



PROJECT EXECUTIVE SUMMARY

REQUEST FOR WORK PROGRAMME INCLUSION

UNDER THE GEF TRUST FUND

GEFSEC PROJECT ID: 2702

IA/ExA PROJECT ID: 3422 Atlas project
00055603

COUNTRY: Nicaragua

PROJECT TITLE: Strengthening and Catalyzing the Sustainability of Nicaragua's Protected Area System

GEF IA/ExA: UNDP/Ministry of Natural Resources and Environment (MARENA)

OTHER PROJECT EXECUTING AGENCY(IES):

DURATION: 4 years

GEF FOCAL AREA: Biodiversity

GEF STRATEGIC OBJECTIVES: BD-1

GEF OPERATIONAL PROGRAM: OP1-4

PIPELINE ENTRY DATE: 17 March 2005

EXPECTED STARTING DATE: March 2008

EXPECTED CEO ENDORSEMENT: Dec 2007

IA/ExA FEE: 193,500

| FINANCING PLAN (\$) | | |
|---|--|-----------|
| | PPG | Project* |
| GEF Total | 350,000 | 1,800,000 |
| Co-financing | (provide details in Section b: Co-financing) | |
| GEF IA/ExA | 50,000 | |
| Government | 172,000 | 3,320,000 |
| Others | | 500,000 |
| Co-financing Total | 222,000 | 3,820,000 |
| Total | 572,000 | 5,620,000 |
| Financing for Associated Activities If Any: | | |

** For multi-focal projects, indicate agreed split between focal area allocations

| FOR JOINT PARTNERSHIP** | | |
|----------------------------|---------|-------|
| GEF PROJECT/COMPONENT (\$) | | |
| (Agency Name) | (Share) | (Fee) |
| (Agency Name) | (Share) | (Fee) |
| (Agency Name) | (Share) | (Fee) |

*** Projects that are jointly implemented by more than one IA or ExA

CONTRIBUTION TO KEY INDICATORS IDENTIFIED IN THE FOCAL AREA STRATEGIES:

50 additional PAs (319,326 Ha.) under improved conservation management by 2010

March 23, 2007

Approved on behalf of the *United Nations Development Programme*. This proposal has been prepared in accordance with GEF policies and procedures and meets the standards of the GEF Project Review Criteria for work program inclusion.

Y. Glemarec

Yannick Glemarec
UNDP/GEF Deputy Executive Coordinator
Date: April 20, 2007

Andrew Bovarnick
Technical Advisor, Biodiversity Economics
Project Contact Person
Tel. and email:(507) 302-4589
andrew.bovarnick@undp.org

1. PROJECT SUMMARY

a) PROJECT RATIONALE, OBJECTIVES, OUTCOMES/OUTPUTS, AND ACTIVITIES

Project Rationale

1. The current baseline efforts are not sufficient to reduce the threats to biodiversity within Nicaragua's PAs, leading to habitat decline, fragmentation of ecosystems, and loss of species diversity. Most donor efforts have focused on site level activities to circumvent the systemic weaknesses of SINAP's management capacity. This has led to improvements at a few important PAs but has failed to bring sustained improvements to the PA system and SINAP remains technically and financially weak. Furthermore, SINAP is confronted with a particularly difficult situation where most land within its PAs is privately owned and under unsustainable production. Past efforts have been unable to support compatible land use within the context of this challenge. The current situation is hence unsustainable and does not afford adequate protection for biodiversity:

2. A GEF funded project is necessary to improve system-level capacity through overcoming existing institutional and systemic barriers to effective PA management. Strengthened capacity of SINAP at the system level will be complemented by engaging key stakeholders such as sectoral Ministries, municipalities, co-managers as well as the private landowners and labourers. This strategy will promote, over the long term, improved PA site-level management and financing and catalyze future donor assistance.

3. Therefore the project will support the conservation of Nicaragua's 53 ecosystems¹ that contribute to the Meso-american Biodiversity Hotspot. Among these are unique ecosystems, such as crater lakes, that provide unique habitat for endemic fauna². Biodiversity is distributed along the Pacific and Atlantic flanks of Central America's mountainous continental divide where the isolation of biota have led to two chains of connected ecosystems with separate natural histories. Along these flanks, globally important species, whose regional endemism rates are approximately 15% for mammals, 17% for (higher) plants, 19% for birds, 35% for reptiles, 65% for amphibians, and 67% for freshwater fishes, depend on the continuity of ecosystem chains for their maintenance.

4. To protect biodiversity, Nicaragua has designated over 2.2 million, hectares³ (18% of the national territory) with protected area status. These are consolidated into a National Protected Areas System (SINAP) comprised of 76 Protected Areas (PAs) within 3 geographic 3 sub-regions. Located across the Pacific Flank are the Pacific region with 26 PAs (8% of SINAP) and the Central region with 25 PAs (7%). Across the Atlantic (Caribbean) region, 25 PAs organized largely into 2 biosphere reserves comprising 85% of the system.

5. SINAP is unique in that an estimated 95% of the territory with "protected" status is private property with ongoing socio-economic activity. Only the original 3 PAs in the system (1%) fit the "Park" concept with controlled access and a high degree of protection. All other PAs were superimposed on private property without input or consent from the landowners. The remaining areas were added to the system without the adequate information, management structure, financing or conservation objectives to make them effective in in-situ biodiversity

¹ Using UNESCO criteria

² Nicaragua's endemism rate is characteristically low (informally estimated at < 1%) due to its connectivity to regionally important ecosystems.

³ Protected Areas National Report, 2003

conservation. Hence, the system excludes the deciduous broadleaf shrub forest ecosystem and under-represents⁴ at least 7 others⁵. Over 51 of the protected areas in the Pacific and Central regions are small and fragmented implying that ecosystems are remnants and not providing a continuous or contiguous habitat for species maintenance. Over 43% of PAs are “paper parks.” without any financing, management, conservation programmes, or infrastructure. Only 16 areas have sufficient funding to be considered operable, due to donor support that, until 2006, provided 85% of SINAP’s budget. A gap analysis cited in the project document demonstrates that SINAP operates with less than 30% of the baseline personnel or financing needed for basic management. To date, few effective institutional mechanisms have been undertaken to facilitate the systematic communication with the private sector (landowners) who claim ownership of these lands, leading to low local acceptance or support.

6. Biodiversity is therefore vulnerable to *threats* that result from economic activity in the form of (1) transformation of forested ecosystems and wetlands to economically productive activities such as agriculture, livestock management, shrimp production, etc; and (2) shocks suffered from the application of inadequate management practices, such as uncontrolled burning, grazing, or illegal commercial extractions of valuable timber, pelts, and sale of animals for trade. These are supported by *underlying root causes* such as (a) Nicaragua’s deep cycle of poverty; (b) The limited tax base, high national debt, and government priorities that favour economic expansion over the natural environment leading to low allocations to SINAP; (c) land ownership anomalies; and (d) the undervaluation of resources.

7. Nicaragua, the third poorest nation in the western hemisphere, depends heavily on ecosystem provisioning, supporting, and cultural services to meet the demands of a population expanding at 2.4%, half of which lives in poverty and two out of three of these in rural areas.⁶ Poverty is associated with inequity in the distribution of income, consumption and land tenure anomalies, high unemployment and fertility rates, and limited access to basic services and infrastructure. In response, the nation has adopted a growth oriented National Development Strategy and free-market mechanisms that will stimulate investments in 8 economic “clusters,” 5 of which include activities prevalent in PAs: aquaculture, tourism, fishing, mining and forestry. To finance these, Nicaragua signed the Dominican Republic-Central America-U.S Free Trade Agreement (DR-CAFTA) and has qualified for investments in excess of \$33 Million U.S. for economic stimulus through the U.S. Millennium Challenge Account. These investments will intensify the present threats and create new activities for biodiversity to which the General Protected Areas Directorate (DGAP) of the Ministry of Environment and Natural Resources (MARENA) is equipped to handle.

8. Baseline actions to improve management of PAs have been implemented through the major biological corridor initiatives that have created a management structure in 2 biosphere reserves and corridors in the Autonomous Regions of the Northern and Southern Atlantic (RAAN and RAAS respectively). Investments by GEF, WB, UNDP, USAID, and the governments of Norway, Finland, and Denmark have been effective in launching a system-level environmental information system, agreements and protocols for biological corridors, social structures for biosphere reserves. A SINAP Development Strategy was completed (2006) but lacks managerial-level objectives, targets, and a financing plan. Investments in a proposal for the decentralization of MARENA functions to the Authorities of the Autonomous Regions were undertaken, but the process is incomplete and stalled for political

⁴ below 3% of ecosystem territory

⁵ Described in the Environment Supplement, Project Document, Sec.IV, Part IX

⁶ Living Conditions Survey 2001, see the Nicaraguan Statistics and Census Bureau (INEC) web page.

reasons, hindering the development of holistic policies that would improve the SINAP management. There are baseline successes by WB and IDB efforts to de-concentrate MARENA services towards municipalities through the establishment of municipal environmental units and territorial delegations. Site-level successes include management plans for 25 PAs, business planning for 5 PAs, site-specific actions to stimulate tourism activities, and public-private co-management agreements in 9 PAs. Estimates of management efficiency indicate, however, that management performance in planning, outreach, administration, and sustainable financing of PAs is below acceptable levels in all but one PA.

9. These shortcomings underscore the impact of persistent *barriers* that limit the development of effective system-wide management and financing of SINAP, undermining SINAP's effectiveness as an instrument in biodiversity conservation. These are: (1) policy constraints that reduce SINAP's visibility, effectiveness, and limit revenue generating opportunities; (2) inadequate ecosystem representation; (3) inadequate information on the systems actual costs and revenues to support management and financing; (4) Institutional constraints in management capacity; (5) Acute financial constraints and low investments that limit all management aspects and financing; and (6) The exclusion of DGAP from contact with drivers in the economic development process and systematic communication with the large population of landowners. Unless these barriers are addressed the identified threats to biodiversity will continue and worsen. Therefore a GEF project strengthening the PA system and overcoming these barriers is critical.

Project Strategy

10. This project has been designed as part of an overall strategic package of international interventions which have already started and will continue into the foreseeable future to overcome Nicaragua's barriers. This project builds on on-going conservation initiatives in Nicaragua and will focus on tackling the most critical barriers to strategic management and financing that limit SINAP's effectiveness as the cornerstone of in-situ biodiversity conservation. Once overcome, these actions will facilitate future efforts to resolve remaining barriers. Taking these efforts into account and prioritizing Nicaragua's current needs, the project approach has been designed to:

- Improve the national enabling environment so that the legal, policy and strategic frameworks are in place to allow SINAP to function more effectively. This will include key legal reforms and adoption of an updated master strategy for SINAP detailing its process for decentralization, coverage and management.
- Share the responsibilities of PA management across all relevant stakeholders including Ministries, regional government bodies, municipalities, private landowners and concessionaires and NGO co-managers. The project will support establishing and strengthening multi-stakeholder institutional structures so that they are operational and have capacity to engage stakeholders in PA management. This component will also develop the capacities of stakeholders, primarily landowners within PAs, to work with the PA authorities on biodiversity friendly economic activities.
- Improve SINAP's financial situation through transforming its financing system to generate, retain and account for funds and more effectively invest them at the site level. Reforms will also improve financing possibilities and create incentives (and reduce disincentives) for private producers within PAs to develop production in harmony with biodiversity conservation.

