



# Project Document

Republic of Costa Rica

United Nations Development Programme  
Global Environment Facility

## Overcoming Barriers to Sustainability of Costa Rica's Protected Areas System

PIMS 3423 Atlas project ID 00056040

**Brief description:** Despite accounting for a mere 0.03% of the world's total terrestrial surface, Costa Rica harbours the equivalent to 4.4% of all globally known biodiversity. Worldwide, Costa Rica ranks among the 20 most biologically diverse countries in terms of total number of species, while it is among the top countries globally in regard to density (no. of species/area). The country also has the largest diversity of known plant and vertebrate species within the Central American region. Still, Costa Rica faces an apparent paradox. On the one hand, it has an extraordinary endowment in biodiversity, and has spared no effort to promote itself as a country which effectively protects a quarter of its territory and as one of the world's foremost eco-tourism destination. On the other hand, the Costa Rica state struggles with the pangs of growth of a national Protected Areas System, which has expanded over the past decades with subsequent requirements in human and financial resources. Moreover, increasingly, the ecological viability of the existing network of public protected areas and private reserves hinges on biophysical processes that go beyond the boundaries of protected areas. Hence, the long-term ecological viability of Costa Rica's Protected Areas System will to a large degree depend on its capacity to improve its current design and geographical configuration.

The proposed project will support Costa Rica in overcoming the barriers to consolidating and strengthening its Protected Areas System administered by the National System of Conservation Areas (SINAC). The aim is a System that effectively conserves a representative sample of Costa Rica's biodiversity, advance national goals and captures global benefits in a range of ecosystems. This will be achieved through five interrelated **Outcomes**: 1) Costa Rica's legal and policy framework is reformed and enhanced to ensure effective management and long-term financial and ecological sustainability of the PA System; 2) SINAC's institutional PA System framework and capacities are enhanced for eco-regional planning and optimal management effectiveness; 3) SINAC has the financial sustainability to effectively attain its strategic objectives and provide resources for long-term PA System management needs; 4) SINAC tests new and innovative conservation approaches at the Conservation Area and PA levels; and 5) successful PA System management models are scaled-up and replicated at the systemic level through strategic partnerships with key stakeholders. On-site pilot interventions will enable ground-proofing of the reformed legal and policy frameworks, testing and development of new tools for enhancing PA management effectiveness - including different PA governance models - while hosting training and awareness raising activities. Given that the long-term sustainability of the PA System will depend on Costa Rica's ability to secure sufficient financial resources to meet the management costs of the PA units, sustainable financing has been addressed as a cross-cutting component.

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## ACRONYMS

<b>ACCVC</b>	Area de Conservación Cordillera Volcánica Central
<b>ACOSA</b>	Area de Conservación Osa
<b>ACOPAC</b>	Area de Conservación Pacífico Central
<b>ACT</b>	Area de Conservación Tempisque
<b>ACTo</b>	Area de Conservación Tortuguero
<b>ANR</b>	Absolute Natural Reserve
<b>APR</b>	Annual Project Report
<b>BR</b>	Biological Reserve
<b>CBD</b>	Convention of Biological Diversity
<b>CCC</b>	Caribbean Conservation Corporation
<b>CEDARENA</b>	Centre of Natural Resources and Environmental Law
<b>CCF</b>	Country Cooperation Framework
<b>CI</b>	Conservation International
<b>CINPE</b>	International Centre of Economic and Political Studies
<b>CITES</b>	International Convention of Trade with Endangered Species
<b>CO</b>	Country Office
<b>COBODES</b>	Forest Conservation and Environmental Sustainability in ACTo
<b>CONAC</b>	National Council on Conservation Areas
<b>CONAGEBIO</b>	National Biodiversity Council
<b>COVIRENAS</b>	Collaborative Management PA Volunteers
<b>DIPs</b>	Deeping participatory and inclusionary practices
<b>EEZ</b>	Exclusive Economic Zone
<b>EIA</b>	Environmental Impact Assessment
<b>ESPH</b>	Empresa de Servicios Públicos de Heredia
<b>FECON</b>	Federation of Environmental NGO's.
<b>FONAFIFO</b>	Forest Financing Fund
<b>FUNDECOR</b>	Foundation of Cordillera Volcánica Central
<b>FR</b>	Forest Reserve
<b>FSP</b>	Full Size Project
<b>GEF</b>	Global Environment Facility
<b>GoCR</b>	Government of Costa Rica
<b>IA</b>	Implementing Agency
<b>IADB</b>	Inter-American Development Bank
<b>ICE</b>	Costa Rican Institute of Electricity ( <i>Instituto Costarricense de Electricidad</i> )
<b>ICT</b>	National Tourism Institute
<b>ICT</b>	Information and Communications Technology
<b>IDA</b>	Institute for Agrarian Development
<b>IFAM</b>	Instituto de Fomento y Asesoría Municipal
<b>INBio</b>	National Institute for Biodiversity
<b>IUCN</b>	The World Conservation Union
<b>KMS</b>	Knowledge Management System
<b>LA</b>	Latin America
<b>LPACs</b>	Local PA Councils
<b>LSM</b>	Land System Model
<b>MAG</b>	Agriculture Ministry
<b>MIDEPLAN</b>	Ministry of Planning
<b>MINAE</b>	Ministry of the Environment and Energy
<b>MDG</b>	Millennium Development Goals
<b>M&amp;E</b>	Monitoring and Evaluation
<b>METT</b>	Management Effectiveness Tracking Tool
<b>MSP</b>	Medium-sized Project
<b>NA</b>	National Park
<b>NM</b>	National Monument
<b>NMI</b>	National Meteorology Institute

<b>NBSAP</b>	National Biodiversity Strategy Action Plan
<b>NBS</b>	National Biodiversity Strategy
<b>NEX</b>	Nationally Executed
<b>NGO</b>	Non-government Organization
<b>NP</b>	National Park
<b>NPC</b>	National Project Coordinator
<b>NPD</b>	National Project Director
<b>NTFP</b>	Non-Timber Forest Products
<b>PA</b>	Protected Area
<b>PAS</b>	Protected Area System
<b>PES</b>	Payments for Environmental Services
<b>PIR</b>	Project Implementation Review
<b>PDF</b>	Project Development Funds
<b>PMU</b>	Program Management Unit
<b>PSC</b>	Project Steering Committee
<b>PZ</b>	Protected Zone
<b>SETENA</b>	Environmental National Secretariat
<b>SBAA</b>	Standard Basic Agreement
<b>SINAC</b>	National System of Conservation Areas
<b>TNC</b>	The Nature Conservancy
<b>TSC</b>	Tropical Science Center
<b>UCI-ELAP</b>	University of International Cooperation
<b>UCR</b>	University of Costa Rica
<b>UNA</b>	National University ( <i>Universidad Nacional</i> )
<b>UN</b>	United Nations
<b>UNCBD</b>	United Nations Convention on Biological Diversity
<b>UNEP</b>	United Nations Environment Program
<b>UNDP</b>	United Nations Development Program
<b>WB</b>	World Bank
<b>WL</b>	Wetlands
<b>WR</b>	Wildlife Refuge
<b>WCS</b>	Wildlife Conservation Society
<b>WTO</b>	World Tourism Organization
<b>WWF</b>	World Wildlife Fund

