natural Monuments of the Romanian Academy, and NFA.

National Consultative Board

37. The National Consultative Board will meet quarterly to discuss progress of the new protected areas and can request NFA or the Ministry to analyze issues and amend laws, regulations and guidelines in order to improve effectiveness of biodiversity conservation in protected area management throughout the country. The Board may mediate and resolve potential conflicts between Park Management Authorities and the national agencies responsible for protected area management. As for the project oversight committee, membership will include experts from MWFEP, the Commission of Natural Monuments of the Romanian Academy, NFA and invited experts in protected area management, however the chair of the consultative board will be rotated, and its function will prevail after project implementation has been completed.

National Working Groups

38. Working groups will be established to ensure participation of stakeholders in strengthening the national framework for managing biodiversity conservation. The groups will analyze issues and prepare reports for submission to DNBC advising on agreements reached and the measures needed to implement agreements (e.g., laws and regulations, and development of guidelines for protected area management). In addition, outputs of the working groups will include issues papers, and minutes of the meetings, etc. Participants in these groups will include, as necessary, representatives from: DNBC, GDF, DW, Commission of Natural Monuments of the Romanian Academy, the National Commission for UNESCO and Ministries of Agriculture, Finance, Transport, Industry, Public Works and Territorial Planning, Tourism, Education, research institutes, and NFA experts in protected area management, etc. National Working groups will include:

- (a) **Protected Area Classification** – this working group will convene to set up guidelines for Romanian PA classification, using IUCN criteria. These guidelines will be used for classifying existing and future PAs in Romania, once the new Protected Area Law is ratified.
- (b) **Protected Area Law** – this working group will be established by DNBC to undertake the participatory review of existing and draft legislation that has potential influence on biodiversity conservation.
- (c) **Management Planning Guidelines** – this working group will establish guidelines for management planning based upon the Protected Area classification and law.

- (d) **Boundary Analysis and Internal Zoning** – this working group will develop guidelines for analyzing boundary and internal zoning for Protected Areas.
- (e) **Ecological Adaptation of school curriculum** – this working group will convene to review current school curricula and determine ways to modify them, in order to make students more aware of the environmental and ecological issues.

B. County and Local Level Participation in Decision Making

Park Management Consultative Boards and Working Groups

39. To ensure participation of all stakeholders in development of park management activities, the project will support the establishment of consultative boards and working groups at each demonstration site.

- (a) **Consultative Board:** The Project will establish three Consultative Boards, one at each demonstration site, to ensure the participation of key stakeholders in protected area management activities at the site level. The Boards will serve as forums for discussions and consultation among stakeholders and will be called on to endorse management plans. These Boards will meet four times a year and may include representatives from: the Park Management Authority; Forestry Districts; County Councils; Prefectures; the Environmental Protection Agency; local communities; the Commission of Natural Monuments of the Romanian Academy; Agriculture Directorates; Research Institutes; NGOs; and representatives of specific economic sectors relevant for each site.
- (b) **Management Plan Working Groups** will be established at Retezat and Piatra Craiului-Bucegi to ensure participatory planning in the development of management plans. Membership will be established on an ad hoc basis, according to technical needs.
- (c) **Boundary and Internal Zoning Working Groups** will be established at Retezat and Piatra Craiului-Bucegi to ensure consultation and participation of all stakeholders in boundary analysis and establishment of management objectives for different zones of the protected areas. Membership will include all stakeholders owning or administering protected area or buffer zone lands, and representatives of resource user groups.

Committees for Implementation of the Small Grants Program

40. A small grants program will support participation of local communities in the sustainable use of the natural resources and contribute toward mitigation of potential economic losses, associated with restricted access to natural resources resulting from the establishment of Protected Areas. Establishment of mechanisms for this program will target sustainable resource use, including grazing and park-friendly investment activities by local communities and other resource users.

- (a) **Communal Grazing Association (CGA)** - Workshops will be held in each commune to explain project objectives and activities to animal owners, shepherds and other groups dependent on livestock products. Workshop participants will elect representatives to local CGAs, which will be established

for each commune that owns sheep that are grazed in project sites. CGAs will provide a vehicle for participation of representatives of animal owners and shepherds in developing a plan for sustainable use of lowland meadows and alpine pastures associated with project sites.

- (b) **Inter-communal Grazing Committee (IGC)** will be composed of one representative from each of the CGAs a representative of the PMA, representatives of local authorities, and a local expert in Small Enterprise Development. The IGC will be created to encourage partnerships between the CGCs and investment mechanisms for sustainable use of natural resources. The IGC will meet regularly in order to: (a) discuss concerns raised by the CGCs and efforts to address grazing needs; (b) establish the objectives of the Small Grant Fund for grazing; (c) determine allocations for different types of grants (e.g., partnership, matching and seed); (c) develop application procedures for the Small Grants; (d) establish the deadlines for announcement, application, review and award of grant funds; (e) elect one of the CGCs representatives to be a member of the Grant Committee; and (f) monitor the impact of grant activities.
- (c) **Working Group for Park-friendly Investment Activities (Working Group)** – A workshop will also be held with relevant stakeholders to discuss project support for park-friendly investment activities. Workshop participants will elect three or four representatives to form a working group that will: (a) establish the objectives of the Small Grant Fund for park-friendly investment activities; (b) determine allocations for different types of grants (i.e., partnership, matching and seed); (c) develop application procedures for grants; (d) establish the deadlines for announcement, application, review and award of grant funds; (e) elect a representative for the Grant Committee; and (f) monitor the impact of grant activities.
- (d) **Grant Committee** will be composed of one representative from both the IGC and the Working Group, one local government representative from each of the Communes, one member of the PMA, and one Small/Medium scale Enterprise (SME) specialist. The Commission will review and approve applications for Small Grant funds, for both grazing and park-friendly investment activities, according to guidelines developed by the IGC and Working Group and approved by the PMA..

Small Grants – mechanisms to support stakeholder participation in project activities

41. Small Grants Funds will provide resources and incentives for community based organizations (CBOs) and NGOs to carry out projects that reduce pressure on protected area natural resources, and establish linkages between benefits for stakeholders and project objectives. The Working Groups for Park-Friendly Investment activities and the Inter-Communal Grazing Committees will select and define the most appropriate types of grant, eligibility criteria, procedures for application and monitoring grant funded activities at each site. Options for grant types include:

- (a) **Seed Grants** – would support the start of new activities to reduce the immediate pressures on the natural resources inside the Park and to build local support;