- Institutionalize the learning within the project and MARENA for broader uptake, sustainability and replication.

11. The project will have a two-tier approach involving project interventions at the system level and at the site level. The system level interventions are those that will establish an enabling environment. These will involve the development of legislation and policies that will respond to political and financial barriers and address the issue of de-centralization. The system-level mechanics involve the development of a re-defined, distributed, and conceptualized SINAP along with a system level management plan and financial plan. These will effectively update the SINAP development strategy. Input to the system level interventions will be provided through the development of governance or participatory structure that will enhance communication both upstream and downstream.

12. The second-tier comprises site-level interventions in PAs. These include installing and testing the site level components to financial and management systems, implementing model projects, and developing payment systems for concessions and revenue tracking. These interventions have been mapped by PA and can be found in [Table 31](#).

Project Objectives, Outcomes, Outputs, and Activities

13. The project goal is, *“Nicaraguan society conserves biodiversity in-situ through a sustainable National Protected Areas System* This is based on the goal of SINAP’s Development Strategy and responds to the nexus between Nicaragua’s large constituency of private property owners and their need for economic growth that must be balanced with the need for conservation of biodiversity. The project objective is, *“The Nicaraguan Protected Areas System is effectively managed through legal reforms, strengthened institutions, sustainable financing and partnerships.”* The objective will be achieved through the realisation of 4 outcomes that have been developed through a participatory process involving both stakeholders and co-financiers.

14. Outcome 1 - *Enhanced Policy and legal framework enables improved SINAP management and finances.* This responds to the policy, management, and financing barriers through policies that enable the decentralized management and sustainable financing of SINAP, to be accomplished through the development of an updated, strategic framework for SINAP that involves the negotiation of proposals for the re-distribution of the system, and an updated management strategy and framework that includes: administrative reforms, roles and responsibilities, and articulated targets and indicators for management and conservation (output 1.4). The strategic framework will be strengthened through a comprehensive Protected Areas Legislation (output 1.2) including a negotiated, de-concentrated SINAP management model (1.4) that will require awareness building of the values of PAs and SINAP (output 1.1). In addition, the alternative will support additional framework legislation on Natural Resources Tariffs that will enable improved and long-term financing of the system.

15. Outcome 2 - *PA management responsibilities are shared by key stakeholders.* This responds to the management and DGAP integration barriers and will mitigate the effects of economic development activities within PAs by assisting DGAP, landowners, and agencies to re-define their roles with respect to the economic development process and PAs. Partnerships will be fostered between the various actors to coordinate an economic development path within PAs that is consistent with landscape values. To do so, the linkage and communication

between DGAP, the private landowners, and agencies involved in the economic development process will be enhanced through the creation of a governance or communication structure (output 2.1) creating a conduit for communication between many disconnected local structures through municipal and department level channels to DGAP. This outcome will also integrate stakeholders to evaluate the impacts of economic activities and generate experience and lessons learned in the conversion of existing activities to improved systems that are more in-line with PA conservation objectives. The project will form an inter-agency commission to coordinate, monitor, and evaluate the impacts of productive activities implemented in PAs and place DGAP within the sphere of influence of the economic development process (output 2.2). Finally, SINAPs relationship with co-managers will be formalized through the establishment of protocols and standards that will regulate Co-manager actions and create an institutional framework to evaluate the management effectiveness and co-manager performance (output 2.3).

16. Outcome 3 - Capacities for Sustainable Financing of SINAP and PAs developed. This will create the framework and capacities for a long-term process to close the huge financial gap confronting DGAP. This will be accomplished through a system-wide financial strategy and plan that will outline the path, potential revenues, mechanisms, and partnerships needed for long-range revenue generation (output 3.1). Much needed and improved financial information will be generated through the establishment of a management accounting system that tracks both expenses and revenues (output 3.5) and better business planning (output 3.4). Initial steps will be taken to create revenues from concessions for existing activities already permitted in PAs but which do not currently provide benefits to the PAs (output 3.3). In addition, actions to increase the commitment of GoN to SINAP will be undertaken following awareness generating campaigns and lobby (output 3.2).

17. Outcome 4 Institutionalizing management and learning within project and MARENA. This addresses effective and adaptive management of the project and project resources. This will ensure effective project implementation through the installation of the Project Management Unit (PMU), which will be based at MARENA premises, and be integrated in the DGAP, thus ensuring close coordination between the project and SINAP management. Using results generated under the previous outcomes, the PMU staff will deliver effective and cost-efficient project management.

b) KEY INDICATORS, ASSUMPTIONS, AND RISKS (FROM LOGFRAME)

18. There are 3 impact indicators that are presented in the logical framework, annex B. The first is the number of PAs (and Ha.) with improved conservation management. The number excludes the GEF/WB Corazon project will improve management within PAs in the BOSAWAS biosphere reserve. Their total areas will be under improved management and will contribute to the GEF indicators. The second is the number of PAs with management scores above 600 based currently on the TNC scale⁷. Only one PA to date has achieved this, in spite large investments. The third indicator is progress towards closing the financing gap. The target reflects the bargaining position that MARENA must take with congress, Indicators

⁷ The TNC scale is part of an ongoing programme to continuously track management efficiency. PRODOC Section IV, Part XI, Table 26 presents a 1,000 point total awarded for 37 indicators. A score of 600 is in the "acceptable" range.

at the outcome level are presented in the logical framework and in the Project Document, pages 39-40. The key indicators at the outcome level are:

19. *Outcome 1:* (a) The passage of legislation packages will indicate a higher degree of awareness of the importance of SINAP and a complete political process; (b) special agreements for the resolution of the issue of de-concentration of functions with the autonomous region will indicate a long term policy framework; and (c) agreements to fund the financing plan will indicate that the framework strategy has been complete and that the financing plan is effectively operational.

20. *Outcome 2:* improves stakeholder participation from several vantage points with an indicator for each: (a) the number of PAs with a functioning participatory governance structure that communicates in a tangible form with DGAP; (b) the number of new contracts or agreements signed with co-managers with new protocols and indicators; (c) the relationship and integration of DGAP with counterparts involved in the economic development process that is ongoing in PAs will be indicated by the number of projects that are coordinated with impacts evaluated to mitigate existing practices.

21. *Outcome 3:* The indicators are: (a) The number of PAs reporting revenues and costs will indicate a better flow of financial information needed to make decisions, (b) change in the financial situation using a UNDP scorecard; and two indicators that will measure the effectiveness of this project in generating initial revenues to the system in the form of (c) The amount of transfers from concessions will indicate that the financial system to handle these is functioning; and (c) the increase in government support to SINAP will indicate the success of the lobby and information efforts.

22. *Outcome 4* indicators are the successful establishment of the projects financial system that will track budget execution and the number of events and/or interventions to regional counterparts of the lessons learnt from the project.

23. The logical framework presents assumptions and these are illustrated in the Project Document, Table 11. All assumptions and risks have been taken into consideration as part of the project design in order to adequately mitigate risk to the project in the case that they do not hold true. The major assumptions are (a) that the political commitments to SINAP will not decrease; (b) that inflation is maintained within predictable levels; (c) continued co-manager compliance; (d) willingness of the landowners to participate in dialogue; (e) the ability of DGAP to maintain personnel; (f) that concessionaires will continue in-line with agreements. The overall risk rating of the project is medium. To mitigate risks, many of the elements of the GEF alternative are geared to produce agreements amongst stakeholders across regions with independent mandates to manage their natural resources. A project steering committee comprised of both public and private sector representatives will manage change and mitigate risk. Ample participation by private sector and international donors in the project also serves to mitigate the effects of national change. The project design has included activities, such as mediation of conflicts between parties to reduce the risk of conflict over how SINAP should be managed. Recent political change has not changed the commitment to an organized but decentralized SINAP, in fact it has strengthened that process. There is a high risk to the project of Nicaragua become poorer in the short-run and that MARENA's budget will decline. The financing plan is developed with this possibility on the horizon.

2. COUNTRY OWNERSHIP

a) COUNTRY ELIGIBILITY

24. The Government of Nicaragua subscribed Convention on Biological Diversity on June 13th, 1992; later it was approved by Decree 1079 (November 15th, 1995)⁸. Convention's signature was ratified by National Congress through Decree 56-95 (November 16th, 1995)⁹. In accordance with the convention, Nicaragua has completed the requirements of the convention for publications. Nicaragua has submitted the pertinent communications to the convention in 2002 and in 2005.

b) COUNTRY DRIVENNESS

25. The project supports and will operationalize the SINAP Development Strategy and the National Biodiversity Strategy. It also works within the National Development Operations Strategy (PND-O) and the Poverty Reduction Strategy by providing on-the-ground actions to alleviate poverty within the context of a sustainable environment. The co-financiers are two of the major development projects in Nicaragua working also within the sustainable development context. The economic development activities and practices developed within the framework of Outcome 2 (output 2.2) are designed to strengthen DGAP linkages with the private sector and actors that drive the private sector economic development process affecting PAs.

3. PROGRAM AND POLICY CONFORMITY

a) FIT TO GEF FOCAL AREA STRATEGIC OBJECTIVES AND OPERATIONAL PROGRAM

26. The project fits within the GEF Biodiversity Focal Area and is consistent with GEF Biodiversity Strategic Objective BD-1: *Catalyze the sustainability of protected areas within the context of national systems* by developing systematic and institutional capacities of DGAP and partners for sustainable financing, ecosystem level planning, effective management, and in Strengthening the SINAP Development Framework. Site-level activities across coastal and freshwater systems, mountainous areas, forests, and semi-arid areas crossing OP's 1-4 with linkages to OP-12. Outcome 2 indirectly supports elements of OP-15 that could reduce desertification processes.

b) SUSTAINABILITY (INCLUDING FINANCIAL SUSTAINABILITY)

27. The outcomes of the project are specifically designed to create an enabling environment that will remove the barriers whose persistence creates an un-sustainable political, institutional, social, and financial situation. No single project can remove all of the barriers that confront SINAP. The difficult financial situation of SINAP warrants that long-term actions towards barrier removal be taken. This project will orient future actions both in the management of the system and in long-term financing. The *political/institutional sustainability* will be achieved through the reforms proposed and through the re-designed SINAP conceptual framework and management plan proposed in Outcome 1. These will enhance the participation of territorial actors on protected areas management through a decentralized process and through an improved SINAP administrative structure. Sustainability is further promoted through improved structures for the participation of local

⁸ Published in La Gaceta, Diario Oficial, Number 215 of November 15th, 1995.

⁹ Published in La Gaceta, Diario Oficial, Number 245 of December 29th, 1995.

and national level stakeholders (output 2.1) and co-managers (output 2.3) leaving established and measurable protocols and standards for the future.

28. *Social sustainability* is also achieved through the participatory structures (output 2.1) that are specific to that purpose. This project also involves DGAP in the economic development process, thereby assuring the project's fit to the social demands of the local stakeholders. Social sustainability is also enhanced by promoting the broader public's understanding of the values of biodiversity.