## SECTION I: ELABORATION OF THE NARRATIVE

### PART I: SITUATION ANALYSIS

#### Part I A: Context

##### I - 1. Global Significance of Costa Rica's Biodiversity

1. Costa Rica is located in Central America and borders with Nicaragua to the North, Panama to the South, the Atlantic Ocean to the East, and the Pacific Ocean to the West. While its terrestrial surface area covers only 52,100 square kilometres, its marine extension is 10 times larger (589,000 km<sup>2</sup>). The country is a significant contributor to the Central American region's unique biological diversity, which harbours 3 biomes, 20 life-zones, 33 eco-regions, and more than 60 plant formations. Overall, about 350 landscape forms range from cloud forests with rainfall greater than 7,500 mm to thorn scrub in semiarid areas, where the rainfall reaches only 400 mm. Costa Rica itself is divided into 7 distinct eco-regions<sup>1</sup>: (a) Central American Dry Forest; (b) Costa Rican Seasonal Moist Forest; (c) Isthmian Atlantic Moist Forest; (d) Isthmian Pacific Moist Forest; (e) Volcanic Range and Talamanca Mountain Forests; (f) Pacific Mangrove Forest; and (g) Eastern Tropical Pacific Islands. These eco-regions boast a wide range of micro-climates, from warm and humid on the Caribbean side to warm and dry in the Pacific basin and cold at its mountain summits. This is mainly due to a mix of climatic and altitudinal factors, the thermal regulation of both oceans, and an active geological history marked by volcanism and seismic activity.

2. Costa Rica hosts a wide variety of both marine and terrestrial ecosystems and is considered one of only nine countries worldwide with an extremely high diversity of forest ecosystem organisms (Obando, 2002).<sup>2</sup> Habitats span from dry tropical forests, swamps, mangrove forests, rainforests, cloud forests, coral reefs, beaches, high mountain wetlands, lakes, rivers and plains. Despite the predominance of neo-tropical flora and fauna, neoarctic species have been identified at higher altitudes. Moreover, despite accounting for a mere 0.03% of the world's total terrestrial surface, the country harbours the equivalent to 4.4% of all globally known biodiversity (nearly 200,000 recorded species).<sup>3</sup> Overall, Costa Rica possesses 5% of the globally known vertebrates and 3.7% of plants; 35% of cetaceans (28 out of 80 species of whales and dolphins known worldwide are present in the country); and 5% of known snakes. With 109 species, bats represent about half of the mammals present in the country (45%) (Rodriguez, B and Wilson, D.E. 1999).<sup>4</sup> Worldwide, Costa Rica ranks among the 20 most biologically diverse countries in terms of total number of species, while it is among the top countries globally in regard to density (no. of species/area) (Obando, 2002). The country also has the largest known plant and vertebrate species diversity in Central America.<sup>5</sup>

3. In terms of *endangered species*, Table 15 in Section IV: Part IV provides a detailed overview of the status of species in Costa Rica according to different national and international instruments/measures. Nationally, MINAE is responsible for issuing a decree with a list of threatened and endangered species, which is considered the country's official instrument. Overall, there are 1,606 species included in this decree, representing close to 2% of the biodiversity described for the country (Obando, 2002). According to the current decree N° 26435, amphibians have the highest percentage of threatened species - 45.5% or

<sup>1</sup> For more details on each eco-region, see Section IV: Part IV. The full definition of an eco-region is the following: A large area of land or water that contains a geographically distinct assemblage of natural communities that (a) share a large majority of their species and ecological dynamics; (b) share similar environmental conditions, and; (c) interact ecologically in ways that are critical for their long-term persistence. --[World Wildlife Fund – Eco-regions](#).

<sup>2</sup> Details of the general description of the different types of coastal-marine and terrestrial ecosystems present in the country can be found in Obando, 2002 and subsequent updates at <http://www.inbio.ac.cr>.

<sup>3</sup> Millennium Ecosystem Assessment, 2005b.

<sup>4</sup> Table 13 in Section IV: Part I provides a detailed overview of species diversity by taxonomy groups.

<sup>5</sup> For a comparative overview, please see INBio PDF B Study for more details.

close to half of all known species in the country. This group is followed by reptiles, with 12% of populations threatened and 3.5% in danger of extinction. Last are birds and mammals, with 9.6% and 6% of their populations threatened, respectively, and 6% and 5.5% of them endangered. Moreover, 10% of known vertebrate species in Costa Rica are threatened or in danger of extinction. With regards to plants, populations of 1,303 species are threatened or diminished. Forty species are mentioned as having populations in danger of extinction (mainly orchids), and 18 wood species in danger of extinction were added to the list as a result of the 1997 *Decreto de Veda* (Prohibition Decree) N° 25700 (Obando, 2002).

4. Beyond the national records, the CITES Convention (Convention on International Trade in Endangered Species of Wild Flora and Fauna) lists 6 amphibian species, 15 reptile species, 126 bird species and 37 mammal species for Costa Rica for a total of 184 endangered species (UNEP-WCMC, 2004). The IUCN's red list for Costa Rica includes 398 species (240 animal and 158 plant species). The IUCN also reports 181 globally threatened species in Costa Rica (only those classified as vulnerable, in danger and critically endangered). Concerning **endemism**, Costa Rica presents a moderate level of 1.3% with respect to known species. The highest level of endemism is again found among amphibians, followed by freshwater fish. Table 14 in Section IV: Part IV shows the number of endemic species in the major known groups in Costa Rica with comparative data for 1992-2006. Yet, for 2006, the percentages of endemism are 5.3% among reptiles; 16% among amphibians; 14% among freshwater fish; 0.8% among birds; 2.5% among mammals and 10% among plants.

## **I - 2. Costa Rica's existing Protected Areas System**

5. Costa Rica's present Protected Areas System (PAS) is the result of a process that started in the early 19<sup>th</sup> Century. The legal grounds for the system in its current form were laid down in 1955. Yet, even with significant progress made by the country regarding its legal and institutional framework, there is still no clear recognized definition for the PAS and its conservation objectives and goals. The following sections provide more details on the PAS: Section IV: Part V provides details on its evolution and eco-representativity, Section I-4 on its legal context, and Section I-5 on its institutional framework.