- (b) **Partnership Grants** - would support partnerships with organizations from other Carpathian countries, with the purposes of transferring skills and knowledge and promoting development of regional initiatives for the conservation of Carpathian ecosystems. Procedures for application for Partnership Grants would be the same as for other grants, but would include the following:
- (i) a letter of support from the proposed partner NGO, which includes the intent to sign a Memorandum of Understanding once the grant agreement is signed;
 - (ii) a clearly defined division of responsibilities and budgetary contribution;
 - (iii) a joint work plan a for both partners indicating regular communication and collaboration;
 - (iv) a plan for sustaining the relationship beyond the grant period.
- (c) **Matching Grants** – would be available to support approved park friendly developments undertaken by a local partner individual or organization that contributes no less than 50% of the overall cost of the initiative. Eligibility would include provision of a memorandum confirming and detailing the budget and work plan for the grant and the matching contribution. To develop and expand the Matching Grant Program, the PMA would:
- (i) Develop and promulgate a communication and marketing campaign targeting potential partners including local and international business interests;
 - (ii) Encourage NGOs and CBOs to communicate with corporations directly by sponsoring roundtable discussions involving both NGO and corporate leaders;
 - (iii) Recognize corporate participation by highlighting corporate donors in the Park Newsletter, web page and the media;
 - (iv) Organize "think tanks" for corporations to assist them in assessing needs and interests in the region and how NGOs or CBOs might help to further these interests.
- (d) **Micro-enterprise Grants** – could be made available to applicants pursuing business activities that:
- (i) support Park management plan objectives and provide an equitable share of benefits to local stakeholders, and
 - (ii) are technically and financially feasible and culturally acceptable.

Eligibility Criteria – for participation in the Small Grants Program will be developed by the Working Group on Park-Friendly activities and the Inter-communal Grazing Committee within the first year of the project.

Call for Applications – would be publicly announced (e.g., through local press, radio, the Park newsletter, web page or targeted mail) at least two months before the deadline for submission. Grants should be used within a predetermined time period such as 6-18 months, depending on the nature of the activity.

Grant Management Manual – The working groups would develop a Grant Management Manual detailing each phase of the application process and the documentation needed to track progress in implementation of grant funded activities, including adherence to criteria and success in achieving agreed and monitorable objectives.

Cost Sharing – should be demonstrated in all categories of grant and could be provided in the form of cash or in-kind contributions, including of staff and volunteer time, equipment use, office or facility use or other in-kind contribution. In the case of Partnership Grants, the recipient will contribute at least 50 % of the total amount.

Assistance for Grant Application – could be provided by NGOs sub-contracted by the PMA to provide on-going assistance to local NGOs and CBOs on development of project proposals, and pre-screen applications prior to submission to the Grant Committee

Monitoring and Evaluation – will be based on the use of agreed and measurable indicators that would be submitted to the Grant Committee for review and feedback periodically throughout the implementation period of the grants.

Schedule For Development And Implementation Of The Small Grants Program

Activity	Responsible	Time frame
Establish eligibility criteria; Determine allocation for each type of grant; Develop application procedure; Establish the deadlines for announcement, application, review and award of grant funds; Elect the Grant Committee	Working Group for Park-friendly Investment Activities and Inter-communal Grazing Committee	Month 7 of Project effectiveness
Announcements of deadlines (2 months before the submission)	Park Management Unit	Four times a year, beginning with month of 10 of Project effectiveness
Preparation of applications	NGO contracted by the PMA	On-going , beginning with month 10 of Project effectiveness
Submission and Review of Applications	Grant Committee	Four times a year, beginning with month 12 of Project effectiveness
Approval of Application	Grant Committee	Four times a year, beginning with month 12 of Project effectiveness
Monitoring and Evaluation	Grant Committee and Park Management Unit	On-going starting with the first grant approval

Attachment 1A – Summary of Stakeholder Participation During Project Preparation

CONSULTATION ACTIVITY	STAKEHOLDERS INVOLVED	DURATION	OUTPUT
<p><u>Stage 1</u></p> <ul style="list-style-type: none"> • Formal and informal interviews • small group / focus group discussions • professionally facilitated workshops • transects with local representatives • rapid appraisal: informal discussions with local individuals; participant observation; transects, calendars • media presentations • local consultant contributions 	<ul style="list-style-type: none"> • government agency representatives at the national and regional levels (e.g., EPA, NFA, Agric. Direc., tourism, public works) • local consultants • local communities and individuals (e.g., farmers, shepherds, SME business people, students) • NGOs • local governments • institutes and academics • donor agencies 	<p>July-August</p>	<ul style="list-style-type: none"> • information gathering; profiles of key issues and sites; institutional analysis; analysis of key people-resource interactions; transects; seasonal calendars
<p><u>Stage 2</u></p> <ul style="list-style-type: none"> • formal and informal interviews • professionally facilitated workshops 	<ul style="list-style-type: none"> • government agency representatives (particularly at the national level) • institutes and academics • project consultants • certain local-level stakeholders 	<p>September - October</p>	<ul style="list-style-type: none"> • bringing different stakeholders together; awareness raising around certain issues; analysis of preliminary concepts (e.g., around administrative framework; overall project strategies
<p><u>Stage 3</u></p> <ul style="list-style-type: none"> • formal and informal discussions • focus group discussions • formal presentations with local councils (including questions and answers) 	<ul style="list-style-type: none"> • regional and local governments (prefecture and judet council, mayors and local councils) • government agency representatives (EPA, NFA, Agric. Direc. , public works-territorial planning) • local NGOs • community representatives • local commercial interests • media • consultants 	<p>November-December</p>	<ul style="list-style-type: none"> • analysis of specific project concepts, administrative structures and proceed investments; emphasis on investment options and alternatives, further awareness-raising and modifications to strategy (e.g., to administrative framework)
<p><u>Stage 4</u></p> <ul style="list-style-type: none"> • formal and informal discussions • professionally facilitated workshops at local and national levels 	<ul style="list-style-type: none"> • key government agency representatives at national and local levels • selected NGO representatives • selected regional and local government representatives • commercial interests 	<p>January</p>	<ul style="list-style-type: none"> • finalizing investment strategies and packages; undertaking decision-analysis process with key stakeholders
<p><u>Stage 5</u></p> <ul style="list-style-type: none"> • Formal discussions 	<ul style="list-style-type: none"> • key government agency representatives at national and local levels • selected NGO representatives 	<p>March-April</p>	<ul style="list-style-type: none"> • Final preparation, approval and negotiations

List of Stakeholders Consulted or Participated in Project Preparation

Non-governmental Organizations:

Piatra Craiului-Bucegi: Association for Nature Protection Romania Touring Club, ANTREC, Association for the Protection of the Bear, the Wolf and the Lynx, Carpatina, Club for Tourism and Nature Protection (CPNT), Carpati Foundation, Craii Dianeii, Dracula, Ecological Association from Piatra Craiului, ECOS-Youth Association for the Protection of Nature, Eco Valea Prahovei, Mileniul III, Floarea Reginei (Edelweiss), Pro Democracy, Ornithological Society for Protection of Birds and Nature, Romanian Carpathian Society of Tourism, Roumain Rural Foundation, Romanian Environmental Center, Romanian Mountain Guide Association, Romanian Wildlife Society, Salvamont Sinaia, Salvamont Brasov, Salvamont Zarnesti, Silex, Silva and UNSER.

Retezat: Committee for Romanian Village Development, Salvamont Retezat, UNESCO Pro Natura.