29. *Financial sustainability* is the cornerstones of the project to which Outcome 3 is dedicated. The financing strategy that will provide the boilerplate and benchmarks for the sustainable financing of the system in the mid and long-term. The strategy will be based on information generated from transparent and accurate revenue and accounting system (output 3.1). The strategy will be backed up by diversified financing through national and international sources as described in outputs. The enabling conditions will be supported through the passage of legislation on natural resources tariffs.

30. *Environmental sustainability* is enhanced through the combination of all outcomes of the project designed for that purpose. The main element will be the re-designed SINAP and the financial plan to support it will together orient and finance future actions. On the ground actions to enhance environmental sustainability are sought in output 2.2, which will create partnerships between DGAP and agencies drivers in the economic development process to analyze economic development actions within PAs and to work to establish models that convert these into biodiversity friendly, or mitigated, actions. With these actions, future economic development involving territories within PAs in support of the PND-O, poverty reduction activities will be implemented in a coordinated manner with DGAP and with strict attention being paid to the conservation status of the biodiversity present within the PAs where the investments occur.

c) REPLICABILITY

31. The project establishes framework actions with site-level testing to provide adequate modification of the systems that will facilitate replication. The two-tier approach, presented in the introduction to the project strategy section (Project Document, page 35), is specifically designed for the purpose of replication of the management systems throughout SINAP and to create the capacity to continue developing and perfecting these. The framework strategies will present a plan of action that will define and orient future development actions to SINAP and the financing plan will seek the resources needed to implement those actions. These will include actions such as the up-scaling of the management and financial systems that are tested at the site level. The project document describes the immediate replication of site-level tools from the test areas (4) to the areas under co-management (an additional 8 areas) with some project products, such as structures for improved planning and communication with landowners being replicated in up to 39 areas. Replication of several key elements of this project will be critical to the mid-range development of SINAP. Provisions are made to translate these tools into local languages that will facilitate up-scaling within the system. Dissemination through workshops and seminars and publication of the lessons learned are also considered. The financing strategy to be developed by the project will be an important tool for financing the up-scaling of lessons learned and project actions from not only this project, but also from the WB Corazon project, the Meso-american biological corridor project, and PASMA.

d) **STAKEHOLDER INVOLVEMENT**

32. The project was formulated with ample stakeholder participation in work sessions, round table events, and inter-agency work groups and in PDF-B consultancies geared towards eliciting the input of local and area consultations with selected authorities from the autonomous regions, indigenous groups, Municipalities, local NGOs, and private landowners into the design of the project. Based on this process, activities have been included in the project design, within the development of a new SINAP strategic framework (Output 1.4) and in the development of Outcome 2 and its 3 outputs. Most specifically, stakeholders input led to the development of a proposal for an agile governance structure that was included (output 2.1) in the logical framework that could bridge the large gap between MARENA and the private sector producers. Section IV, Part IV of the Project Document contains a detailed Stakeholder Involvement Plan that identifies the stakeholders, describes in more detail how they were involved in project formulation, and presents mechanisms for participation in the form of local committees and steering committees that propose part of the structure incorporated into output 2.1. The cooperation between national and international agencies is also considered as part of outcome 2. Initiatives to coordinate the economic development process that is ongoing within PAs with the practices of the private landowners is also developed within the project design under output 2.3, which will increase the responsibility of the private land owners and/or resource users in aligning their activities with PA management objectives. Output 2.1 will provide the framework for communication with these groups.

e) **MONITORING AND EVALUATION**

33. A detailed monitoring and evaluation plan and budget is included in the Project Document, Section IV, Part VIII that meets the standard UNDP and GEF procedures for monitoring and evaluation. The plan is based on the logical framework presented in Annex B. Monitoring and evaluation will be an adaptive process with improvements to the Monitoring and Evaluation Plan and definition of output indicators during the inception phase of the project. The implementation of activities defined in an annual workplan will be monitored by the Project Management Unit MARENA will monitor and oversee the project day-to-day activities and UNDP will monitor project performance according to IA agency requirements. The project's target indicators and means of verification will be coordinated with MARENA and harmonized with the indicators of the GEF business plan and will include a UNDP financial scorecard and tracking of management efficiency indicators.

4. FINANCING (for all tables, expand or narrow table lines as necessary)

This project falls under the Resource Allocation Framework (RAF) for Biodiversity. The scope of the project has been adjusted to fit the allocation for the GEF 4 cycle, and the project applies to less than 50% of the available funds during GEF 4 under the RAF.

a) **PROJECT COSTS**

| Project Components/Outcomes | Co-financing (\$) | GEF (\$) | Total (\$) |
|---|--------------------------|------------------|-------------------|
| 1. Enhanced policy and legal framework | 330,000 | 630,700 | 960,700 |
| 2. PA management shared by stakeholders | 3,000,000 | 378,600 | 3,378,600 |
| 3. Capacity for sustainable financing | 110,000 | 406,700 | 516,700 |
| 4a. Institutional management and learning | 309,200 | 204,000 | 513,200 |
| 4b**. Project management budget/cost* | 70,800 | 180,000 | 250,800 |
| Total project costs | 3,820,000 | 1,800,000 | 5,620,000 |

* This item is an aggregate cost of project management; breakdown of this aggregate amount should be presented in the table b) below. ** Note that management is included in outcome 4(b) are the breakout amounts that correspond to the table.

b) **PROJECT MANAGEMENT BUDGET/COST¹⁰**

| Component | Estimated staffweeks | GEF (\$) | Other sources (\$) | Project total (\$) |
|---|----------------------|----------|--------------------|--------------------|
| Locally recruited personnel* | 208 | 124,800 | 20,160 | 144,960 |
| Internationally recruited consultants* | 0 | 0 | 0 | 0 |
| Office facilities, equipment, vehicles and communications | | 15,200 | 359,840 | 380,800 |
| Travel | | 20,000 | 0 | 20,000 |
| Miscellaneous | | 20,000 | 0 | 20,000 |
| Total | | 180,000 | 380,000 | 565,760 |

* Local and international consultants in this table are those who are hired for functions related to the management of project. For those consultants who are hired to do a special task, they would be referred to as consultants providing technical assistance. For these consultants, please provide details of their services in c) below:

c) **CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:**

| Component | Estimated staff weeks | GEF(\$) | Other sources (\$) | Project total (\$) |
|---------------------------|-----------------------|---------|--------------------|--------------------|
| Personnel | 0 | 0 | 0 | 0 |
| Local consultants | 600 | 236,000 | 64,000 | 300,000 |
| International consultants | 126 | 283,500 | 0 | 283,500 |
| Total | 726 | 519,500 | 64,000 | 583,500 |

d) **CO-FINANCING SOURCES**

| Co-financing Sources | | | | |
|---|----------------|---------|-------------|-----------------|
| Name of co-financier (source) | Classification | Type | Amount (\$) | Status* |
| PASMA II (Danida) | Bilat. Agency | in kind | 480,000 | confirmed |
| The Nature Conservancy | NGO | in kind | 20,000 | to be confirmed |
| Rural Development Institute | Nat'l Gov't | in kind | 3,000,000 | confirmed |
| Ministry of Environment and Natural Resources | Nat'l Gov't | in kind | 320,000 | confirmed |
| Sub-total co-financing | | | 3,820,000 | |

* Reflect the status of discussion with co-financiers. If there are any letters with expressions of interest or commitment, please attach them.

5. INSTITUTIONAL COORDINATION AND SUPPORT

a) CORE COMMITMENTS AND LINKAGES

34. The nexus between poverty, destruction of habitat, and civility is embraced by the UNDP/Nicaragua Country Cooperation Framework (CCF 2002-2006) and is addressed by UNDAF action area 2.4. The project document also describes in detail the linkage to the

¹⁰ For all consultants hired to manage project or provide technical assistance, please attach a description in terms of their staff weeks, roles and functions in the project, and their position titles in the organization, such as project officer, supervisor, assistants or secretaries.

Regional Strategy for Conservation and Sustainable Use of Biodiversity in Mesoamerica¹¹ within the Strategic Regional Work Program on Protected Areas (PERTAP);¹² In addition to the Nicaraguan Environment Plan for 2001-2005 and the National Biodiversity Strategy and its Action Plan. The project supports MARENA's role in mainstreaming environment into the major national development plans and is in-line with the National Development Plan (PND) and operational plan (PND-O), the National Poverty Reduction Strategy (ERCERP).¹³

- b) CONSULTATION, COORDINATION AND COLLABORATION BETWEEN IAS, AND IAS AND ExAs, IF APPROPRIATE.

35. During the PDF-B phase, The WB/ MARENA FSP "Corazon" of the Mesoamerican Biological Corridor (Corazón del Corredor Biológico Meso-americano - RBT-CCBM-) project had no local coordinator. Meetings were held with an interim coordinator to solicit input on the present proposal. Ongoing collaboration is foreseen in the areas of: the determination of economical activities inside the protected areas that will contribute to the domestic economy, validation of the geographical information of SINAP, and in the technical support for the development a "foundation" for the management of the National Environmental Fund. The WB "Corazon" project (through the Project Coordinator) has been invited to participate in the Project Coordination Committee to ensure ongoing coordination and thus avoid overlap. MARENA as executing agency will be responsible for maintaining good communications and avoidance of overlap between the two projects and to disseminate the learned lessons between the projects. This contact will also be institutionalized in the form of regular review meetings between project staff on a semester basis. This will enable cross-fertilization of experiences and solutions to common problems, such as the evolution of relationships with the private landowners. These meetings will also keep Corazon project staff abreast of the development of system-level tools. The project document describes also the mainstreaming of annual high-level executive meetings between the Minister, the UNDP representative and the WB representatives for Nicaragua. The project document also describes that the project will build on the awareness, and site-level actions created by the WB/GEF Meso-american Biological Corridor project in the development of system-level tools that will connect the information generated from these areas and allow for sustainable financing of the mechanisms created by that project, such as the Natural Resources Information System (SINIA).

c) PROJECT IMPLEMENTATION ARRANGEMENT

36. The Government of Nicaragua will execute the Project under the UNDP National Execution (NEX) mode. In its capacity as executing agency, the Ministry of Environment and Natural Resources (MARENA) will be responsible for directing the project, meeting the immediate objectives and projected outputs, making effective and efficient use of the resources allocated in accordance with the Implementation/execution Arrangements section of

¹¹This Strategy was formulated as an effort to coordinate political and institutional actions for conservation, sustainable use and equitable distribution of benefits derived from biodiversity. It is conceptualized as a coordination and cooperation mechanism between Mesoamerican countries by the Biodiversity Technical Committee of Central American Commission on Environment and Development –CCAD, facilitated by the Mesoamerican Biological Corridor Project (November, 2003).

¹² PERTAP is an instrument of member states of the Central American Commission on Environment and Development to strengthen the integrated, harmonized and participative management of regional protected areas systems for the protection and conservation of those natural spaces, freshwater, and coastal and marine resources that represent unique ecosystems or wildlands and constitute reservoirs of natural resources and biodiversity for present and future generations. It was also established by the Protected Areas Technical Committee of CCAD, under the Mesoamerican Biological Corridor Project (July, 2005).