6. The current PA administration framework - the so-called ***National System of Conservation Areas - SINAC*** (*Sistema Nacional de Áreas de Conservación*) – was introduced in 1989. This new scheme was intended to serve a number of purposes: (i) Integrating administration of all PAs under a single entity; (ii) decentralizing and de-concentrating administration through "Regional Conservation Units", which subsequently gave rise to the present 11 "***Conservation Areas***"; (iii) grouping together adjoining or neighbouring PAs for administrative purposes; (iv) creating collegiate structures for decision-making; (v) providing for agile financial mechanisms (including patrimonial funds), and (vi) integrating research and planning efforts as management and decision-making instruments. The Conservation Areas modality to facilitate PA administrative management and biodiversity protection was officially adopted in 1998, by means of the ***Biodiversity Law*** (*Ley de Biodiversidad*), leading to the creation of today's SINAC. Under this scheme, PAs are brought together under a single ***National Protected Areas System - SINAP*** (*El Sistema Nacional de Áreas Silvestres Protegidas*). In turn, SINAP is an integral part of the above broader system – SINAC - that notably also provides for the management of natural resources found outside protected areas, given that the 11 Conservation Areas jointly cover the total territory of Costa Rica.

7. At present, Costa Rica's PA System includes a total of 160 PA units. The location of both land and marine/coastal PA is presented in Map 3, Section IV: Part V. Notably, the current PA System is managed based on an incipient **eco-regional approach**, which was established by the GRUAS I<sup>6</sup> project in 1996. This initiative supported the Government in territorial planning for biodiversity conservation. It also introduced the concept of biological corridors and private conservation areas as elements of the national in-situ conservation system, emphasizing landscape-level conservation goals.

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<sup>6</sup> Phase I of Propuesta Técnica de Ordenamiento Territorial con Fines de Conservación de la Biodiversidad en Costa Rica.

**Table 1. - Protected areas in Costa Rica as of 2006.**  
Continental and marine extension/coverage per management category

Management Category	Number of Protected areas	Protected Continental Surface (Ha)	Percentage of National Continental Surface <sup>7</sup>	Protected Sea Surface (Ha)	Percentage of National Sea Surface <sup>8</sup>	Total PA surface (Ha)
1. National Park	27	625,531	12.24	475,620	0.81	1,101,151
2. Biological Reserve	8	22,032	0.43	5,207	0.01	27,239
3. Wildlife Refuge	67	243,040	4.76	18,425	0.03	261,465
4. Protected Zone	31	153,506	3.00			153,506
5. Forest Reserve	9	221,239	4.33			221,239
6. Absolute Natural Reserve	2	1,314	0.03	1,612	0.00	2,926
7. National Monument	1	230	0.13			230
8. Wetland	13	66,388	1.41	5	0.00	66,393
9. Other PA (Natural Monument)	2	6,299	0.14			6,299
<b>TOTAL</b>	<b>160</b>	<b>1,339,579</b>	<b>26.21</b>	<b>500,869</b>	<b>0.85</b>	<b>1,840,448</b>

**Source:** Adapted from MINAE. National System of Conservation Areas (SINAC). National Report. II Mesoamerican Congress of Protected Areas. April 2006.

8. All the PA units are declared by the State and correspond to the above 9 distinct management categories. Several tables in [Section IV: Part V](#) provide a more detailed picture of the PA Units. First, [Table 17](#) shows the number of PAs under each category and the PA System extension, which represents a total of 1,840,448 ha – or equivalent to 26.21% of the national continental territory and 0.85% of the national sea surface. Then [Table 18](#) shows how these 9 management categories cover 5 of the 6 management categories proposed by IUCN. However, the correlation between the international nomenclature and Costa Rican management categories is approximate, and to date there is no official document in the country that formally establishes these. Costa Rica also boasts a number of internationally recognized protected areas, including 11 Ramsar Sites, 2 Biosphere Reserves and 3 World Heritage Sites (see [Table 19](#)). During the past three years, 1 new globally significant wetlands area (Talamanca Peat Bogs) was included and work was undertaken to obtain the designation of Corcovado National Park and the Cocos Island Biological Reserve as new natural World Heritage Sites.

9. In parallel with establishing PAs, Costa Rica has taken additional complementary conservation measures, which in turn have strengthened the PAs. Taken together (PAs and the below), all of these conservation measures cover more than 30% of Costa Rica's continental surface:

- a) Payment of environmental services for protecting biodiversity, a scheme covering over 450,000 ha (80% natural forest) (O. Sánchez, Personal Communication, 2005);

<sup>7</sup> 51,100 Km<sup>2</sup>

<sup>8</sup> Includes Costa Rica's Exclusive Economic Zone. i.e. 589,000km<sup>2</sup>.



- b) Biological Corridors: A system of biological corridors has been designed<sup>9</sup> to ensure the ecological viability of the PA System;
- c) Network of Private Reserves: A private initiative that has brought together some 100 members since 1995, who have allotted part of their lands to conservation out of their own initiative. At present the Network covers roughly 60,000 ha; and
- d) Indigenous Territories: A total of 24 so-called "Indigenous Territories" have been established in Costa Rica, covering 330,500 ha., i.e. some 6.5% of the country's land surface. A significant share of these lands borders national parks and biological preserves, thereby serving as buffer zones.

#### Protected areas and land tenure

10. To create new PAs in Costa Rica, the land can either be donated to the State by landowners on a voluntary basis, or it can be bought or expropriated by the State. As a result, the establishment of PAs has involved substantial investments by the State in real estate through purchases of land of importance for biodiversity conservation. While the State is obligated by Law to pay for National Parks and Biological Reserves in their entirety, there is still about of 10 % of these existing PA System that remains in private hands, as the State has yet to pay for the acquired land. More specifically, Table 20 in Section IV, Part V shows that while most of the land under National Parks (92%) is owned by the State, 63% of Wildlife Refuges are in private lands. The total debt still owed by the State amounts to over US\$76 million, if adjusted for inflation. This debt weighs considerably on SINAC's financial balance sheet, who estimates that it will take the country no less than 23 years of continuous effort to acquire all of the land owed today - assuming that no additional new PAs are added. This condition itself is quite uncertain, given that the results of the GRUAS II project (see paras 24-25) are not yet available, which makes it impossible to predict at present whether the PA System will require adjustments, much less define their scope.<sup>10</sup>

#### Analysis of the PA System eco-representativity

11. Notably, while Costa Rica hosts a wide variety of both marine and terrestrial ecosystems, to date the country has no official ecosystem classification system.<sup>11</sup> The country therefore lacks up-to-date baseline studies on the state of conservation of biological populations - especially of endangered species, as well as biological monitoring mechanisms to learn about the ecosystems health, both within and outside PAs. In addition, officials have a limited capacity to promote the production and understanding of such information. Hence, few studies have been carried out to systematically analyze the diversity of terrestrial ecosystems and their conservation status. More recently, INBio and SINAC have developed Ecomaps that cover close to 60% of the country and provide greater detail than the other systems (Acevedo, H. 2006, personal conversation). There is also a map of botanical eco-regions produced by INBio, as well as an eco-region map by WWF. Hence, for the past decade, Costa Rica's forest coverage has been determined at the macro level, specifically through the *Forest Financing Fund* (Fondo de Financiamiento Forestal – FONAFIFO) under the *Ministry of Environment and Energy* (MINAE). Yet, this forest coverage map includes only a few coverage types, making it difficult to obtain precise information on the remaining ecosystem types. The most recent initiative is the *Gruas II*<sup>12</sup> process (see para 24 and Section IV: Part VI), launched in 2005, which is producing land use maps based on ecosystems and species representativity for conservation purposes by using the above Vegetation Macro-types supported by Ecomaps.