Neamt: ECOMONT, Hunters and Fishermen Association – Neamt, Amonit Speleology Club, Artemis Foundation, Association for Engineering and Analysis of the value of the Ecological Systems, Association of Forest Owners, Dr. Gh. Iacomi Ecotouristi Club, Ehliopolis, Friends of Nature Association, Petrodava, Polita cu Crini, Salmo, Salvamont-Piatra Neamt, Vega, Mountain Farmer Federation.

National: AidRom, Center for New Education for Children, Center for Sustainable Civil Society Development Foundation, National Club for Youth Tourism (CNTT), Progresul Silvic, Regional Environmental Center (REC), Romanian Association for Environmental Journalist, Romanian Speleological Foundation, Romanian Rural Foundation, Romanian Ecologist Youth, UNESCO-Pro Natura, EarthVoice - Romania.

International: EU Delegation, Embassies - Canada, Harvard Institute for International Development, Freemarkconsult, UNDP, World Bank Resident Mission, World Learning, WWF Private sector entities consulted.

Governmental Agencies consulted:

Piatra Craiului - Bucegi : Chamber of Commerce Brasov; City Council Brasov and Sinaia; County Council Brasov and Prahova; Directia Agricola Arges, Brasov, Dimbovita and Prahova; EPA - Arges, Brasov, Dimbovita and Prahova; Forestry Districts and territorial units: Arges, Brasov, Dimbovita, Dimbovicioara, Moroeni, Pitesti, Prahova, Rucar, and Zarriesti; Local Council - Sinaia; National High-School "Nenitescu"; Natural Science Museum - Prahova; Prefecture - Arges, Brasov, Dimbovita and Sinaia; State Ownership Fund- Dimbovita; Town Hall Bran, Busteni, Dimbovicioara, Moeciu, Moroeni, Rasnov, Rucar, and Sinaia. University of Brasov.

Retezat: Chamber of Commerce-Deva, Constitutional Court of Romania, County Council Deva, Directia Agricola Deva, Directia de Drumuri si Poduri Deva, EPA Deva, Forestry Districts and territorial units Deva, Hateg, Pui, Retezat, ICAS Simeria, Institute of Pastures Deva, Natural Science Museum Deva, Prefecture Deva, RENEL Deva, Town Hall Bretea Romana, Pui, Rau de Mori, Salasul de Sus, Santamaria-Orlea.

Neamt: Chamber of Commerce-Neamt, Suceava; Directia Agricola Neamt, EPA-Neamt, Forestry Districts and territorial units Neamt, Monasteries - Varatec, Neamt; Prefecture - Neamt, Suceava; Natural Science Museum Neamt, Town Hall Brusturi, Boroaia, Pipirig, Vanatori-Neamt.

National: Academy of Economics, Commission of Natural Monuments of Romanian Academy, Danube Delta Biosphere Reserve Authority, Danube Delta Institute, FAO, ICAS, ICIM, Institute of Geography, Institute of Geology, IGFCOT, Ministry of Agriculture and Food, Ministry of Public Works and Territorial Planning, Ministry of Tourism, MWFEP – DNBC, GDF, National Commission for Statistics, NFA, Parliament, Research Institute for Tourism, Speleological Institute, University of Bucharest.

Private sector entities consulted:

Retezat- SC Apollo SA Deva, Pietrele Tourist Complex,

Neamt: Arcadia Tourism Office, Eurohouse Limited Co., Petrotour - Piatra Neamt, SC Comfor Barsan SNC Tirgul Neamt, Tipotrans, Maart's Co.

ATTACHMENT 2 – Population and Age Structure of Communities Associated with the Project Sites

Settlements in the buffer area	Type of settlement	Settlement area (ha)	Number of inhabitants	Age structure		
				0-19	20-60	>60
Retzat National Park						
SantaMaria Orlea	Commune (4 villages)	6,780	3,996	1,287	1,970	739
Salas	Commune (5 villages)	22,303	3,187	601	1,612	974
Rau de Mori	Commune (5 villages)	38,632	4,402	1,327	2,276	799
Pui	Commune (4 villages)	22,879	4,106	1,302	2,580	1,224
Subtotal	4 Communes (18 villages)	90,594	15,691	4,517	8,438	3,736
Uricani	Town	25,141	11,546	4,832	6,180	534
Total	4 Communes + 1 town	115,735	27,237	9,349 (34.3%)	14,618 (53.66 %)	3,270 (12 %)
Piatra Craiului - Bucegi Natural Park						
Bran	Commune (5 villages)	6785	5,587	1,326	2,298	1,963
Moeciu	Commune (5 villages)	9491	4,981	1,641	2,213	1,127
Fundata	Commune (4 villages)	3681	1,104	319	460	325
Subtotal	4 Communes (14 villages)		11,672	3,286	4,971	3,415
Zarnesti	Town	20,475	26,589	7,232	14,178	5,179
Total	4 Communes + 1 town		38,261	10,518 (27.5%)	19,149 (50%)	8,594 (22.5%)
Vanatori-Neamt Forest Park						
Agapia	Commune (4 villages)	5,868	4,500	790	2,330	1,380
Baltatesti	Commune (4 villages)	6,154	7,019	2,439	3,360	1,220
Cracaoani	Commune (5 villages)	12,650	3,739	1,328	2,169	242
Grumazesti	Commune (4 villages)	5,975	5,624	1,272	3,266	1,086
Petricani	Commune (4 villages)	7,578	5,132	1,642	2,577	913
Pastraveni	Commune (4 villages)	3,736	3,736	845	1,053	1,838
Urecheni	Commune (3 villages)	3,024	5,025	1,307	1,979	1,739
Tibucani	Commune (3 villages)	4,215	4,215	1,100	2,200	915
Brusturi	Commune (8 villages)	6,781	5,591	1,452	2,743	1,396
Timisesti	Commune (5 villages)	5,689	3,955	1,023	1,771	1,161
Raucesti	Commune (4 villages)	4,378	8,205	2,760	3,843	1,602
Vanatori	Commune (4 villages)	18,723	8,497	2,843	4,810	844
Subtotal	13 Communes (54 villages)		65,238	18,801	32,101	14,336
Tirgu Neamt	Town	26,780	23,150	5,870	13,456	3,824
Total	13 Communes + 1 town		88,388	24,671 (28%)	45,557 (51.5%)	18,160 (20.5%)