¹³ Poverty Reduction Strategy (Estrategia Reforzada de Crecimiento Económico y Reducción de la Pobreza-ERCERP), July 2001, Government of Nicaragua.

the Project Document, and ensuring effective coordination between the Project and the other existing projects in the country dealing with strengthening of the SINAP. This will imply coordination with other donors participating in this effort as well as other government institutions such as the INTUR.

ANNEX A: INCREMENTAL COST ANALYSIS

| Cost/Benefit | Baseline (B) | Alternative (A) | Increment (A-B) |
|---------------------------------|--|---|---|
| <u>Domestic Benefits</u> | SINAP is unknown to elected and public officials who do not know the contribution of these areas to the national economy and to regional and global benefits. This leads to public financing far below the average for Central American nations. | Increased visibility for SINAP Increased national budget allocations for SINAP Complete Policy Framework | Awareness by officials of the importance of SINAP, its contribution to the national economy, potential to contribute to growth in the economy, and contribution to regional and global benefits. Legislation that enables improved management and financing |
| | Stalled decentralization process hinders overhaul of system and development of policies. | Decentralization issues with respect to SINAP negotiated between MARENA, SEPICA, and the authorities of the autonomous regions | Revitalization of the negotiation process and mediation. |
| | SINAP is critically under financed in comparison to the region. | Improved financial planning at the system level | Improved financial information and management systems tested at the site-level and with connectivity to the system level. System level financial planning strategy. Multi-sector agreements to back the financial plan |
| | Management scoring in 16 PAs by TNC/PROARCA. | Fortified strategic framework and Improved Management Capability at the System level institutionalizes and utilizes scoring to make decisions throughout the system and expanded to include improved financial information. | Strategic framework produced and ratified. Improved Management Systems Improved Information and Indicators for PA management and co-management performance Financial scorecard application |
| | Landowners with communication structures in 9 PAs and in biosphere reserves. These are not connected to DGAP. The majority that are unconnected are generally antagonistic towards PAs | Stakeholders connected to SINAP enhance the decision-making process and provide inputs to SINAP re-engineering process. | Development of a governance structure that connects multiple groups and committees from the various regions to DGAP. |
| | DGAP not involved in regional economic development leading to reduced influence in the economic development process and outside of the articulated needs of the landowners. | DGAP is an actor in the economic development process through inter-institutional contacts and procedures for safeguarding biodiversity | Formation of a multi-sector committee to monitor the impacts of the status quo economic development process and to guide the conversion of existing productive systems to mitigated or clean development alternatives that increase biological values and connectivity. |

| Cost/Benefit | Baseline (B) | | Alternative (A) | | Increment (A-B) | |
|--|---|------------------------------|--|------------------|---|------------------|
| | | | | | | |
| <u>Global Benefits</u> | Existing ecosystems are not represented within PAs. | | A redesigned and re-distributed SINAP with greater ecosystem representation and with determined biodiversity values | | Improved Bio-diversity monitoring | |
| | Economic development policy likely to increase drivers to threats to biodiversity within and around PAs | | Framework for alternative production methods and clean development methodologies through inclusion of DGAP in coordination of regional economic development policy and projects. | | Increase in tree cover and connectivity through conversion of productive systems to agroforestry, silvo-pastoral systems, and/or forest or more sustainable marine harvest practices. Model certification programs for successful farmers increase economic opportunities using clean methodologies. | |
| <u>Outcome 1:</u> Enhanced policy and legal framework enables improved SINAP management and finances. | Baseline: | 130,200 | a) Baseline: | 130,200 | GEF: | 630,700 |
| | PASMA I | 100,000 | b) GEF: | 630,700 | Co-financing: | 330,000 |
| | PROAMBIENTE | 10,200 | c) Total Co-financing: | 330,000 | Total: | 960,700 |
| | SPDMR | 20,200 | PASMA II | 330,000 | | |
| | | | d) Total Alternative: | 1,090,900 | | |
| <u>Outcome 2:</u> PA management is shared by key stakeholders | Baseline: | 6,658,126 | a) Baseline: | 6,658,126 | GEF: | 378,600 |
| | COMAP | 6,200,000 | b) GEF: | 378,600 | Co-financing: | 3,000,000 |
| | Araucaria | 357,230 | c) Co-financing: | 3,000,000 | Total: | 3,378,600 |
| | GTZ | 100,896 | IDR/M.Challenge/PRO DEP | 3,000,000 | | |
| | | | MARENA | | | |
| | | d) Total Alternative: | 10,036,726 | | | |
| <u>Outcome 3</u> Capacity for sustainable financing of SINAP and PAs developed. | Baseline: | 148,700 | a) Baseline: | 148,700 | GEF: | 406,700 |
| | TNC | 148,700 | b) GEF: | 406,700 | Co-financing: | 110,000 |
| | | | c) Co-financing | 110,000 | Total: | 516,700 |
| | | | PASMA II | 90,000 | | |
| | | | TNC | 20,000 | | |
| | | d) Total Alternative: | 665,400 | | | |

| Cost/Benefit | Baseline (B) | | Alternative (A) | | Increment (A-B) | |
|--|------------------------|------------------|------------------------------|-------------------|----------------------------|------------------|
| OUTCOME 4: Institutional management and learning within project and MARENA. | Baseline: | 0 | a) Baseline: | 0 | GEF: | 384,000 |
| | | | b) GEF: | 384,000 | Co-financing: | 380,000 |
| | | | c) Co-financing | 380,000 | Total: | 764,000 |
| | | | PASMA II | 60,000 | | |
| | | | MARENA | 320,000 | | |
| | | | d) Total Alternative: | 764,000 | | |
| TOTAL COSTS: | Total Baseline: | 6,937,296 | Total Baseline: | 6,937,026 | Total GEF: | 1,800,000 |
| | PASMA | 100,000 | Total GEF: | 1,800,000 | Total Co-financing: | 3,820,000 |
| | PROAMBIENTE | 10,200 | Total Co-financing: | 3,820,000 | Total Increment: | 5,620,000 |
| | SPDMR | 20,200 | Total Alternative: | 12,557,026 | | |
| | COMAP | 6,200,000 | | | | |
| | TNC | 148,770 | | | | |
| | Auracaria | 357,230 | | | | |
| | GTZ | 100,896 | | | | |

ANNEX B: PROJECT LOGICAL FRAMEWORK

| Project Strategy | | Objectively Verifiable Indicators | | | |
|---|--|---|--|--|--|
| Goal: Nicaraguan society conserves biodiversity <i>in-situ</i> through a sustainable National Protected Areas System | | | | | |
| Conceptual Framework | Indicator | Baseline | Target | Means of Verification | Risks and Assumptions. |
| Project Objectives: “The Nicaraguan Protected Areas System is effectively managed through legal reforms, strengthened institutions, sustainable financing and partnerships.” | Number of PAs and Ha. with improved conservation management | 1 PA (5100 Ha.) | Pacific and Central regions 50 additional PAs (321,813 Ha.) by S12 | Financial statements from each PA. System-level METT scoring. | Inflation remains within predictable levels estimated at 4%/annum. |
| | Number of PAs with Management scores above 600 on TNC scale. | 1 PA above 600. | 4 additional PAs with scores above 600. | Bi-annual scoring of management efficiency at the site level. | Improved attitudes and lobby will increase the willingness to increase financing |
| | Reduction in financing gap. | SINAP 2007 baseline investment at June 2007 in \$U.S. | Target to be determined by CEO endorsement | MARENA budget dedicated to DGAP DGAP expenditures Congressional budget figures. Agreements to support mid-term financing plan | That political commitment to the project will continue. |

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| <p>Outcome 1: Enhanced Policy and legal framework enables improved SINAP management and finances.</p> | <p>Legislation signed into law to promote effective PA management and overcome existing barriers caused by current legislation</p> | <p>Current legal framework causing</p> <ol style="list-style-type: none"> 1. Undefined mandates 2. Low visibility for SINAP. 2. Inability to finance PAs through concessions and/or fiduciary mechanisms. | <p>1 Protected Areas Law and 1 law on Natural Resources Tariffs passed by S8, clarifying:</p> <ol style="list-style-type: none"> 1) Decentralized roles and responsibilities. 2) Increased visibility 3) financing of SINAP through GoN quota, concessions, and tariffs. | <p>Protected Areas Law and Natural Resources Tariffs Law voted into force and published in the national Gazette</p> | <p>That political commitment to the project will continue.</p> <p>Increased awareness translates into political action by lawmakers.</p> |
| | <p>Increased cooperation for integration of biodiversity and PA management between MARENA and regional governments</p> | <p>Ratification of agreement for decentralization between by 0 parties (MARENA, SERENA, regional authorities, and SEPCA).</p> | <p>Five Authorities party to agreement by 2009.</p> | <p>Published agreement.</p> <p>Agreement on record in all institutions.</p> | |
| | <p>Financing committed to support targeted aspects of an updated SINAP strategy.</p> | <p>0 Agreements from multi-lateral donors, GoN, Municipalities, NGOs, Municipalities, and Universities.</p> | <p>At least:</p> <ul style="list-style-type: none"> 5 Agreements from Multi-lateral donors 5 Agreements from GoN Ministries 1 Agreement per Municipality with PAs in their territories 2 Agreements with National Universities | <p>Published proposal for public review.</p> <p>Letters of ratification by stakeholders</p> | |

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| Outcome 2: PA management responsibilities are shared by key stakeholders. | Number of PAs with a functioning participatory (multi-sector) in communication with DGAP. | 16 have partial structures and 0 are represented and actively communicating with DGAP in a system. | At least 40 PAs with local structures functioning and systematically communicating with DGAP at the national level. | Minutes of local municipal committees Mid-term Evaluation | 50% of the local actors who do not recognize the legitimacy of the PAs on their land participate in the dialogue. |
| | Number of agreements with co-managers signed that include defined standards and protocols. | 0. agreements/contracts with protocols or standards. | 9 co-managed PAs with agreements/contracts that include protocols and standards by 2009. | Published methodologies and scores. | Continued co-manager compliance and participation. Co-managers do not opt-out of co-management agreements |
| | Multi-sector committee coordinates and analyzes the impacts and lessons learnt of model projects to convert present practices into biodiversity compatible production. | Impacts evaluated for 0 Projects in Agricultural conversion 0 Projects in improved fishing 0 certification schemes | Impacts quantified for: Agricultural conversion projects in 11 PAs Forestry impact reduction in 2 PAs Improved fishing project in 2 PAs Certification schemes in 2 PAs | Project Evaluations Reports and minutes from inter-agency committee meetings. | Continued commitment of participating agencies and donors. |

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| Outcome 3: Capacities for sustainable financing of SINAP and PAs developed. . | Number of PAs (both government and co-managed) reporting revenues and costs | No account reporting | 3 Pilot PAs and 9 (100%) Co-managed PAs reporting revenues and costs by S4. | Independent audits reports. Central recorded data a DGAP Random annual audits Evaluation of system performance. | DGAP and PAs maintain human resources necessary to collect and report information. |
| | Increase in score in UNDP financial scorecard (see PRODOC Section IV for attached scorecard.) | Baseline score to be completed during inception phase | 25% improvement over baseline score. Target to be adjusted between UNDP and stakeholders based on baseline scoring exercise | Scorecard evaluation | |
| | Revenue generated from concessions and retained by SINAP and the local PA | \$0.00 derived from concessions | A total of \$100,000 USD/year is generated from existing concessions by Q5. | Receipts Financial records SINAP financial audit | Concessionaires compliance with agreements Cooperation between co-managers and concessionaires. |
| | Increase in public investment over baseline to support PA management | 2007 Counterpart funding expenditure of US \$400,000 | Target to be determined by CEO endorsement | MARENA budget dedicated to DGAP DGAP expenditures Congressional budget figures. | |
| Outcome 4: Institutional management and learning within project and MARENA | Project financial management system | 0 | 1 system | Audited statements Quarterly Reports | The project has had positive results to be replicated at both the |