<sup>9</sup> There are roughly 33 biological corridors created within the country, and while this is not a requirement and it does not ensure their functioning, 5 of these corridors were created by Executive Decree (Barbudal, La Cruz-Fronterizo, la Mula, Braulio Carrillo, and La Selva) (XI Report on the State of the Nation, 2005.)

<sup>10</sup> MINAE. National System of Conservation Areas (SINAC). National Report. II Mesoamerican Congress of Protected Areas. April 2006.

<sup>11</sup> The most commonly used ecosystem classification systems are: (i) the Holdridge Life Zones; (ii) Gómez and Herrera's Vegetation Macro-types (1986); and (iii) Biotic Units (Gómez & Herrera, 1993).

<sup>12</sup> Phase II of Propuesta Técnica de Ordenamiento Territorial con Fines de Conservación de la Biodiversidad en Costa Rica.

12. A PDF B Study carried out by INBio<sup>13</sup> therefore used the GRUAS II findings and Gómez and Herrera's Vegetation Macro-types system from 1986 to conduct a general analysis of the ecosystem conservation status within the PA System. Vegetation macro-types were used as a proxy indicator for ecosystems, which combine previous classifications - such as Holdridge's Life Zones - with floristic characteristics and forest types to produce a potential classification system. The Study identified a total of 52 vegetation types for Costa Rica divided into 4 geographic regions: (i) North Pacific and the Central Valley; (ii) mountainous regions; (iii) South Pacific and (iv) Atlantic.<sup>14</sup> The analysis was based on a land cover map of Costa Rica of Year 2005 and a detailed analysis of the state of conservation in each of the 52 vegetation macro-types (see Table 16 in Section IV: Part IV).

13. INBio's analysis shows that Costa Rica's different conservation measures (see para. 9) are playing an important role for the ecological viability of conservation in the country. A synopsis of the analysis is provided in Table 21 in Section IV, Part V. Yet, the Study also illustrates that there is still room for improvement in terms of consolidating Costa Rica's PA System. The study highlighted that more than 50% of the natural cover of existing ecosystems has been lost. While the situation of tropical and pre-montane formations is complex, the pre-montane tropical rainforests are in the most critical state (90% of natural cover lost).<sup>15</sup> Moreover, there are important gaps in the system in ecological terms, as some ecosystems are better represented - such as montane and pre-montane rain forests and lowland tropical forest - due to large blocks of protected areas in the Talamanca range and Osa Peninsula (see Part IV, Map 3). Although all 52 vegetation macro-types are included within the PA System, both (i) Semi-deciduous lowland forests, and (ii) shrub vegetation fail to meet the condition on adequate size (at least 15% of their share of land). Another important finding is that a significant amount of the vegetation macro-types is also found outside the PA System (see Part IV, Table 16).

14. The findings also highlighted that while terrestrial ecosystems are relatively well-represented in the System, coastal and marine ecosystems are dramatically under-represented. The Interdisciplinary Commission for Marine and Coastal Areas of Costa Rica's Exclusive Economic Zone<sup>16</sup> carried out an analysis on the main marine environments in 2006, which recommends protecting eight key areas due to their biological and ecological characteristics, and the critical threats they face.<sup>17</sup> Yet, at present, only 19 of the 160 protected areas cover marine ecosystems – or only about 0.0070 % of Costa Rica's marine territory, which is ten times its land area. The INBio PDF B study also points out that all of these protected sea areas are located between internal waters and the country's 12 miles of territorial sea, thereby leaving the remaining 188 miles of EEZ with very few or no effective protection measures whatsoever. For more information about marine and marine/coastal PAs, see Table 17, Part V.

15. Based on its thorough analysis, the INBio PDF B study concludes that a ***different environmental management model is needed that envisions what is happening both within and outside PAs, which consider the biophysical processes taking place in larger land units.*** More specifically, the findings support that the ecological viability of the PA System and its PA Units will depend on the way conservation efforts are managed in the country, with PAs being one important and integral part of this process. Furthermore, INBio concludes that many of the sites selected as "biological corridors" not only play a connectivity role, but they are also important for "habitat" protection, as the 23 macro-types found here not represented in the other sub-systems show. In this context, it will be essential to have an integrated, systemic view of the PAs under the above various sub-systems, as well as on other measures

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<sup>13</sup> INBio, Evaluación de la situación actual de la biodiversidad y la sostenibilidad / representatividad ecológica del Sistema de Áreas Silvestres Protegidas

<sup>14</sup> A detailed description of each of these macro-types is presented in Annex 5 in the INBio PDF B study.

<sup>15</sup> To complement the analysis at the ecosystems level, the INBio PDF B Study also presents detailed information about the state of conservation in Costa Rica from a landscape point of view for terrestrial land in the country.

<sup>16</sup> Comisión Interdisciplinaria Marino Costera de la Zona Económica Exclusiva de Costa Rica.

<sup>17</sup> These areas are the following: i) Gulf of Papagayo and Culebra Bay; ii) Dulce Gulf; iii) Caño Island; iv) Sierpe-Térraba System; v) Gulf of Nicoya; vi) Coco Island, vii) Northern Caribbean Zone (Tortuguero National Park); and viii) Southern Caribbean Zone (Gandoca-Manzanillo National Wildlife Refuge).

contributing to conservation, such as indigenous territories and biological corridors in their current role,<sup>18</sup> and even the system of payment for environmental services for conservation. Given that Costa Rica's Protected Area System<sup>19</sup> currently does not have a stated definition, the following was proposed in the study: *"The Integration of all PAs established by law under different management categories, as well as their inter-relation with other conservation measures adopted outside PAs, whose aim is to ensure that the system meets the characteristics of representativeness, comprehensiveness, balance, adequacy, coherence and complementarity, and consistency."*

### I - 3. Socio-economic Context

16. Costa Rica has a population of about 4.0 million, of which 59% is classified as urban. The majority of the population is concentrated in the San José Province (35%). From an administrative policy perspective, the country is divided into 7 provinces, 81 counties (*cantones*) and 463 districts.<sup>20</sup> The political stability, economic development and a social structure, which is characterized by an ample middle class, distinguishes Costa Rica from other Central American countries. Yet, although Costa Rica boasts one of the lowest unemployment rates (6.4% for 2001-2004) in the region and an average GDP growth rate of 4.45%, a fifth of its population remain poor. While maintaining its economic and social indicators above regional averages, between 1990 and 2000 the country's Human Development Index fell from position 28 to 48, and poverty levels have not decreased in over a decade. Notably, rural poverty is a predominant factor in the areas where most PAs are located, where average poverty levels of 24.9% are higher than in the rest of the country. One explanation is the general need for national policies to filter down to the regional, municipal and local level to enable direct involvement by key local stakeholders. Decision-making in conservation has been consistently centralized in the hands of national institutions, with recent decisions by the Comptroller General's Office (*Contraloría General de la República*) critical of on-going informal collaborative management arrangements in several National Parks in Costa Rica. Moreover, economic linkages between high growth sectors - such as electronics, biotechnology, international services and tourism - and the rural poor have yet to be achieved.