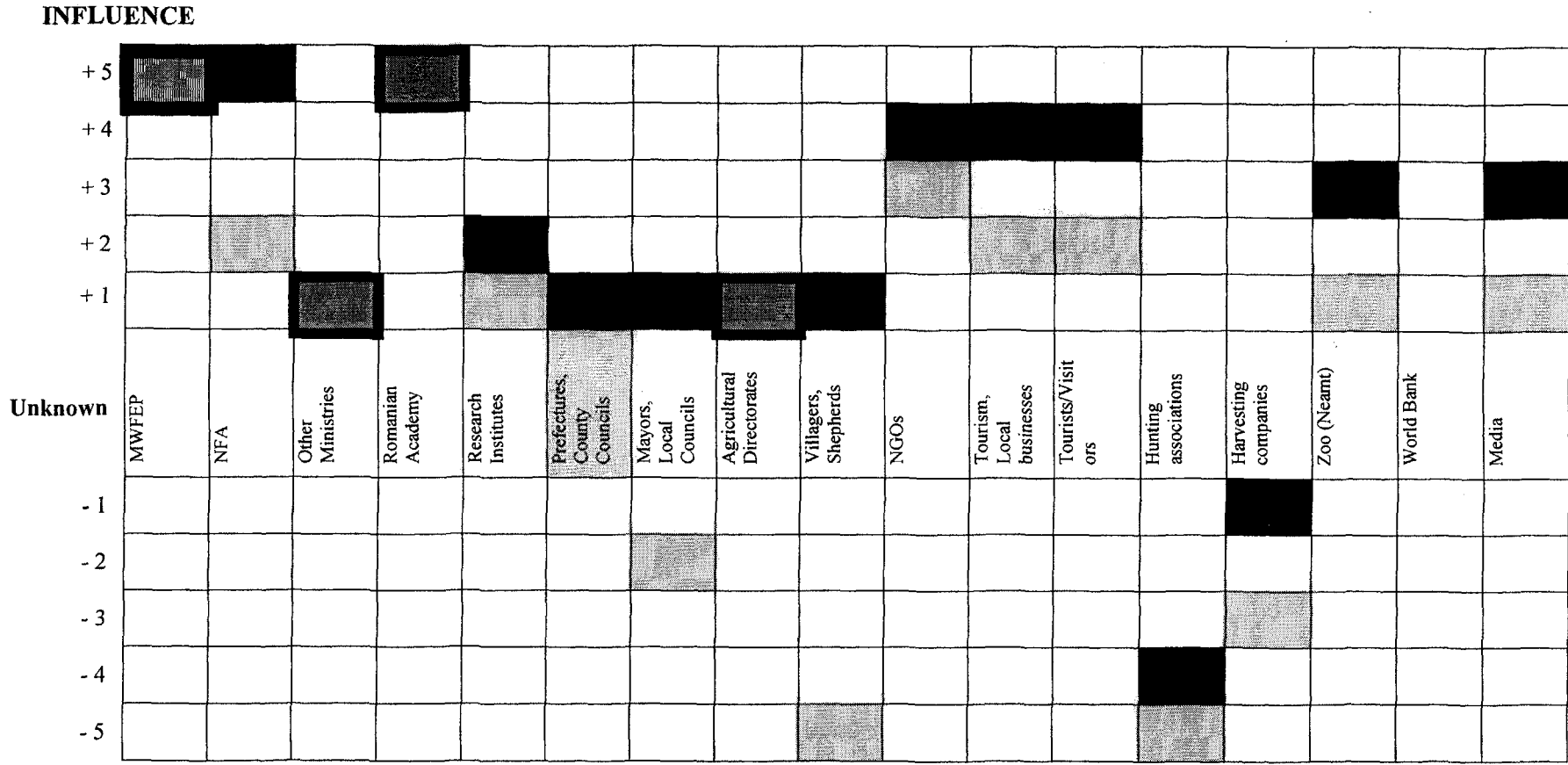
Attachment 4 – Summary of Stakeholder Analysis – Interests, Impacts and Influence




Stakeholder Groups	Interests at stake in relation to the project	Potential Impact of Project on Stakeholder	Potential Influence of Stakeholder on Project
GOVERNMENTAL ORGANISATIONS - NATIONAL LEVEL			
MWFEP DNBC, EPAs	<ul style="list-style-type: none"> mandate for PA's under Law 137 drafting new environmental legislation interest in increasing power and capacity strength <i>vis a vis</i> forestry interests monitoring and enforcement function 	<ul style="list-style-type: none"> increased authority in biodiversity conservation increase in capacity for management and monitoring enhanced profile for DNBC 	<ul style="list-style-type: none"> could create bureaucratic challenges (lack of capacity) provide monitoring and enforcement activity (regional EPAs)
MWFEP General Directorate of Forests	<ul style="list-style-type: none"> maintenance of forest resources, especially for economically viable forestry control over other forestry bodies (e.g., NFA, ICAS) strong role in PA management 	<ul style="list-style-type: none"> increased authority in biodiversity conservation requirement to integrate biodiversity concerns into forest management planning enhanced profile for GDF 	<ul style="list-style-type: none"> responsibility for the establishment of regulatory framework forestry interests are relatively powerful
NFA, Local Forestry Districts	<ul style="list-style-type: none"> economically viable forestry in PA and support zones maintenance of forest resources and control over forest lands within PAs control over forest and hunting concessions at demonstration sites control on management activities in PAs 	<ul style="list-style-type: none"> loss of production forest and hunting resources decline in economic interest <i>vis a vis</i> protection interests utilization of local capacity / staffing for PA management contribute to potential institutional change in mandate and operations 	<ul style="list-style-type: none"> inacceptance of participatory mechanisms resistance to protection issues in some areas due to powerful control over key resources capacity to provide staff for PA management
Ministries of Finance, Public Works, Transport, Tourism, Agriculture and Industry	<ul style="list-style-type: none"> maintenance of specific mandates at sites input into PA system planning 	<ul style="list-style-type: none"> increased demand for collaboration with MWFEP (increase in time and budget requirements) need for integrating biodiversity conservation concerns / PA objectives into planning 	<ul style="list-style-type: none"> responsibility for regulations in relevant sectors / activities with potential influence on biodiversity conservation and PAs often stronger than MWFEP (DNBC/GDF)
Academic Community (Commission on Natural Monuments, Romanian Academy, Universities, and Researchers)	<ul style="list-style-type: none"> identification of new protected areas and legal authority for existing PA overall scientific authority for PA system maintenance of status and legitimacy research access influence policy directions / management actions 	<ul style="list-style-type: none"> enhanced profile for Commission of Natural Monuments as central scientific authority in biodiversity conservation requirement for effective input into biodiversity 	<ul style="list-style-type: none"> strong influence on outcome of proposed legislation and strategies for biodiversity conservation potential to influence governmental sector provide needed scientific basis
ICAS	<ul style="list-style-type: none"> management and planning for forest resources and meadows research access in forest ecosystem within PAs 	<ul style="list-style-type: none"> requirement for integrating biodiversity conservation in forest management planning 	<ul style="list-style-type: none"> focus on forestry over broader biodiversity conservation issues ability to provide useful information
Other Research Institutes (e.g., Meadows, Tourism, ICIM, Biology, Geography)	<ul style="list-style-type: none"> research on specific issues maintenance of status as critical research bodies and in production of reports 	<ul style="list-style-type: none"> possible research contracts on biodiversity 	<ul style="list-style-type: none"> provide useful research and information