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|--|---|----------|-------------------------------------|--|--|
| | Number of events for dissemination of lessons learned to Mesoamerican countries | 0 events | 1 event executed by project closing | Press and publications Event report | |
|--|---|----------|-------------------------------------|--|--|

ANNEX C: RESPONSE TO PROJECT REVIEWS

a) Convention Secretariat comments and IA/ExA response

b) STAP expert review and IA/ExA response

Strengthening of Sustainability of Nicaragua's Protected Area System

STAP Reviewer: Julian Caldecott

Final Report 21 February 2007

| Summary of STAP Comment | Response | Location where document was revised (sections, paragraphs) |
|--|--|--|
| 1. Overview | | |
| 1(a). Project is... consistent with GEF Biodiversity Strategic Priority 1 and is judged scientifically and technically sound, likely to yield important global environmental benefits, and is potentially both replicable and sustainable. The capacity of key participants is likely to be strengthened through implementation. | | |
| 1(b). Potential difficulties lie in the scope of inter-locking objectives, some of which may be beyond the capacity of a three year project to fulfil. | <p>The system boundary has been reduced from 6 outcomes to 4. Several key outputs were combined, while large outputs, on information systems, biodiversity monitoring and evaluation systems, and Payment-for-Environmental Services have been removed. Although the system boundary of this project is reduced, the counterpart institutions will continue to work within these areas while this project focuses specifically on SINAP's most pressing and immediate core problems. The project remains focused on core capacities now concentrated into 4 outcomes:</p> <p>(1) creating an enabling environment for SINAP through political actions, pre-requisite awareness building (unchanged) and an improved SINAP framework strategy and plan (former output 2)</p> <p>(2) Multi-stakeholder involvement (synthesis of participatory outputs from former outcomes 5, 2 and 3)</p> <p>(3)The development of financial</p> | <p>Section I, Part II</p> <p>Indicative Activities and Workplan.</p> <p>Logical Framework.</p> |

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| | <p>capabilities (formerly outcome 4). where only the development of PES has been eliminated. However, the central theme of generating a revenue stream is maintained in an improved concession mechanism to create an initial revenue stream for PAs has been maintained.</p> <p>The project strategy Section I Part II has been completely re-drafted. The workplan has been reduced as indicated. The logical framework is now in reduced form. The core-outcome level indicators have been maintained.</p> | |
| 1(c). Greater emphasis on the role of municipal actors would be welcome. | <p>Draft organizational charts have been prepared and have been included in the Part IV. The approach to stakeholder participation is through the municipal framework. Although stakeholders will work out the precise mechanism as part of the project, the PDF-B process indicates that capacity improvements and fitting of a more formalized coordination function within the Municipal Environment Councils will be the technically and financially appropriate vehicle for a decentralized and representative communication between the grass-roots and SINAP. This approach is developed within Outcome 2 (output 2.3).</p> | <p>PRODOC; Sec.II, Part II, Outcome 2, par.96-97.</p> <p>Organizational charts in Sec.IV, Part XIV.</p> |
| 1(d). Greater clarity on how a follow-up project in the Caribbean zone would adapt to local conditions would be welcome. | <p>The references to a follow-on project have been removed from the document. The project focuses squarely on the proposed. Midway through GEF 4, the process and mechanisms for following on this initiative will be open to discussion between the IA, ExA, and stakeholders, particularly those from the autonomous regions, and GEF/WB Corazon project staff, IDR, and PASMA II staff.</p> <p>If a follow-on project were to be developed, it would be based on the achievements and lessons learnt from this project, PASMA II, and the GEF/WB Corazon project. The development phase of that project would determine the geographic</p> | <p>References to a follow-on project have been eliminated from the text.</p> |

| | | |
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| | system boundary and would take into consideration the unique features and threats of the area chosen. | |
| 1(e). Project Document would benefit from editing and shortening. | Section I, Part I has been completely re-drafted and reduced. Section I Part II has also been re-drafted with the mentioned (1a) changes to the text. | |
| 2. Observations in relation to key GEF issues | | |
| 2.1 Scientific and technical Soundness | | |
| 2.1(a). Any subsequent project would need to be designed in response to the unique features of the Caribbean area, and address the unique threats to its biodiversity, rather than being a simple extension of the project to a new geographical zone. | Identical issue to 1(d). See response to 1(d). | |
| 2.1(b). The project will address many of the underlying causes of biodiversity loss and the constraints upon central government to advance the biodiversity conservation agenda Targeting of the project is therefore appropriate, and ... scientifically and technically sound. | | |
| 2.1 (c). The chief reservation is that it is perhaps too ambitious, especially given the weak capacity of the country and its institutions. There are several outputs that must surely be beyond the capacity of a three-year project to achieve, including: creating new policies and legislation on conservation roles, reform of SINAP, and new financing arrangements (Outcome 1); negotiating agreements on decentralisation between central government and the autonomous regions (Outcome 2); and persuading central government to increase budget allocations to SINAP, while also removing disincentives for private-sector investment (Outcome 4) Too many activities, so that the list appears unrealistic, including a major awareness raising campaign (Outcome 1), detailed technical studies and analyses on economic evaluation (Outcome 1), ecosystem coverage (Outcome 2), and revenue potential (Outcome 4), establishment and operation of | <p>The project has been expanded to 4 years. See also response to 1(b) that details how the system boundary was reduced.</p> <p>The designers have maintained the balance of outputs that will respond to the core areas in SINAP's current development strategy. Every attempt has been made to rally and maintain co-financiers around a holistic design. Co-financiers are continuing with their original commitments prior to RAF reductions.</p> <p>Attempts to increase funding for a holistic solution to SINAP's capacity and financing problems will continue and will form the core objective of the Financing Plan presented in Outcome 3. The financing task force and existing donor round table will be used to generate more support for the outcomes presented and for the areas that were eliminated from this project but that still comprise the agenda of the counterpart institutions. It is expected that additional counterpart funding above the level of this project</p> | <p>See PRODOC; Incremental Cost Assessment, System Boundary; Section II, par. 169.</p> <p>PRODOC; Table 7: Indicative outputs, activities, and semester-based workplan.</p> <p>See PRODOC, Sec.I, Part II, Outcome 3, par. 101-103.</p> |

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| <p>multi-stakeholder forums (Outcome 2), design and operation of a complex and inclusive management information system , including the setting of performance standards for protected area managers (Outcome 3) as well as piloting partnership-based field enterprises. (Outcomes 4 & 5).</p> <p>On the other hand, it could be argued that all of this is essential, since the issues to be addressed and their solutions comprise an inter-locking system that can only be modified as a whole. If this is accepted, then one may suggest that either the budget is too small, or the time frame too short, or both. The fact that a second project is envisioned is not really an adequate substitute for designing a complete solution to the challenges involved in this stage, since there is no guarantee that the second project will materialise.</p> <p>It is understood, however that this approach is driven largely by constraints on GEF's own Resource Allocation Framework for Nicaragua and the Project Document also observes that the project is now shorter than originally expected.</p> <p>If all of the work that was envisioned is attempted, it will place a premium on...learning from other projects and programmes [examples cited].</p> | <p>will be acquired during the course of this project.</p> | |
| | | |
| <p>2.2 Global environmental benefits</p> <p>It is hard to understate the global importance of biodiversity resources that are under threat in Central America, and Nicaragua is a vital link in regional efforts to preserve a degree of biological connectivity within that region....restoration of natural or semi-natural forests would have a</p> | | |

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| valuable conservation role. | | |
| 2.3 GEF context | | |
| 2.4 Regional Context | | |
| 2.5 Replicability | | |
| The project has considerable replication potential within Nicaragua, and may also be expected to yield important lessons for use in other, relatively poor and environmentally damaged countries in the region (e.g. Haiti, El Salvador) and elsewhere (e.g. the Philippines) | | To be discussed w/ UNDP at inception phase. |
| 2.6 Sustainability | | |
| The project is considered potentially sustainable. | | |
| 3. Observations in relation to secondary GEF issues | | |
| 3.1 Linkages to other Focal Areas | | |
| The project document is silent on the relevance of the project to other focal areas. | The PRODOC was amended to demonstrate linkages with OP-12 and indirect linkages with Climate Change and Land Degradation (OP-15)... “The on-the-ground actions in agroforestry and improved tree cover will have added and secondary benefits in the reduction of Green House Gasses through the increase in Carbon absorption, and storage. These amounts will not be directly measured by the project I but will be evaluated for their potential as a possible financing strategy for project II” | PRODOC; Par. 83. Ex. Sum; Par. 23 |
| 3.2 Linkage to other programmes and action plan | | |
| The project is fully consistent with national priorities as expressed in the National Biodiversidad Strategy and Action Plan, and the Strategy for the Development of National Protected Areas System. It is also consistent with UNDP’s Country Cooperation Framework and is linked to several other internationally-financed activities in the geographic area of project intervention. | | |
| 3.3 Other environmental effects | | |
| The overall environmental impact of the project should be favourable if its key outputs are obtained. | | |
| 3.4 Involvement of Stakeholders | | |
| The project was formulated following studies undertaken with the support of a PDF-B grant, and | Since the STAP review, regional consultations have been completed. The stakeholder analysis section has | |

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| although the document says little on the involvement of stakeholders in this, the final report on the PDF-B process presumably contains this information. | been revised to reflect stakeholder comments, output 2.1 on the creation of a participatory structure, and the Stakeholder involvement plan have been amended based on these consultations and to cite the results of the consultations. | |
| The detailed stakeholder analysis adequately summarises the complex distribution of overlapping roles, rights and responsibilities for the various aspects of national and local governance in Nicaragua. | | |
| 3.5 Capacity-building aspects | | |
| Achieving the projects aims should have an irreversible positive impact on capacity. | | |
| 3.6 Innovativeness | | |
| It is doubtful that any of the projects details are wholly new in a Nicaraguan context. What might be considered innovative, however, is the holistic approach taken by the project to address all of the main weaknesses and constraints at once. A project with greater emphasis on strengthening reliance on municipal institutions and investing in the support and defense of indigenous land rights might prove more innovative, as well as having a stronger and more sustainable impact than one targeted mainly on the capacity of the central government. | In spite of significant reductions to the project's budget in response to RAF, and in reducing the project system boundary, in response to STAP review -1b- all attempts have been made to maintain the holistic nature of the project. The project's principal counterpart, PASMA II, is continuing with the efforts that have been reduced from the project without GEF assistance so that, together, the sum of these projects will maintain the holistic approach recognized by the STAP reviewer as an innovation for Nicaragua. | |
| | | |
| 4. Conclusions | | |
| This has the makings of an important initiative which has the potential to contribute major benefits for global and regional biodiversity if its key aims can be realised. Potential difficulties lie in the scope of inter-locking objectives, some of which may be beyond the capacity of a three year project to fulfill, and in their number, which may overwhelm the implementation resources available as well as the capacity of project partners. If a way can be found to do it, greater emphasis on the role of municipal actors would be welcome, as would greater | | |