#### Sustainable tourism and protected areas

17. Costa Rica's protected areas are increasingly contributing to the economic development of the country through the impressive growth in eco-tourism the country has experienced for the past 10 years. Over 1.65 million international tourists visited Costa Rica in 2004 and an annual growth rate of 6.6% is expected for the next 6 years. One of the country's most important characteristics is the wide variety of recreational activities it offers, most of which are related to nature. Among these, the "sun and sand" segment continues to hold first place (79.9%), followed by ecotourism and similar forms of tourism, including "flora and fauna observation" (58.3%). All these segments are expected to demonstrate similar growth patterns. Notably, according to ICT (National Tourism Institute), close to 60% of all international tourists that come to Costa Rica claim they visited the country's protected areas. Regarding local inhabitants, 66% of Costa Ricans claim to have visited a protected area at least once in their lifetime.

**Table 2. - Visitation to Costa Rica's Protected Areas (1982-2004)**

Visitors	1982	%	1992	%	2002	%	2004	%
Residents	136,958	68%	301,644	47%	507,801	55%	541,189	47%
Non-residents	64,745	32%	338,109	53%	411,831	45%	501,664	53%
<b>Total</b>	<b>201,703</b>	100%	<b>639,753</b>	100%	<b>919,632</b>	100%	<b>1,042,853</b>	100%

<sup>18</sup> This means not only as mechanisms to allow for the flow of genes and species, but also in their role of protecting habitats and ecosystems, as noted in the above sections.

<sup>19</sup> This definition is based on international concepts and criteria on what a Protected Area Systems is supposed to be, as well as on the country's current legal framework.

<sup>20</sup> GEO Costa Rica: Una Perspectiva Sobre El Medio Ambiente 2002, MINAE, UNEP, 2002

**Source:** M. Adamson, CIESA, based on Bermúdez, F. (1992) and Y. Mena, SINAC.

18. Today, tourism generates more foreign currency than agricultural and livestock exports, and is only surpassed by revenues generated by the industrial sector and duty free zones. In 2005, income from tourism amounted to USD 1,600 million, or about 7.4% of Costa Rica's GDP. A PDF B study carried out by CINPE estimates that MINAE received a total of US\$ 3,248,000 from tourist's visitation for 2002, through PA entrance fees. It also estimates that SINAC contributed a total of US\$ 3,251,711,588 through the provision of environmental goods and services to Costa Rica's economy - equivalent to 5.5% of its GDP. This income was generated from services derived from healthy ecosystems through activities, such as tourism, regulation of water resources for hydroelectric generation, employment generation, and bio-prospection. For instance, in 2002, sea turtle tourism in Tortuguero National Park generated an estimated US\$ 6,714,483 in gross revenue. Notably, this makes SINAC a larger contributor to the national economy than several major export commodities, such as bananas or coffee.

19. Different PDF B studies clearly demonstrate that not only do sustainable tourism and protected areas contribute significantly to Costa Rica's economic development as a whole, they also constitute a strong employment potential among communities located in and around protected areas, especially those near highly visited Pas. While direct employment in the tourism sector represents 5.7% of the workforce, indirect employment has a multiplier effect in both urban and rural areas of the country. A study by CINPE concerning the communities around Chirripó, Cahuita and Poás National Parks showed that local youth were often involved as tourist guides, while local restaurants and hotels directly benefited from the influx of tourists attracted by the protected areas (CINPE, 2004). Yet SINAC and the country's PA System still face major challenges in terms of insufficient public awareness and inter-sectoral alliances to actively pursue stronger PA management alliances with local actors.

#### **I - 4. Policy and Legislative Context**

20. At the international level, Costa Rica is signatory to a series of environmental agreements and conventions. These include the *Convention on Biological Diversity* (CBD), the *Convention on International Trade in Endangered Species of Wild Flora and Fauna* (CITES); and the *Convention on Wetlands of International Importance especially as Waterfowl Habitat* (Ramsar). Moreover, some of the ratified international conventions have also adopted as law in the country (e.g. CITES; Ramsar and CBD). Domestically, these laws are complemented by Costa Rica's Constitutional mandate and other significant advances concerning the national environmental legal framework. For instance, Article 50 of the Constitution stipulates that "*all individuals have the right to a healthy and ecologically balanced environment. For this reason it is legitimate to denounce actions that infringe upon that right and demand reparation for the damage caused. The State shall guarantee, defend and safeguard that right.*" [Unofficial translation]. Below follows a brief introduction to the international and national legal context of particular relevance for PA management and eco-tourism in Costa Rica. For a detailed overview of both international and national environmental regulation, see Section IV: Part VII.

##### Specific laws concerning SINAC and protected areas management

21. In October 2006, Costa Rica's Constitutional Court dismissed appeals questioning the constitutionality of the *Law of Biodiversity (Ley de Biodiversidad)* N° 7788. This move dispelled all previous legal uncertainties concerning SINAC's mandate. At that point the Law finally legally established that SINAC is charged with defining policies and planning and implementing processes aimed at achieving the sustainable management of Costa Rica's natural resources (Article 22). It also cements that Costa Rica's PA System is a sub-system of the **National Conservation Areas System** (*Sistema Nacional de Áreas de Conservación* - SINAC) (see also Section I-5), which in turn is an administrative department of the *Ministry of the Environment and Energy* (MINAE). This Law created SINAC as a separate legal entity, defining it as a body for institutional management and coordination that is

decentralized and participatory, and which has jurisdiction in matters of forestry, wildlife and protected areas. Article 28 defines the 11 Conservation Areas under SINAC auspices as administratively delimited territorial units, yet still governed by the same development and administration strategy and duly coordinated with the rest of the public sector. Given that together these Areas cover the entire territorial landmass of Costa Rica, they include inter-related public and private conservation activities, as well as human settlements (urban and rural) and lands used for productive activities, in addition to PAs.