Stakeholder Groups	Interests at stake in relation to the project	Potential Impact of Project on Stakeholder	Potential Influence of Stakeholder on Project
GOVERNMENTAL ORGANISATION – LOCAL LEVEL			
Prefectures and County Councils	<ul style="list-style-type: none"> carry out legal tasks on environmental protection 	<ul style="list-style-type: none"> requirement for greater responsibility and support for PAs requirement for real support for reducing non-sustainable resource use 	<ul style="list-style-type: none"> relatively powerful at regional / local level inadequate use of local and national political power to support PAs
Mayors / Local Councils	<ul style="list-style-type: none"> maintain control on community lands inside PAs social and economic benefits from the presence of PA influence management activities 	<ul style="list-style-type: none"> loss of control over resources / land (economic loss) loss/gain of political power inability to meet constituent demands with regard to PAs objectives 	<ul style="list-style-type: none"> negative influence on public perception towards PA due to lack of understanding mayors share common concerns (power base) (e.g., share interests with shepherds - fees for grazing)
Agricultural Directorates	<ul style="list-style-type: none"> maintenance of mandate increase influence on meadow resources rural development / extension 	<ul style="list-style-type: none"> involvement in PA management activities 	<ul style="list-style-type: none"> provide technical expertise developing extension capacity within new rural development policy
LOCAL COMMUNITIES, NGO, OTHER INTERESTS			
Villagers and shepherds (local and external) and at P.C.-B and Retezat	<ul style="list-style-type: none"> maintenance of control and access to private / community lands and resources additional incomes maintenance of grazing rights in alpine meadows low cost inputs 	<ul style="list-style-type: none"> loss of access to key resources new requirements / standards over resource use practices enhanced utilisation of all grazing resources (lowland) economic impacts / displacement and lost opportunities new investment / income possibilities 	<ul style="list-style-type: none"> resistance to PA objectives (e.g. inacceptance of internal zoning) refuse to accept proposed mechanisms for changing unsustainable land use practices link to mayors - emphasise on economic interests vis a vis protection interests in PAs
Tourists/visitors	<ul style="list-style-type: none"> access to scenic locations/recreation possibilities low prices improved facilities 	<ul style="list-style-type: none"> loss of access to certain areas higher process / fees new standards and fines effective enforcement mechanisms 	<ul style="list-style-type: none"> demand increased quality in interpretation and tourist facilities influence income levels for PAs potential positive influence on political decision-makers
Tourist Businesses and Local Commercial Interests	<ul style="list-style-type: none"> new opportunities and markets for products and services improved investment possibilities increased income 	<ul style="list-style-type: none"> controlling / placing limits on activities and access to resources in PA require higher standards lost / new opportunities for business development / incomes 	<ul style="list-style-type: none"> revenues can finance PA maintenance potential negative influence on eco-tourism management
Harvesting Companies	<ul style="list-style-type: none"> access to resources at low cost production subsidies new markets / better prices 	<ul style="list-style-type: none"> loss of access to resources new requirements / standards for harvesting increase costs and reduced benefits 	<ul style="list-style-type: none"> non-compliance and associated degradation of resources resistance to PA
Monastery (Neamt only)	<ul style="list-style-type: none"> return of traditional lands (for forestry and agriculture) 	<ul style="list-style-type: none"> limited 	<ul style="list-style-type: none"> power to influence local populations control of some forested areas of importance

Stakeholder Groups	Interests at stake in relation to the project	Potential Impact of Project on Stakeholder	Potential Influence of Stakeholder on Project
Poachers / Illegal Timber Fellers	<ul style="list-style-type: none"> • limited enforcement / control over forest and wildlife resources • inadequate penalties • no authority for PA 	<ul style="list-style-type: none"> • fines / penalties • loss of opportunity 	<ul style="list-style-type: none"> • undermine PA objectives
OTHER ORGNISATIONS			
World Bank / GEF International Agencies / Donors (EU / USAID / CIDA, etc.)	<ul style="list-style-type: none"> • maintenance of resources • meeting of internal and international standards, agreements and principles • sustainability • efficient use of funds 	<ul style="list-style-type: none"> • not applicable 	<ul style="list-style-type: none"> • influence project viability through funding • request for international agreements to be considered in biodiversity conservation • different standards
NGOs	<ul style="list-style-type: none"> • public awareness and education activities • monitoring activities • financial sustainability / access to funding (especially international) • social partnership building (especially NGO - government) • control over management activities in PAs 	<ul style="list-style-type: none"> • require greater responsibility on NGOs to undertake tasks • increase capacity in range of areas • increase government-NGO and NGO-NGO linkages 	<ul style="list-style-type: none"> • provide technical and organisational ability (e.g., for education, interpretation, etc.) • increasing role / power to voice opinions in order to influence policy
Media Interests (Local and National)	<ul style="list-style-type: none"> • disseminating information to public • critiquing activities / results 	<ul style="list-style-type: none"> • limited 	<ul style="list-style-type: none"> • obtain support of the general public and politicians • promote transparency / environmental awareness
Zoo (Neamt only)	<ul style="list-style-type: none"> • increased human treatment to animals • increased role and number of animals • increased tourism 	<ul style="list-style-type: none"> • new standards and requirements • support for better management 	<ul style="list-style-type: none"> • increased profile for the project through the associated interpretation center

Attachment 5 – Initial Influence and Final Impact of Project on Stakeholder Group



 Influence of Project at the beginning of implementation
  Influence will not change during project implementation
  Impact by project completion

Note: Mechanism to improve impact of project on stakeholder groups are summarized in Attach 5.

Attachment 6– Mechanisms for Stakeholders Participation in Project Activities

Stakeholder	Participation by project component	Mechanism for participation	Monitoring
<p>MWFEWP</p> <p>Directorate for Nature and Biodiversity Conservation Environmental Protection Agency</p>	<p>1. Strengthen National Framework for Managing Biodiversity Conservation;</p> <ul style="list-style-type: none"> • Strengthen capacity to plan and lead national biodiversity conservation; • Strengthen laws and regulatory framework; <p>2. Develop Management Models for Biodiversity Conservation</p> <ul style="list-style-type: none"> • Develop plan for national network of protected areas <p>3. Establish National Biodiversity Monitoring System</p> <p>4. Develop National Public Awareness Program</p>	<ul style="list-style-type: none"> - Project Oversight Committee - Working Groups - Workshops at national level and at demonstration sites 	<ul style="list-style-type: none"> - Protected Area Law; - MO issued that legally confirms 3 model conservation areas; - Guidelines for PA management plan development, boundary analysis and internal zoning
<p>MWFEP</p> <p>General Directorate of Forests</p>	<p>1. Strengthen National Framework for Managing Biodiversity Conservation;</p> <ul style="list-style-type: none"> • Strengthen laws and regulatory framework; • Develop strategy for incorporating biodiversity concerns into National Forest Management Planning 	<ul style="list-style-type: none"> - Chair the Project Oversight Committee - Working Groups - Workshops at national level 	<ul style="list-style-type: none"> - Reports of the working groups - Minutes and reports from workshops
<p>National Forest Authority and its territorial units (Directii and Ocoale)</p>	<p>1. Strengthen National Framework for Managing Biodiversity Conservation;</p> <ul style="list-style-type: none"> • Strengthen laws and regulatory framework; • Strengthen NFA to replicate PAs in forest areas; • Develop strategy for incorporating biodiversity concerns into national forest management planning; <p>2. Develop management models for Biodiversity Conservation;</p> <ul style="list-style-type: none"> • Establish system for planning and management; • Develop models of forest management practices that reflect biodiversity conservation concerns; • Establish Program to reintroduce European Bison 	<ul style="list-style-type: none"> - Working Groups - Workshops at national level and at demonstration sites 	<ul style="list-style-type: none"> - Reports of the working groups - Minutes and reports from workshops