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| clarity in explaining how a follow-on project in the Caribbean zone would adapt to local conditions, especially in the area of defending indigenous land rights. The document, though comprehensively and well-written, is in need of editing and shortening. The project is important and should proceed swiftly to the next phase of its development. | | |
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c) GEF Secretariat and other Agencies' comments and IA/ExA response

| Summary of GEFSEC Comments | Response | Location where document was revised (document, sections, paragraphs) |
|---|--|--|
| 1. Country Ownership | | |
| Country Drivenness | | |
| The project states that the economic development activities (outcome 5) are designed to strengthen DGAP linkages with the private sector. | The text has been modified to include the correct reference to the stated outcome to, "The economic development activities and practices developed within the framework of Outcome 2 (output 2.2) are designed to strengthen DGAP linkages with the private sector and actors that drive the private sector economic development process affecting PAs." | Executive Summary, par. 25. |
| Please clarify what outcome 5 is or what outcome the project is referring to. | A similar reference has been modified in the PRODOC annexes (Section IV) changing "outcome 5" to "outcome 2." | PRODOC, Section IV, Part VII. Paragraphs 173, 175, 177, and 178. |
| Endorsement: | | |
| Endorsement letter dated March 19, 2007 signed by Amanda Lorio but GEF Focal Point on GEF website is Jacobo Charles Simeon...Please clarify | Ms. Lorio is currently the GEF Political Focal Point, while Mr. Simeon is the GEF Operational Focal Point, until further notice. This issue was brought to the attention of the Ministry of Environment by UNDP in a meeting held on April 13, 2007, and will be formally clarified with the GEF. | None. |
| 2. PROGRAM AND POLICY CONFORMITY | | |
| Project Designation and Conformity | | |
| The project demonstrates conformity. | | |
| Project Design: | | |

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| <p>Please clarify the role of private landowners given their importance in the success of the PA system per land ownership issues that the project identifies as a persistent problem with the initial design of the PA system.</p> | <p>For the vast majority of the PAs, there is no connection with private landowners and MARENA over the issue of PAs or conservation objectives. This undefined situation provides a powerful opportunity to resist change and maintain the status quo in a relatively un-regulated environment. Given that, this project will create greater responsibility on both sides. For MARENA, attention must be paid to the landowners and establishing a vehicle of communication with them and clear conservation objectives must be established for the PAs in question. For the landowners, the responsibility to participate in the dialogue with respect to the management of the PA and positive change in the management of their lands with respect to conservation objectives will be supported.</p> <p>To facilitate this process, Outcome 2 was developed to create a vehicle to engage and empower landowners in the form of a governance structure (output 2.1) that will establish communication between the landowners and MARENA. This will then lead to greater participation of landowners in PA management planning and land use. In order to gain experience in working with this population and to assist them to adapt their production towards conservation goals, MARENA will participate in the adaptation of current practices towards biodiversity friendly practices as designed in output 2.2 and establish linkages with agencies that directly service this particular population in the economic development process.</p> <p>Local stakeholder consultations with municipalities, indigenous groups, and local NGOs around 7 selected PAs including local producers was under-represented in the text. The results of these interventions are now correctly documented in both the Ex. Sum and the Project Document.</p> <p>Given the large gap between the landowners and MARENA on this issue, the project will provide a learning experience that will need to be evaluated in tandem with the <i>WB Corazon project</i> and taking into consideration the final evaluation of the Atlantic Biological Corridor Project, whose lessons learned include experiences late in the project on investing in local producers. The lessons from all three mentioned experiences will be analyzed to assist MARENA and the landowners on the determination of a protocol, parameters, and roles for mutual cooperation in the future after completion of the GEF initiative.</p> | <p>The presentation of the stakeholder analysis has been expanded in the Executive Summary, par. 32</p> <p>Project Document paragraphs 55-60 have been updated with new paragraphs added.</p> <p>Section IV, Part IV: Stakeholder involvement plan.</p> |
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| | Better explanations of these roles have been included in the project design and stakeholder analysis sections of both the PRODOC and Executive Summary. See also response to GEFSEC under the stakeholder analysis section below. | |
| Sustainability The project focuses on the institutional and financial sustainability for the PA system to function in the long-term. Entire design is imbued with this approach | | |
| Replicability: A reference is made to page 45 but nothing on page 45 is related...please clarify. | The reference has been corrected to direct the reader to the Project Document, Page 35, not 45. The correct paragraph reference | Executive Summary par. 31. |
| The replication strategy refers to the 50% rule of the RAF in par.31 presenting a barrier to replication....[this] should not be used as an excuse that precludes supporting replication through co-financing. Why is the project designed in such a way that replication can not be considered in a robust way? This indicates a problem with the design itself. It is puzzling that a US\$6 [M] project can not undertake a serious replication effort. Please clarify | <p>A substantial degree of replication is included in the project that the documents did not adequately reflect. It was calculated in the Tracking Tool and now better elaborated in the main text.</p> <p>The project will replicate site-level tools, for example; a site-level component of the system-level accounting system will be tested in 4 areas. This will be then replicated by MARENA in all areas under co-management (an additional 8 areas) as a minimum figure. Higher degrees of replication are noted for several project activities. The text has been amended in both the Project Document and the Executive Summary to better describe how replication of project actions can take place.</p> <p>Also, the financing strategy for SINAP is key for the replication of actions not only by this project, but also for lessons learned by the Meso-american biological corridor project and to up-scale lessons learned from the WB Corazon project.</p> | <p>Executive Summary, Par 31.</p> <p>Project Document par. 129.</p> |
| Stakeholder Involvement: The proposal refers to Section IV, Part IV of the project document, but no descriptions are provided as to the stakeholder consultations that took place to design the project. Please clarify what was the process to design and develop the project. What | The Stakeholder Involvement section of the Executive Summary, Project Document have been updated to include the missing information. The Stakeholder Involvement Plan has been updated to include information from PDF-B consultancies that were the foundation for the involvement plan. The stakeholder involvement plan is grounded in outcome 2 that creates a participatory governance structure for PA management that will create both contact and communication both upstream and downstream with the private sector. In addition, this outcome includes output 2.2 that directly | <p>Ex. Sum par. 32</p> <p>Project Document pars. 55-60.</p> <p>Project Document, Stakeholder Participation Plan; Section IV, Part IV</p> |

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| <p>is provided is simply a list of agencies and a preliminary plan of meetings etc. for the actual project.</p> <p>Please clarify how the private landowners will be involved in the project. It is not clear how they fit in the stakeholder participation plan</p> | <p>involves individual producers. The stakeholder Participation Plan has been improved to better reflect the linkages between the consultations made during the design process and the project logical framework and workplan that was specifically designed with the stakeholders, in particular the private landowners.</p> <p>See also the response to GEFSEC comments and references to Private landowners and the Stakeholder analysis sections of the documents presented above in the Project Design section</p> | |
| <p>Monitoring and Evaluation: Financial Scorecard to be completed by CEO endorsement</p> | <p>The project team will complete the financial scorecard in annex C of the Executive Summary (also Project Document, Section IV, Part XIV)</p> | |
| <p>Please clarify what is the TNC Scorecard that will be used</p> | <p>The TNC scorecard is tracking management effectiveness for 15 PAs. This tool is described in the barriers section (par. 27) with an additional reference in par. 72 of the Project Document. The 37 indicators used are presented in the Project Document in Table 26, page 109. These management parameters have been tracked for 6 years, hence the value in continuing to use the scorecard for these Pas.</p> <p>A reference and brief explanation has been included as a footnote in the Executive Summary</p> | <p>See Project Document par. 27, 72, and description of indicators on Table 26, Page 109.</p> <p>Executive Summary, Page 6</p> |
| <p>3. FINANCING</p> | | |
| <p>Financing Plan: There has been a reduction in total budget requested from PDF-B phase. Please clarify.</p> | <p>The project design was modified to accommodate the newly introduced Resource Allocation Framework and available budget.</p> | <p>Explanation included page 10.</p> |
| <p>Under project management budget 156 staff weeks is listed under office facilities, equipment, vehicles, and communication. Please clarify.</p> | <p>The project management budget was revised, and the error corrected. No staff weeks are listed under the office facilities, equipment, vehicles and communication section. The revised project management budget now lists 208 weeks for locally recruited personnel, which are those whose functions are related to the projects management. This is because the project is for four years and the previous figure was for only three years. No change was made in the GEF budget assigned to project management, which remains at the 10% limit of total GEF funds for the project. This is because no additional cost will be borne by co-financing as per the budget table.</p> | <p>See Executive Summary, page 11, for revised project management budget table.</p> |
| <p>Cost per staff week for local consultants is 3523/week and for international consultants is 2750/week. This does not</p> | <p>The consultants working for technical assistance components budget was entirely revised, as it had been completed under a mis-interpretation of the headings. The revised budget shows there will be no fixed personnel working specifically towards</p> | <p>See Executive Summary, page 11 for the revised Consultants working for Technical Assistance</p> |

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| make much sense. Local consultant fee seems very high particularly when compared with the personnel costs of the project being \$773/week. Please clarify all of these cost parameters. | Technical Assistance Components, only local and international consultants. The cost for local consultants lies at 500 USD per week, and the cost for international consultants, at 2,250 USD per week. These figures are consistent with both national guidelines and real costs as were practiced under the PDF-B phase. The weeks/consultant are now consistent with project needs, as they were calculated for each activity and correctly represent the costs that will be incurred during project implementation. | Components Budget. |
| Please clarify MARENA co-financing as the letter states Us\$800,000 but the project identifies US\$320,000 | Table d) Cofinancing Sources, page 11 correctly details the 320,000 USD co-financing contributed by MARENA directly, and a contribution of 480,000 USD through PASMA; the Danish Sector Programme for Environment. As MARENA's cofinancing letter rightly states, MARENA implements the PASMA activities and funds. Therefore, in the co-financing letter, these two are regrouped together under MARENA cofinancing, totalling 800,000 USD. | None. |
| 4. INSTITUTIONAL COORDINATION AND SUPPORT | | |
| <p>Consultation, Coordination, Collaboration between IAs, and IAs and EAs, if appropriate:</p> <p>There is a need to institutionalize coordination with the WB Transfrontier Biosphere Reserve Project ("Corazon"). Details provided in the project proposal are inadequate... We realize that the government EA for each project is the same but still request a more systematic approach to ensure close cooperation between the two projects. Please clarify this arrangement.</p> | <p>During the design phase of the project, the WB Corazon project did not have a management team in place. The project did work with an interim MARENA representative for the project in the design of the workplan for this FSP. Cooperation between the two projects was therefore realised during the design phase, as much as possible considering the WB team situation.</p> <p>In response to the GEFSEC issue of institutionalizing cooperation, Formal contact between the two projects is proposed at two levels. First, systematic and regular contact between project staff for the two projects is now proposed in both the Stakeholder Involvement and the Consultation, Coordination, Collaboration between IAs, and IAs and EA section. We expect that the executive staff from the two projects should meet on a semester basis. This level of contact will allow for the exchange of advice and cross-fertilization of experiences between the two project management teams. This aspect will be very important to both teams who will be dealing with several common issues, such as the issue of private landowners. This will also enable Corazon staff to track the progress of system-level tools that they may incorporate into the implementation of their project.</p> <p>A yearly high-level executive contact between the Minister, UNDP, and the WB representatives in</p> | <p>Project Document. Consultation, Coordination, Collaboration between IAs and IAs and EAs, par. 130.</p> <p>Executive Summary, Par. 35.</p> |