22. Despite the recent full implementation of the Law of Biodiversity, Costa Rica still lacks a framework law or policy for protected areas that could unify the current legal framework. This framework is presently somewhat dispersed and contains some redundancies and conceptual gaps as a result of the numerous laws (most sector-specific) passed over the last three decades in response to specific problems and in different contexts. Indeed, the *Agenda for Protected Areas Administrated by SINAC* (SINAC-MINAE 2003) expresses the crucial need for a modern, forward-looking legal framework for Costa Rica's PAs. For other laws that concerns PAs, see Section IV: Part VII. Concerning local collaboration, Article 33 in the *Organic Law of the Environment* N° 7554 (1995) empowers MINAE to create Natural Monuments, while at the same time making municipal corporations (local governments) responsible for their administration. This Law also outlines PA objectives. Moreover, there is one legal mechanism that allows for the private administration of certain protected areas recognized by the State, namely privately owned national Wildlife Refuges.<sup>21</sup>

#### National policies, strategies and programmes for protected areas management and eco-tourism

23. Despite numerous processes of strategic planning conducted over the past two decades, there is still a need for the enhancement, consolidation and management of the SINAP as a Protected Areas System. A decade ago, Costa Rica's first national land use plan for biodiversity conservation was designed, known as the **GRUAS I Project** (García-Viquez 1996). This plan provided the most up-to-date analysis of the state of terrestrial ecosystems, and identified priority measures to protect the remaining biodiversity located outside PAs, through the creation of new PAs and the re-design or change of management category of existing PAs. While close to half (43) of the proposed measures contemplated state-administered PAs, the rest sought to explore private conservation mechanisms, such as private reserves, biological corridors and conservation easements. To this date only 20% of the GRUAS I-proposed priority conservation measures have been implemented, covering 12% of the land under state-administered PAs (Arias-Castillo 2005a). GRUAS I did pave the way, however, to a variety of private conservation schemes, and also led to the creation of many biological corridors, which are still functioning today as voluntary conservation arrangements in biologically important areas of the country.

24. In 2003, an *Agenda for Protected Areas* was published. Yet, this Agenda only provided a list of requirements without the needed underlying strategic vision to achieve the desired results. The remaining need for a conceptual strategic planning framework for *In Situ* Conservation in Costa Rica is currently being addressed by a GRUAS II Task Force. GRUAS II is a partnership between SINAC, TNC, CI and INBio, which seeks to update the original conservation plan proposed in 1996. Over the past decade, Costa Rica's knowledge and information management on biodiversity has increased considerably, mostly thanks to public-private partnerships, such as INBio, as well as to public research organizations (OTS, CCT, CATIE, and Universities). GRUAS II is therefore reviewing the state of ecosystem management, biological corridors and protected areas in Costa Rica and suggesting new ways of conserving biodiversity - both inside and outside the current parks system.

25. GRUAS II proposes an **Eco-regional Approach** that promotes the functionality of the large ecosystems in the country and their ecological health and integrity. Moreover, this Approach includes the identification of gaps in PA coverage, full evaluations of management deficiencies, and the definition of

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<sup>21</sup> Law N° 7317, article 82.



criteria for selecting the areas to be incorporated into the system in a clear and efficient manner. GRUAS II will provide a key planning tool, which will re-consider existing PA management categories and promote the creation of new areas – either by establishing them by Law or by revising existing ones. A preliminary list of 54 priority conservation measures has been drafted, this time with a clear emphasis on coastal and marine ecosystems (Arias-Castillo 2005b) ***Hence, not only will GRUAS II provide a much-needed strategic vision and framework for the planning of PAs in the coming years in Costa Rica. This GEF project has also been consciously formulated to build on this foundation in its support of Costa Rica’s objective of consolidating its PA System according to this new vision and framework.***

26. To date, Costa Rica has no specific approved development strategy for SINAC as a whole (i.e. a strategy for the overall 11 Conservation Areas). In response to this strategic gap, SINAC’s first draft *Strategic Management Plan* (from 2000) is currently being revised. TNC will provide SINAC with institutional support with several programs for budgetary planning and financial strategy, a support to ecological monitoring strategy and the training of park wardens and other SINAC Staff. Notably, the initial Plan clearly identified the need to formulate a *National Framework Plan for the national PA System as its own entity within the larger SINAC/Conservation Area context as well.* Such a plan is also provided for under the *Protected Area Work Program of the Convention on Biological Diversity*.<sup>22</sup> However, to date, such a Plan does not exist.

27. Concerning tourism, to date SINAC has developed a series of policies and strategies to plan for the development of tourism inside PAs. In 2000, a partnership with TNC enabled SINAC to develop *the National Strategy for Conservation and Sustainable Use of Biodiversity* formulated as part of the commitments from ratifying the CBD.<sup>23</sup> This document provides for “*strengthening technical capacity to ensure the proper biodiversity management, including the **incorporation of local organizations** in activities to develop protected wilderness areas, **including the concession of non-essential services for eco-tourism** [emphasis added].*” It also proposes the development of opportunities to fund PA management, promoting capacity building in conservation areas to generate resources for the provision of services, including tourism in PAs. In addition, a national plan for tourism development in the PA System defines more precisely the range of products and tourism attractions, while providing recommendations to improve visitation facilities and services provided by SINAC. The latter is to be carried out in close coordination with ICT, municipal governments, NGOs and community-based organizations. SINAC is also reviewing its entrance fees and tariffs, which would enable a more flexible system for gathering revenue, including innovative parks passes and season tickets sold through tourism operators.

28. At present, SINAC is negotiating its *Sustainable Tourism Programme* (*Programa de Turismo Sostenible*) jointly with ICT (*Instituto Costarricense de Turismo*) and IADB to address the issue of linking PA management and the tourism industry more effectively. This strategic Programme aims to upgrade the capacity for tourist reception in 39 PAs, and will channel major investments into infrastructure in 10 PAs managed by SINAC, currently subject to high growth of tourist visitation. Sustainable tourism-related pilots are currently under way in Corcovado, Manuel Antonio and Braulio Carrillo National Parks, where this Programme will invest in infrastructure improvement. A market study was conducted for each of these PAs, and a business plan has been drafted for the development of tourism-related activities in and around these three PAs. Capacity development plans for park management staff and a monitoring system will be put into place to assess the impact of these investments in infrastructure within PAs to improve revenue capture related to the tourism industry.