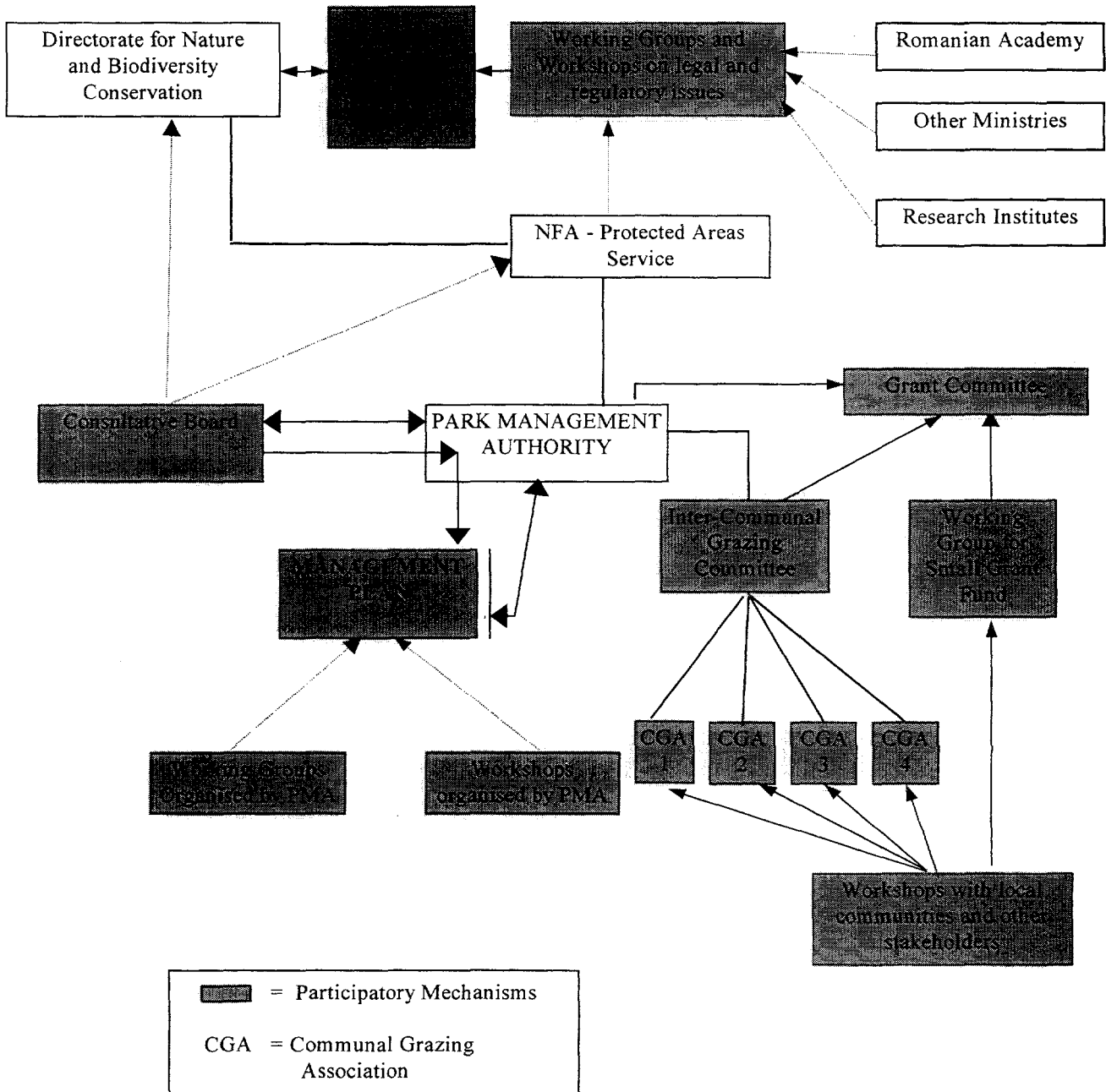
Stakeholder	Participation by project component	Mechanism for participation	Monitoring
Romanian Academy	<ol style="list-style-type: none"> 1. Strengthen National Framework for Managing Biodiversity Conservation <ul style="list-style-type: none"> • Strengthen laws and regulatory framework; • Strengthen NFA to replicate PAs in forest areas; 2. Develop Management Models for Biodiversity Conservation <ul style="list-style-type: none"> • Develop plan for national network of protected areas 3. Establish National Biodiversity Monitoring System 	<ul style="list-style-type: none"> - Consultative Boards - Working Groups - Workshops at national level and at demonstration sites 	<ul style="list-style-type: none"> - Reports of the working groups - Minutes and reports from workshops
Media	<ol style="list-style-type: none"> 1. Establish Public Awareness Program 	<ul style="list-style-type: none"> - Press Conferences - Workshops 	<ul style="list-style-type: none"> - Press releases - Minutes and reports of workshops
Prefectures, County Councils	<ol style="list-style-type: none"> 1. Develop Management Models for Biodiversity Conservation <ul style="list-style-type: none"> • Establish systems for planning and management; • Establish mechanisms to reduce nonsustainable resource use; • Establish Eco-tourism Program; 2. Introduce Public Awareness Program 	<ul style="list-style-type: none"> - Consultative Boards - Working Groups - Workshops at demonstration sites 	<ul style="list-style-type: none"> - Minutes and reports of Consultative Boards - Minutes and reports from workshops - Updated Land Use Plans at the demonstration sites
Villagers, Shepherds, Animal Owners, Farmers	<ol style="list-style-type: none"> 1. Develop Management Models for Biodiversity Conservation <ul style="list-style-type: none"> • Establish mechanism to reduce nonsustainable resource use 	<ul style="list-style-type: none"> - Communal Grazing Committee - Investment Approval Committee 	<ul style="list-style-type: none"> - Minutes and reports from workshops - Minutes and reports of Communal Grazing Committee - Minutes and reports of Investment Approval Committee - Approved projects
Mayors/Local Councils	<ol style="list-style-type: none"> 1. Develop Management Models for Biodiversity Conservation <ul style="list-style-type: none"> • Establish systems for planning and management; • Establish mechanism to reduce nonsustainable resource use; • Establish Eco-tourism Program; 2. Introduce Public Awareness Program 	<ul style="list-style-type: none"> - Consultative Boards - Working Groups - Workshops at demonstration sites 	<ul style="list-style-type: none"> - Minutes and reports of Consultative Boards - Minutes and reports from workshops - Updated Land Use Plans at the demonstration sites
Tourists, visitors	<ol style="list-style-type: none"> 1. Develop Management Models for Biodiversity Conservation <ul style="list-style-type: none"> • Establish Eco-tourism Program; 		<ul style="list-style-type: none"> - Minutes and reports of Consultative Boards - Minutes and reports from workshops