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| | Nicaragua to exchange ideas and inputs from the managers of the respective projects is also proposed. It is also possible that the tri-partite reviews could also be handled jointly if the parties deem appropriate. Any decisions made from any of these levels would be incorporated by the PMU into the annual workplans. | |
| At the same time, the GEF/WB Mesoamerican Biological Corridor Project, already completed, supported preparation and implementation of protected area management plans and included capacity building, public awareness in protection and sustainable use of biodiversity for indigenous and non-indigenous communities in the region and for municipal and regional authorities, land use planning, a biodiversity monitoring system, ...How is this proposal is being innovative and building upon the Nicaraguan Mesoamerican Biological Corridor Project should [be] explained. | <p>The GEF/WB Biological Corridor of the Atlantic (BCA), as well as the recently completed regional Mesoamerican Biological Corridor projects, form part of the baseline situation. These BCA and MBC projects did clearly raise awareness and those efforts need to be continued with special emphasis on elected officials and moreover, those responsible for financing the system. The awareness raised has not translated into increased funding from national sources by PAs. The awareness raised by BCA has been effective at the site level, in the Atlantic, but is still lacking in the relatively dis-connected Pacific and Central region PAs. The innovation of this project is therefore an issue of targeting and awareness to support effective lobby for PA financing and to foster cooperation in the development of a decentralized strategic framework.</p> <p>Site-level management planning by the BCA project also provides with the baseline experience. This FSP will invest in the system level systems needed to process and interpret that information for MARENA and for the congress. The same is true for the development of social capital. Many social structures exist that were created by both the BCA and MBC projects. This FSP will connect them into a better decision-making framework at the system level, while working on establishing improved site level structures in areas where the BCA project did not reach.</p> <p>Finally, the information and systems created by this project will available within the SINIA system, which was another important contribution of the BCA project. The specific experience from the BCA in the development of community development plans will serve as a model for the methodology to be set up system-wide, under this FSP. This project will not invest directly into SINIA, but will help to define how to sustainable finance the continued operation of the system as part of the project's financing strategy.</p> | <p>Project Document, Consultation, Coordination, Collaboration between IAs, and IAs and EAs, par. 131(b) through (d).</p> <p>Incremental cost assessment, Par. 154.</p> <p>Executive Summary, par. 35.</p> |
| LOE was signed by the wrong person (Political Focal Point) | An updated LOE dated 22 March 2007 has been attached to the LOE separate file. (Letter is signed by the Minister (PFP) /MARENA rather than the Vice Minister (OFP)/MARENA. UNDP met with MARENA in early April to request clarification letter). | |

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ANNEX D: UNDP FINANCIAL SCORECARD

Introduction

Context

Protected area financing is critical for sound PA management. However, globally, protected area financing needs to be improved at both site and system level. Hence developing long-term financing systems is a key element for protected areas sustainability.

Protected area "financial sustainability" refers to the ability of a country to meet all costs associated with the management of a protected area system. This implies a funding "supply" issue of generating more revenue, but as importantly, a "demand" side challenges (and at the system level). PA financial sustainability needs to be addressed from both sides of the financial equation. It is this systematic process of defining costs and identifying ways to meet those costs that constitutes financial planning. Good financial planning enables PA managers to make strategic financial decisions such as re-allocating spending to match management priorities, and identifying appropriate cost reductions and potential cash flow problems. In addition to cost and revenue concerns, a third area that requires special consideration in order to achieve PA financial sustainability is institutional arrangements. In many cases, efficient, transparent, credible mechanisms for collecting PA related fees are not in place.

Therefore, UNDP has developed this scorecard to assist project teams and governments track their progress to make PA systems more financially sustainable. The Scorecard has been designed at the PA system level and not site level because:

- There are activities required at a network level and not just a site such as policy reform, fund management and setting PA fees which can affect all PAs;
- There are activities that require a coordinated effort and support from several government institutions, particularly the Ministry of Finance, which are best achieved through a centralized management and financing system;
- Sites will often require similar activities so it is cost-effective to provide them centrally, such as training or verification of ambient quality and monitoring plans;
- It can allow more effective and coordinated fundraising;
- Reduce competition between sites; and
- Allow cross-subsidization between sites.

PA financing must be viewed at two levels. One is the basic status of a PA system's finances – how much is being spent and how much is needed to be spent for effective management. This will look at annual expenditures, operational costs, investment needs, revenue generation etc. From this it is possible to assess financing gaps and financial

targets for increasing budgets and expenditures and/or reducing management costs in order to balance accounts.

However, there are limitations to what a snapshot of a PA system's financial accounts shows about the underlying structure, health and future direction of a PA system's finances. One year there could be a high level of expenditure due to donor support a capital injection from a debt-for-nature swap or a jump in tourism. However, one year's financial status does not necessarily ensure future financial health of a PA system. To fully assess if a PA system is moving towards financial sustainability it is also important to investigate and analyse the structural foundations of what enables and promotes long-term financial improvements for PAs. A PA system's financing is based on many elements, which are becoming increasingly known, and are quite common across countries.

Purpose

The purpose of this scorecard is to assist governments, donors and NGOs to investigate and record both aspects of a financing system – its accounts and its underlying structural foundations – to show both its current health and status and to indicate if the system is holistically moving over the long-term towards an improved financial situation.

There is a section to record overall financial changes to the inflows and outflows of capital of the PA system. However, the scorecard is designed to check progress of elements which are the foundations of a PA financing system and which will lead to the future financial viability of a PA system. Therefore the scorecard is structured to look at elements of a financing system, described below.

This Tool will be complemented by an additional guide for cost-effective protected area management ie use of funds. This is currently under development at UNDP.

Structure

The scorecard is compartmentalized into three fundamental components for a fully functioning financial system at the site and system level – (i) governance and institutional frameworks, (ii) business planning and other tools for cost-effective management (eg accounting practices) and (iii) revenue generation.

COMPONENT 1: GOVERNANCE FRAMEWORKS THAT ENABLE SUSTAINABLE PA FINANCING

Legal, policy, regulatory and institutional frameworks affecting PA financing systems need to be clearly defined and supportive of effective financial planning, revenue generation, revenue retention and management. Institutional responsibilities must be clearly delineated and agreed, and an enabling policy and legal environment in place. Institutional governance structures must enable and require the use of effective, transparent mechanisms for allocation, management and accounting of revenues and expenditures.

COMPONENT 2: BUSINESS PLANNING AND OTHER TOOLS FOR COST-EFFECTIVE MANAGEMENT

Financial planning, accounting and business planning are important tools for cost-effective management when undertaken on a regular and systematic basis. Effective financial planning requires accurate knowledge not only of revenues, but also of expenditure levels, patterns and requirements. Options for balancing the costs/revenues equation should include equal consideration of revenue increases and cost control. Good financial planning enables PA managers to make strategic financial decisions such as allocating spending to match management priorities, and identifying appropriate cost reductions and potential cash flow problems. One positive corollary to the application of management effectiveness frameworks in protected areas is the resulting increase in the confidence of donors and governments, who are thereby assured that funds invested in a protected area are being used effectively.

COMPONENT 3: TOOLS AND SYSTEMS FOR REVENUE GENERATION AND MOBILIZATION

PA systems must be able to attract and take advantage of all existing and potential revenue mechanisms within the context of their overall management priorities. Diversification of revenue sources is a powerful strategy to reduce vulnerability to external shocks. Sources of revenue for protected area systems include traditional funding sources – government subsidies and donor projects – along with innovative ones such as debt swaps, tourism concession arrangements, and in some cases, carefully controlled levels of resource extraction.

Scoring

The scoring is aimed to allow comparisons between years to show improvements in a given country. Score comparisons across countries will be possible. However, some countries will have different total scores as certain elements may or may not be applicable to them such as Trust Funds and payments for ecosystem services. Therefore the total score can be adjusted and for cross country comparisons percentage scores will be more useful.

In each country certain elements may be more important and difficult to achieve than others. In this case country teams should have flexibility to modify the current weighting system and increase the number of points allocated to a certain element so the scoring better suits their national conditions. Any modifications to scoring should be transparent and footnoted.

FINANCIAL SCORECARD – PART I – OVERALL FINANCIAL SITUATION

| Overall Sustainability of a National Protected Area System | Baseline year ¹⁴ (US\$) ¹⁵ | Year X ¹⁶ (US\$) ¹⁷ | Year X+5 (forecasting) (US\$) ¹⁸ | Comments |
|--|---|--|---|--|
| (i) Total annual expenditure for PAs (operating and investment costs) | | | | State any extraordinary levels of capital investment in a given year |
| - national protected areas | | | | |
| - national areas co-managed by NGOs | | | | |
| - state/municipal protected areas | | | | |
| - others | | | | |
| (ii) Total annual government budget provided for PA management (excluding donor funds) | | | | |
| - national protected areas | | | | |
| - national areas co-managed by NGOs | | | | |
| - state/municipal protected areas | | | | |
| - others | | | | |
| (ii) Total annual government budget provided for PA management (including donor funds, loans, debt-for nature swaps) | | | | % of total budget provided by government |
| - national protected areas | | | | |
| - national areas co-managed by NGOs | | | | |
| - state/municipal protected areas | | | | |
| - others | | | | |
| (iii) Total annual revenue generation from PAs, broken down by source | | | | |

¹⁴ Insert year

¹⁵ Insert in footnote the local currency and exchange rate to US\$ and date of rate

¹⁶ Insert year

¹⁷ Insert in footnote the local currency and exchange rate to US\$ and date of rate

¹⁸ Insert in footnote the local currency and exchange rate to US\$ and date of rate

| | | | | |
|--|--|--|--|---|
| a. Tourism (fees, concessions and taxes) | | | | |
| b. Payments for ecosystem services (PES) | | | | |
| (iv) Net annual surplus/deficit ¹⁹ | | | | |
| (iv) Percentage of PA generated revenues retained in the PA system for re-investment ²⁰ | | | | % of total budget provided by retained revenues |
| (v) Projected revenues (over 5 year period) | | | | |
| - national protected areas | | | | |
| - national areas co-managed by NGOs | | | | |
| - state/municipal protected areas | | | | |
| - others | | | | |
| (vi) Estimated financing needs for <i>basic</i> management costs and investments to be covered | | | | |
| (vii) Estimated financing needs for <i>optimal</i> management costs and investments to be covered | | | | |
| (viii) Annual actual financing gap (financial needs – available finances) | | | | |
| a. Annual financing gap for basic expenditure scenarios | | | | |
| b. Annual financing gap for optimal expenditure scenarios | | | | |