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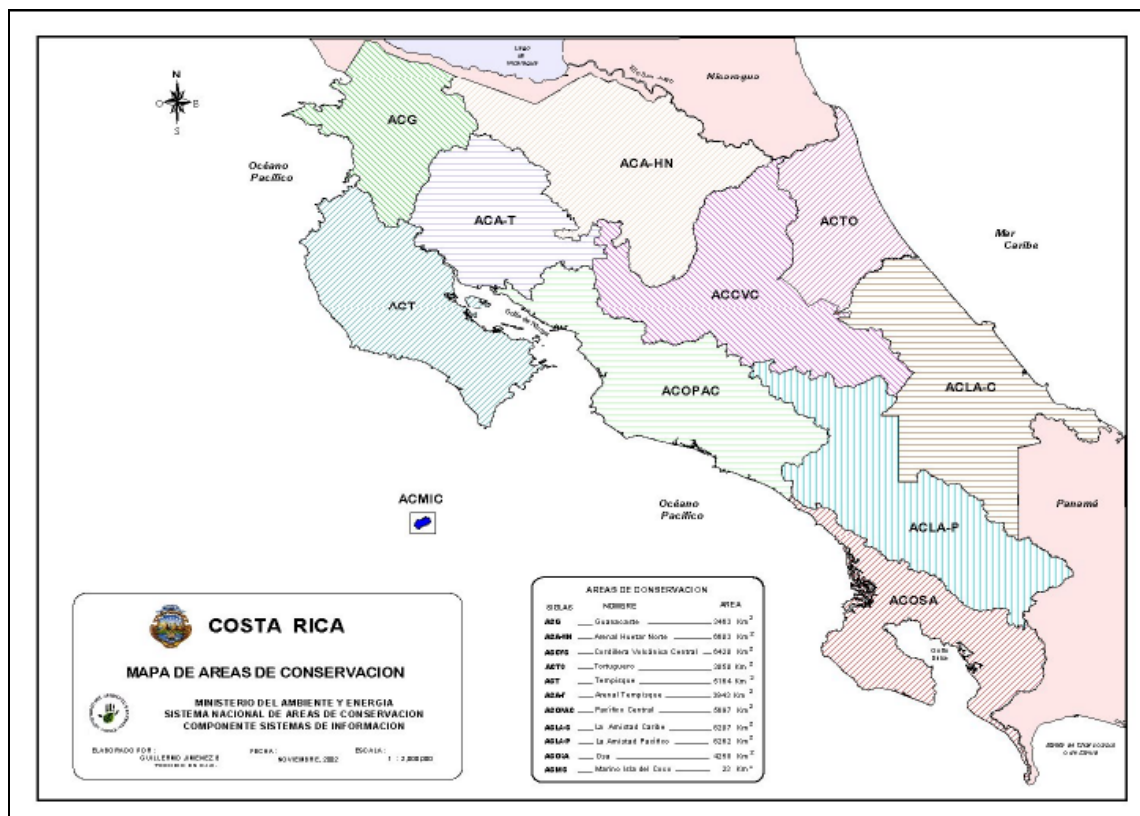
<sup>22</sup> COP Decision VII/28, 2004.

<sup>23</sup> Article 6 of the Convention establishes the need for signatories to design national strategies, plans and programs in line with the objectives of the convention.

## I - 5. Institutional Context – for PA Management

29. Institutionally, Costa Rica's national Protected Areas System is administered by the **National System of Conservation Areas** (SINAC - *Sistema Nacional de Áreas de Conservación*). For an overview of SINAC's organigram, please see Section IV: Part VII, Figure 4. SINAC is part of the institutions under the authority of MINAE and is required by the Law on Biodiversity (1998) to administer the country's forest resources and manage its protected areas (see section I-4). SINAC has a central administrative system, which - in spite of recent de-concentration efforts - still depends on MINAE for its budget and procurement. In 2004 SINAC's budget was US\$ 21 million, of which approximately US\$ 14 million (or two thirds of the total) correspond to the budget allocated by the central government and US\$ 6.6 million came from the National Parks Fund as a result of admission charges and other national park services, mainly taxes and fees. By geographic area, 58% of such revenues are generated in the Central Pacific, by Manuel Antonio National Park and in the Central Volcanic Range, by Poás and Irazú National Parks.

**Map 1. – SINAC's 11 Conservation Areas**



30. The superior decision-making body is the **National Council on Conservation Areas** (CONAC - *Consejo Nacional de Áreas de Conservación*), which is presided by the Minister for Environment and Energy. It is administered by a Superior Director, a sub-director and three line managers (for Planning, Natural Resources Management and Protected Areas), in addition to a Human Resources and Financial Department. Map 1 above illustrates how SINAC is composed of eleven regional administrative units (Conservation Areas), which together cover 100% of national territory (terrestrial area). Ten of the conservation areas are continental and the eleventh is Cocos Island (Isla del Coco) which is a marine conservation area. A total of 160 individual PA sites are located within each of these Conservation Areas.

31. Each of the 11 Conservation Areas is managed by a regional director which manages resources and personnel not only in charge of protected areas, but also of natural resources outside the protected areas regime. These Conservation Areas are then divided into sub-regional offices which oversee park

managers. Since not all protected areas have permanent staff on the ground, these are instead managed at the sub-regional level. Each of the 11 Conservation Areas has varying degrees of autonomy and several have developed their own trust funds and externally funded programs and projects. The distribution of PAs and their size varies significantly from one Conservation Area to the next. Some Conservation Areas harbour large protected areas of international importance for their global environmental benefits, such as the Guanacaste (ACG) and La Amistad (Pacífico –ACLA-P- and Caribe-ACLA-C-) Conservation Areas. On the other hand, there are Conservation Areas with PAs of smaller extensions, but a higher number of parks to manage, as in the case of ACT (*Area de Conservación Tempisque*) and ACOPAC (*Area de Conservación Pacífico Central*). Out of a total of 160 PAs only 9 have completed their management plans, while a total of 12 are currently in the process of developing site management plans. Several SINAC-wide programs are currently coordinated nationally such as the Forest Fires Control Program, the Illegal Logging Program, the Biological Corridors and Sustainable Tourism Programs.

32. SINAC has a total staff of 1102 employees. Among these, 826 staff members are paid directly through the Ordinary Budget provided by the MINAE. Another 176 staff members are paid through the National Parks Fund, which is a parallel trust fund administered by SINAC. The remainder of about 100 staff members is paid through public and private foundations, including the National Parks Foundation (*Fundación de Parques Nacionales*). Beyond SINAC staff, an additional 117 people are employed by other entities within MINAE. Hence, over 10% of SINAC's actual payroll goes to support other ministerial offices and activities, which are not related to PAs. Some 8% of the total SINAC staff (1102 people) is located in central offices, 50% is located in regional offices of the 11 Conservation Areas, and the remaining 42% is assigned on the ground for PA management. Of total SINAC staff, very few (9) have university degrees. Most have been trained as park wardens, with only limited training in tourism, despite a growing number of routine tasks by Park managers related to attending tourists.