Stakeholder	Participation by project component	Mechanism for participation	Monitoring
NGOs	1. Develop Management Models for Biodiversity Conservation <ul style="list-style-type: none"> • Develop plan for national network of protected areas • Establish systems for planning and management; • Establish mechanisms to reduce unsustainable resource use; • Establish Eco-tourism Program; 2. Introduce Public Awareness Program	<ul style="list-style-type: none"> - Consultative Boards - Working Groups - Workshops at national level and at demonstration sites - Contracted activities 	<ul style="list-style-type: none"> - Minutes and reports of Consultative Boards - Minutes and reports from workshops - Contracted activities
Tourism operators, Local Business and Industries	1. Develop Management Models for Biodiversity Conservation <ul style="list-style-type: none"> • Establish mechanisms to reduce non-sustainable resource use; • Establish Eco-tourism Program; 2. Introduce Public Awareness Program	<ul style="list-style-type: none"> - Consultative Boards - Working Groups - Workshops at demonstration sites 	<ul style="list-style-type: none"> - Minutes and reports of Consultative Boards
Forest Harvesting Companies, Wood Processing Companies	3. Develop Management Models for Biodiversity Conservation <ul style="list-style-type: none"> • Establish system for planning and management; • Establish mechanisms to reduce non-sustainable resource use; • Develop models of forest management practices that reflect biodiversity conservation concerns 	<ul style="list-style-type: none"> - Workshops 	<ul style="list-style-type: none"> - Minutes and reports of Consultative Boards
Hunting Associations	4. Develop Management Models for Biodiversity Conservation <ul style="list-style-type: none"> • Establish system for planning and management; • Establish mechanisms to reduce non-sustainable resource use; • Develop models of forest management practices that reflect biodiversity conservation concerns 	<ul style="list-style-type: none"> - Consultative Board - Workshops 	<ul style="list-style-type: none"> - Minutes and reports of Consultative Boards
Monastery	1. Introduce Public Awareness Program	<ul style="list-style-type: none"> - Workshops 	<ul style="list-style-type: none"> - Minutes and reports of Consultative Boards
Zoo (Neamt only)	1. Develop Management Models for Biodiversity Conservation <ul style="list-style-type: none"> • Establish program to reintroduce European bison 2. Introduce Public Awareness Program	<ul style="list-style-type: none"> - Workshops 	<ul style="list-style-type: none"> - Minutes and reports of Consultative Boards

Stakeholder	Participation by project component	Mechanism for participation	Monitoring
Agriculture Directorates	1. Develop Management Models for Biodiversity Conservation <ul style="list-style-type: none"> • Establish mechanism to reduce non-sustainable resource use 	<ul style="list-style-type: none"> - Consultative Board - Contracted activities 	<ul style="list-style-type: none"> - Minutes and reports of Consultative Boards
Research Institutes, Universities	1. Strengthen National Framework for Managing Biodiversity Conservation <ul style="list-style-type: none"> • Strengthen laws and regulatory framework; 2. Develop Management Models for Biodiversity Conservation <ul style="list-style-type: none"> • Develop plan for national network of protected areas 	<ul style="list-style-type: none"> - Consultative Boards - Working Groups - Workshops at national level and at demonstration sites 	<ul style="list-style-type: none"> - Minutes and reports of Consultative Boards
Ministries of Finance, Public Works, Transport, Tourism, Industry, Agriculture	3. Strengthen National Framework for Managing Biodiversity Conservation <ul style="list-style-type: none"> • Strengthen laws and regulatory framework; 4. Develop Management Models for Biodiversity Conservation <ul style="list-style-type: none"> • Establish Eco-Tourism Program 	<ul style="list-style-type: none"> - Working Groups - Workshops at national level 	<ul style="list-style-type: none"> - Reports of the working groups - Minutes and reports from workshops

ATTACHMENT 7

FORMAL MECHANISMS FOR STAKEHOLDER PARTICIPATION IN DEVELOPMENT OF LEGISLATION, REGULATIONS AND PROTECTED AREA MANAGEMENT



Annex 12 Financial Management Assessment

Organizational Structure and Internal Capacity:

The Project Co-ordination Team (PCT) would be responsible for the financial management and accounting for the project. The functional heads for the PCT would be (a) Project Manager (or Project Director) (b) Procurement Specialist (c) Financial Manager and (d) an office assistant. The recruitment of staff in the PCT are in progress and *should be completed prior to effectiveness*.

The Financial Manager should have the capability to handle tasks related to the following disciplines:

- Financial accounting in accordance with International Accounting Standards (IAS) and national accounting standards as applicable;
- funds management and monitoring;
- local (counterpart) funding and reporting on the usage of these funds;
- external funding and co-financing and reporting on the usage of these funds.

The Park Management Authorities (PMAs) would be responsible for the management of project financial management and accounting for all project expenditure at the three project sites. Accountants would be recruited at all three sites by project effectiveness.

Accounting Systems

Romania has launched a major reform of the country's accounting and auditing systems. A concerted effort is currently underway to upgrade the quality of accounting and audit profession so also that of the preparation and audit of financial statements. A Law on Accounting (No. 82/1991) came into force in January 1992 which provides for a statutory system of recording economic entities' financial position and financial results, substantially reducing the gap between the traditional Romanian Accounting Standards (RAS) and International Accounting Standards (IAS).

In 1994, Romania implemented a new of system of Generally Accepted Accounting Principles (GAAP), more closely based on the French system of GAAP. However, there still remain major differences between RAS and the western and/or international accounting system. Disclosure standards under RAS are substantially lower. There is no provision for inflation accounting and revaluation of assets (except to the extent allowed by government regulations). RAS, as it stands today, are used by economic entities primarily for purposes of tax liability assessment by the Ministry of Finance (MOF) and for statistical record, rather than to assess and present a true and fair statement of financial condition and performance.

No accounting system currently exists in the PCT as yet. Consultants have reviewed the project-requirement and have recommended an accounting system which would be implemented after the

accounting staff have been recruited for the project. The accounting for this project would be maintained in accordance with International Accounting Standards.

Separate books of accounts would be established at the three project sites and would be integrated into the PCT accounts on a monthly basis.

Computer Systems

Hardware for the PCT will be procured which will meet the needs of computer based finance and accounting system needed for the project. Three desktops will be procured with at least 64MB Ram memory, minimum of Pentium II 300 MHz processor and a hard disk capacity of 4.3 GB. All desktops will be networked and connected to a common printer. All employees will have access to the Internet from their individual desktops.