¹⁹ This will be more relevant to parastatals and PA agencies with autonomous budgets

²⁰ This includes funds to be shared by PAs with local stakeholders

FINANCIAL SCORECARD – PART II – ASSESSING ELEMENTS OF THE FINANCING SYSTEM

| Component 1 – Legal, regulatory and institutional frameworks | | | | | COMMENT |
|---|---------------------|------------------------------------|----------------------------------|-------------------------------|----------------|
| <i>Element 1</i> – Legal, policy and regulatory support for revenue generation by PAs | None (0) | A few (1) | Some (2) | Fully (3) | |
| (i) Laws have been reformed so that they do not constrain or act perversely towards PA revenue mechanisms | | | | | |
| (ii) Fiscal instruments such as taxes on tourism and water or tax breaks are introduced | | | | | |
| <i>Element 2</i> - Legal, policy and regulatory support for revenue sharing within the PA system | No (0) | Yes, but suboptimal (1) | Yes, satisfactory (2) | Yes, optimally (3) | |
| (i) Laws, policies and procedures are in place for PA revenues to be retained by the PA system | | | | | |
| (ii) Laws, policies and procedures are in place for PA revenues to be retained, in part, at the PA site level | | | | | |
| (iii) Laws, policies and procedures are in place for revenue sharing at the PA site level with local stakeholders | | | | | |
| <i>Element 3</i> - Legal and regulatory conditions for establishing endowment or trust funds ²¹ | | | | | |
| | No (0) | Yes (3) | | | |
| (i) A Trust Fund have been created to finance the PA system | | | | | |
| | None (0) | Some (1) | Quite a few (2) | Fully (3) | |
| (ii) Trust Funds have been created to finance specific PAs | | | | | |
| | No (0) | Partially (1) | Quite well (2) | Fully (3) | |
| (iii) Trust Funds are integrated into the national PA financing systems | | | | | |

²¹ Where a PA system does not require a Trust Fund due to robust financing within government award full 9 points

| | | | | | |
|---|--------------------------|----------------------------|-----------------------------|--|--|
| Element 4 - Legal, policy and regulatory support for alternative institutional arrangements for PA management | None (0) | Partial (1) | Satisfactory (2) | Full (3) | |
| (i) There are laws which allow and regulate delegation of PA management and associated financial affairs for concessions | | | | | |
| (ii) There are laws which allow and regulate delegation of PA management and associated financial affairs for co-management | | | | | |
| (ii) There are laws which allow and regulate delegation of PA management and associated financial affairs to local government | | | | | |
| (iv) There are laws which allow and regulate delegation of PA management and associated financial affairs for private reserves | | | | | |
| Element 5 - National PA financing strategies | Not begun (0) | In progress (1) | Completed (3) | Under implement ation (5) | |
| (i) Policy for revenue generation and fee levels across PAs | | | | | |
| (ii) Criteria for allocation of PA budgets to PA sites (business plans, performance etc) | | | | | |
| (iii) Safeguards are in place to ensure that revenue generation does not adversely affect conservation objectives of PAs | | | | | |
| (iii) Policy to require all PA management plans to include financial sections based on standardized format and criteria | | | | | |
| (iv) Degree of implementation of national financing strategy and adoption of policies | | | | | |
| Element 6 - Economic valuation of protected area systems | None (0) | Partial (1) | Satisfactory (2) | Full (3) | |
| (i) Economic data on PA values exists | | | | | |
| (ii) PA economic values are properly documented | | | | | |
| (iii) PA economic values are recognized across government | | | | | |
| Element 7 - Improved government budgeting for PA systems | No (0) | Yes (1) | | | |
| (i) Policy of the Treasury towards budgeting for PAs provides for increased medium to long term financial resources in accordance with demonstrated needs | | | | | |
| (ii) Policy requires budgeting for PAs based on financial need as determined by the PA business plan | | | | | |
| (iii) There are policies that PA budgets should include funds for the livelihoods of communities living in and around the PA as part of threat reduction strategies | | | | | |
| Element 8 - Clearly defined institutional responsibilities for PA management and financing | None (0) | Partial (1) | Improving (2) | Full (3) | |
| (i) Mandates of institutions regarding PA finances are clear and agreed | | | | | |
| Element 9 - Well-defined staffing requirements, profiles and incentives at | None | Partial | Almost there | Full | |

| site and system level | (0) | (1) | (2) | (3) | |
|--|--------------------------|-----------------------------|------------------------------|--------------------------------|---------------|
| (i) Sufficient number of positions for economists and financial planners and analysts in the PA authorities to properly manage the finances of the PA system | | | | | |
| (ii) Laws and regulations motivate PA managers to promote site level financial sustainability | | | | | |
| (iii) PA managers are accountable for balanced budgets | | | | | |
| (iv) TORs for PA staff include responsibilities for revenue generation, financial management and cost-effectiveness | | | | | |
| (v) PA managers have the flexibility to budget and plan for the long-term | | | | | |
| (vi) Incentives are offered for PA managers to implement business plans | | | | | |
| Total Score for Component 1 | | | | | SCORE: |
| Component 2 – Business planning and tools for cost-effective management | | | | | |
| <i>Element 1 - Site-level business planning</i> | Not begun (0) | Early stages (1) | Near complete (2) | Completed (3) | |
| (i) Business plans, based on standard formats, are developed for upto four pilot sites | | | | | |
| (ii) Business plans implemented at the pilot sites, measured by degree of achievement of objectives | | | | | |
| (iii) Business plans developed for all appropriate sites | | | | | |
| (iv) Business plans are directly linked to management plan goals and objectives | | | | | |
| (v) Preparation of participatory management plans including business plans in use across the PA network | | | | | |
| (vi) Monitoring and reporting on business plans through enhanced activity-based cost accounting that feeds into system wide accounting and budgeting | | | | | |
| <i>Element 2 - Operational, transparent and useful accounting and auditing systems</i> | None (0) | Partial (1) | Near complete (2) | Fully completed (3) | |
| (i) Policy and regulations require comprehensive, coordinated cost accounting systems to be in place | | | | | |
| (ii) Transparent and coordinated cost and investment accounting systems are operational | | | | | |
| (iii) Revenue tracking systems for each PA in place and operational | | | | | |
| (iv) Regular monitoring and reporting of PA investments and revenue generation occurs | | | | | |
| <i>Element 3 - Systems for monitoring and reporting on financial</i> | None (0) | Partial (1) | Near completed | Done and operational | |

| | | | | | |
|--|----------------------------------|-----------------------------------|----------------------------------|----------------------|---------------|
| management performance | | | (2) | (3) | |
| (i) All PA revenues and expenditures are fully and accurately reported and tracked by government and are made transparent | | | | | |
| (ii) Positive return on investments from capital improvements measured and reported | | | | | |
| (iii) Financial performance of PAs is evaluated and reported (linked to cost-effectiveness) | | | | | |
| Element 4 - Methods for allocating funds across individual PA sites | No (0) | Yes (1) | | | |
| (i) National PA budget is appropriately allocated to sites based on criteria agreed in national financing strategy | | | | | |
| (ii) Policy and criteria for allocating funds to co-managed PAs complement site based fundraising efforts | | | | | |
| (iii) A monitoring and reporting system in place to show how and why funds are allocated across PA sites and headquarters | | | | | |
| Element 5 - Training and support networks to enable park managers to operate more cost-effectively | Not available (0) | Partially done (1) | Almost done (2) | Fully (3) | |
| (i) Guidance on cost-effective management developed and being used by PA managers | | | | | |
| (ii) Operational and investment cost comparisons between PA sites complete, available and being used to track PA manager performance | | | | | |
| (iii) Monitoring and learning systems of cost-effectiveness are in place and feed into management policy and planning | | | | | |
| (iv) PA managers are trained in financial management and cost-effective management | | | | | |
| (v) PA managers share costs of common practices with each other and with PA headquarters ²² | | | | | |
| Total Score for Component 2 | | | | | SCORE: |
| Component 3 – Tools for revenue generation | | | | | |
| Element 1 - Increase in number and variety of revenue sources used across the PA system | No (0) | Partially (1) | A fair amount (2) | Fully (3) | |
| (i) Analysis of all revenue options for the country complete and available including feasibility studies; | | | | | |
| (ii) There is a diverse set of sources and mechanisms generating funds for the PA system | | | | | |
| (iii) Increased number of PAs operating effective revenue mechanisms and | | | | | |

²² This might include aerial surveys, marine pollution monitoring, economic valuations etc.

| | | | | | |
|---|---------------------|------------------------|-----------------------------------|--------------------------|--|
| generating positive returns | | | | | |
| Element 2 - Setting and establishment of user fees across the PA system | No (0) | Yes (1) | | | |
| (i) A system wide strategy and implementation plan complete and adopted by government for user fees | | | | | |
| (ii) The national tourism industry and Ministry is supportive and a partner in the PA user fee system and programmes | | | | | |
| (iii) Tourism related infrastructure investment is proposed for PA sites across the network based on revenue potential, return on investment and level of entrance fees | | | | | |
| (iv) Where tourism is promoted PA managers can demonstrate maximum revenue whilst still meeting PA conservation objectives | | | | | |
| Element 3 - Effective fee collection systems | None (0) | Partial (1) | Towards completion (2) | Full (3) | |
| (i) A system wide strategy and implementation plan complete and adopted by PA authorities (including co-managers) for fee collection | | | | | |
| Element 4 - Marketing and communication strategies for revenue generation mechanisms | None (0) | Partial (1) | Satisfactory (2) | Full (3) | |
| (i) Communication campaigns for the public about the tourism fees, new conservation taxes etc are widespread and high profile | | | | | |
| Element 5 - Operational PES schemes for PAs²³ | None (0) | Partial (1) | Progressing (2) | Full (3) | |
| (i) A system wide strategy and implementation plan complete and adopted by government for PES | | | | | |
| (ii) Pilot PES schemes at select sites developed | | | | | |
| (iii) Operational performance of pilots is evaluated and reported | | | | | |
| (iv) Scale up of PES across the PA system is underway | | | | | |
| Element 6 - Operational concessions within PAs | None (0) | Partial (1) | Progressing (2) | Full (3) | |
| (i) A system wide strategy and implementation plan complete and adopted by government for concessions | | | | | |
| (ii) Concession opportunities are identified at the site and system levels | | | | | |
| (iii) Concession opportunities are operational at pilot sites | | | | | |
| (iv) Operational performance of pilots is evaluated, reported and acted upon | | | | | |
| Element 7 - PA training programmes on revenue generation mechanisms | None (0) | Limited (1) | Satisfactory (2) | Extensive (3) | |
| (i) Training courses run by the government and other competent organisations for PA managers on revenue mechanisms and financial administration | | | | | |

²³ Where PES is not appropriate or feasible for a PA system take 12 points off total possible score for the PA system

| | | | | | |
|-----------------------------|--|--|--|--|---------------|
| Total Score for Component 3 | | | | | SCORE: |
| | | | | | |

FINANCIAL SCORECARD – PART III – SCORING AND MEASURING PROGRESS

| | | | | |
|---|--|--|--|--|
| Total Score for PA System | | | | |
| Total Possible Score | | | | |
| Percentage of actual score of total possible score | | | | |
| Percentage scored previous year | | | | |