If not already capable of doing so, employees will receive training to work with the Windows environment and be able to work on spreadsheets. The computers will have Windows 98 with MS Office 97 loaded on.

An off-the-shelf computerized accounting system is being customized to facilitate the accounting and reporting requirements for the project. Consultants are being recruited to ensure the proper functioning of this software and its reporting capabilities. The proposed software adheres to IAS requirements and includes among others a general ledger module, fixed assets module and a procurement module. Consultants are customizing the software to facilitate the automated generation of PMRs. The software would be installed at the PCT and the three sites. It is expected that the software would be installed by May 31, 1999.

A training program would be developed to ensure the proper implementation of the accounting. The training program would include a week long training on accounting concepts and hands on training on the use of the software. Consultants would be responsible for providing the training program in three phases – at the time of installation of the software, at the time of preparation of the first PMRs and during the first audit.

Internal Control Mechanism

With the introduction of the new accounting system, a training program would be introduced to develop sound internal controls. The organizational structure and responsibilities would ensure that staff handling cash transaction is not at the same time responsible for keeping the books of accounts. Source documents would be standardized and coded to facilitate computer entry. Steps will be taken to introduce computerized source documentation which would reduce the need for multiple entry of data.

The proposed accounting software would have to be verified to ensure proper back up facilities on a regular basis. Storage of back-up data will be determined prior to installation of the software. The audit trail of the accounting system would also be tested for compliance prior to installation.

Auditors would undertake an annual review of internal controls.

Audit

Steps would be taken to appoint Auditors for the Project by Effectiveness. This would include (i) advertising in the local newspapers to invite “expressions of interest” from local audit firms; and (ii) short-listing of at least five audit firms. An Auditor acceptable to the Bank would be appointed within the first four months of effectiveness of the project.

The audit of the project would be undertaken in accordance with International Auditing Standards. Audited financial Statements for the project would be sent to the Bank within six months after the end of every fiscal year.

Reporting Arrangements

The PCT would be required to submit annual audited financial statements within 6 months after the end of every fiscal year, unaudited financial statements would be submitted to the Bank within three months after the end of every fiscal year.

Financial Management Reports

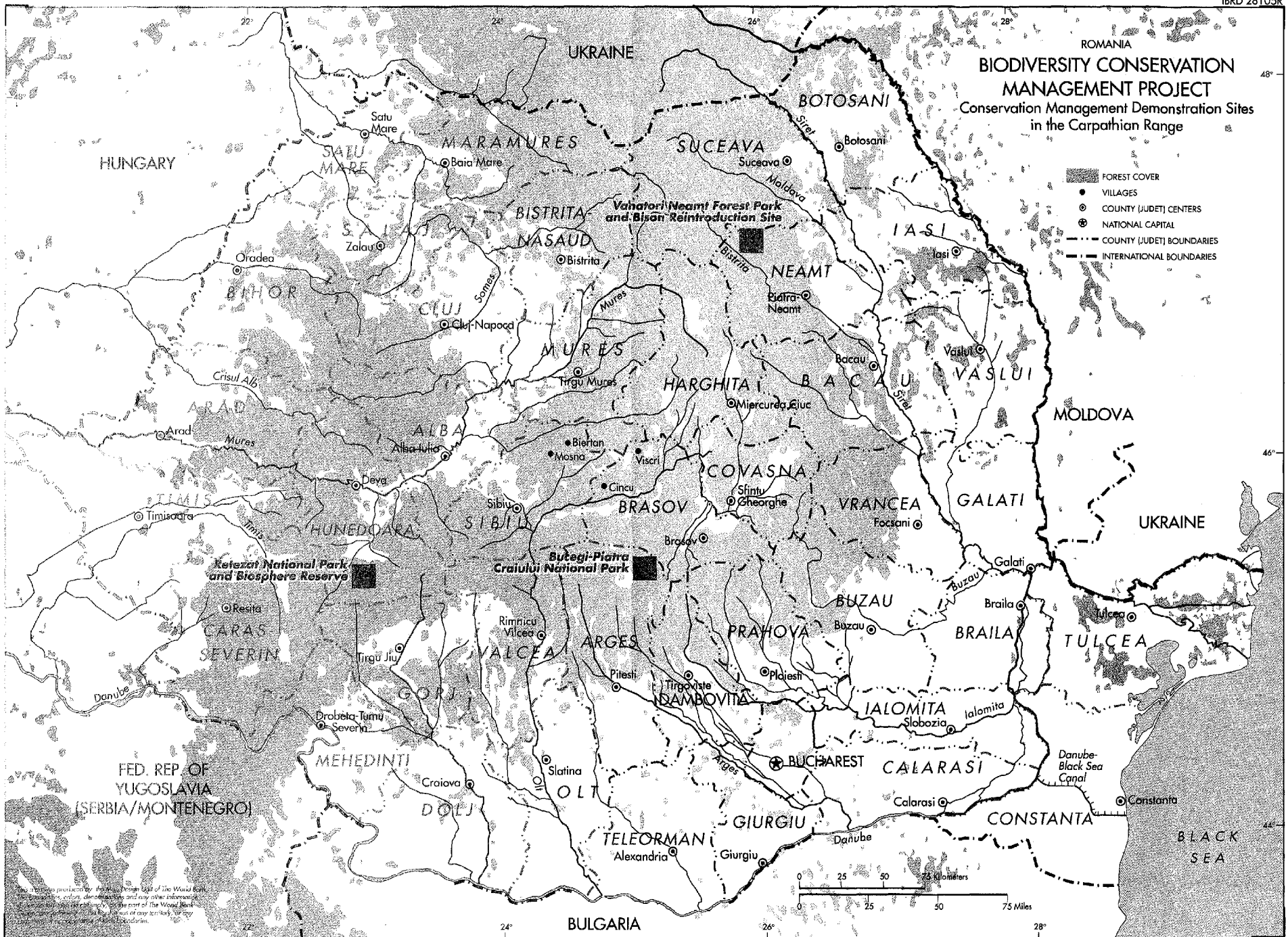
Disbursements under the project will be based on traditional disbursement procedures and will be converted to disbursements under the LACI framework based on quarterly project management reports (PMRs) by June 30, 2000. Quarterly Project Management Reports (PMRs) in a format to be agreed upon during negotiations would be submitted to the Bank. The PMRs are expected to be generated by the computerized accounting system to be installed.

Key Steps to be taken

1. Recruitment of personnel for accounting and financial management;
2. Installation of an accounting software;
3. Development of the chart of accounts for the project;
4. Agreement on the Project Management reports to be presented to the Bank on a quarterly basis;
5. Development of a training program; and
6. Establishment of the Special Accounts.

MAP SECTION

ROMANIA BIODIVERSITY CONSERVATION MANAGEMENT PROJECT Conservation Management Demonstration Sites in the Carpathian Range



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