33. A PDF B study was carried out by the Tropical Science Centre (TSC) aimed at applying *the WB-WWF Management Effectiveness Tracking Tool (METT)*. A sample of 26 specific PA sites was selected from the 160 public protected areas in the country under seven different management categories. The selected PAs protect different types of natural and cultural resources including: (i) Coastal and marine ecosystems on the Pacific Ocean and the Caribbean Sea; (ii) tropical dry forests; (iii) rainforests located between sea level and 500 meters in altitude; (iv) cloud forests above 1,500 meters in altitude; (v) wetland ecosystems; (vi) archaeological and historical sites; (vii) and areas of interest for tourism. As part of the sample of selected PAs there are areas which have had on-site government personnel for over 30 years and others without any government staff. The sample group also includes areas proposed to be part of the upcoming IDB-sponsored *Sustainable Tourism Programme*. The PA selection thereby reflects not only the significant importance of this new initiative to SINAC, but also that it constitutes one of the main co-financing partners of this said proposal, as it seeks to strengthen tourism in 10 PAs in the country.

34. The analysis of the METT results reveals that: (i) PAs within management categories that have received institutional support from SINAC - such as National Parks (Category II, indirect use) - show the highest percentage of management effectiveness; and that (ii) management categories with direct use (categories IV and VI) - including Forestry Reserves, Protected Zones and Wildlife Refuges - show the lowest percentage of management effectiveness. The study also shows that there are a significant number of threats to existing natural resources within PAs, of which many are difficult to manage, such as: (i) Expansion of the agricultural frontier; (ii) pollution of river courses and wetlands; (iii) biological isolation; (iv) tourism activities; and (v) illegal hunting. This management challenge requires a change in the existing institutional leadership, in order to develop strategies that tackle such problems in a concerted effort, in collaboration with other institutions and/or organizations in the country. Another important finding is that the number of staff employed by the assessed sites does not match the needs required for all management activities. All areas operate below current staffing requirements. According to the number of staff assigned to the areas in this assessment, one can easily make the inference that criteria for assigning personnel on the basis of priorities are not in place. Personnel currently at the PA site level lack



the necessary skills to carry out activities that nowadays require different management approaches, such as: (i) participation by civil society organizations; (ii) visitor management; and (iii) research and monitoring of biological resources, amongst others.

35. Overall, the METT findings show that PA Management planning is deficient and that the majority of sites assessed (19 out of 26) do not have management guidelines for the mid- and long-term, such as Management Plans. Corresponding Annual Operating Plans are not carried out in accordance with resource availability, since none of the wildlife protected areas complies with annual work plans, due to deficiencies regarding human and financial resources available. Moreover, the management of natural resources within PAs is not being carried out on the basis of technical and scientific knowledge in accordance with conservation objectives. There is a lack of information for decision-making, since there are few research, monitoring or evaluation programs focused on site management. Finally, the allocation of financial resources generated by PAs themselves encounter administrative and legal obstacles inherent to Costa Rica's public administration. Given the centralization of financial resource administration, their allotment is not targeted to field requirements, nor is there an efficient financial management process.

## I - 6. Stakeholder Analysis

36. The following is a brief introduction of the main actors. Section IV Part III provides more details, along with a description of their main roles both in PA management and in the proposed project. At the *national level*, beyond the formal national institutions mandated by Law to administer protected areas, there is a considerable number of other stakeholders involved in and around *in situ* conservation in Costa Rica. The internal players within SINAC include the SINAC Director, the Directors of Conservation Areas, the National and Regional Conservation Area Councils, down to the local park manager - and other institutional players, such as CONAGEBIO and FONAFIFO. At the inter-sectoral level, likely project stakeholders include the *Ministry of Agriculture* (MAG), the *Institute for Tourism* (ICT), the *Institute for Agrarian Development* (IDA), and ICE (Instituto Costarricense de Electricidad).

37. Articles 23-33 of the Law on Biodiversity created a series of consultative bodies, such as the *National and Regional Councils for Conservation Areas*. These councils constitute a strong potential for a meaningful participation of civil society in the management of the PA System. *The National Council for Conservation Areas* (CONAC) is headed by the Minister of the Environment and represents the highest decision-making body in SINAC. Although the Law on Biodiversity gives the National Council important attributions, the legal uncertainties created by a Constitutional Appeal weakened their role. Hence, the CONAC has only had three sessions since its creation in 1998. Yet, following the recent dismissal of the Constitutional Appeal, concrete opportunities for social participation in decision making processes concerning PA management are now a real possibility.

38. At the *regional level*, the Law on Biodiversity contemplates the creation of *Regional Councils for Conservation Areas* (CORAC), which are to be presided over by the SINAC Regional Director. They are also to potentially involve a wide range of key stakeholders with direct relationship with PA management, such Municipalities, Local Environment Commissions, Indigenous and Community Associations, as well as local water utilities and other local players. Other key regional stakeholders with direct relationship with PA management are the Municipalities, NGOs, Local Environment Commissions, Indigenous and Community Associations, as well as local water utilities and other local players. Concerning indigenous populations, the **Indigenous Peoples Law** of 1977 (*Ley Indígena N° 6172*) enables the creation of indigenous reserves. It also contemplates particular tenure arrangements and norms for the use of land and natural resources within their boundaries. As such, these indigenous reserves are not considered part of SINAC's PA System. Yet, there have been instances of overlaps between the reserves and the demarcation of PAs, which have led to boundary modifications.<sup>24</sup> Indigenous populations are located for

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<sup>24</sup> The best documented case has been the International Park of La Amistad (PILA) where some 7,500 Ha were segregated for the creation of indigenous reserves in Southern Costa Rica (*Contraloría General de la República*, 2002).

the most part in the Talamanca range, and therefore have a key role to play in managing the largest remaining portion of montane forests in Costa Rica.

39. With regards to NGOs, many have been involved with conservation and PA management issues, developing activities such as the formulation of management plans and proposals for PAs (CCT, TNC, and CI), research (OET), environmental education (UCR,UNA, and *Fundación Neotrópica*), awareness raising, training (including the organization of courses for rangers such as UCI-ELAP), and policy advice (CEDARENA and UICN). INBio - as the National Institute for Biodiversity - is also a key stakeholder, as it has become a key depository of scientific knowledge on the distribution and range of biodiversity in Costa Rica, working as a key intermediary between SINAC, public universities and international donors. Many of these NGOs and research organizations have contributed significantly to the advancement of PAs and the conservation and use of biodiversity through studies and consultancies regarding diverse issues (social, economic, environmental). The private sector is another key player in in-situ Conservation in Costa Rica. The Network for Private Reserves (*Red de Reservas Privadas*) brings together over 100 private reserves and has played a key role in developing ecotourism destinations, compatible and complementary to the public SINAC PAs. Other key stakeholders are the Chambers of Commerce in Tourism and other environmental friendly enterprises, which have developed opportunities for providing non-essential services in public and private parks, as well as a variety eco-tourism destinations and packages that include visits to PAs. At the ***individual PA site-level***, Local PA Councils (LPACs) provide a promising scenario for local coordination with participation of municipal governments, local councils, farmer associations, NGOs, and local communities.

## **Part I B: Baseline Course of Action**

### **I - 7. Main threats to biodiversity within the Protected Areas System**

40. Despite the viability of the protected areas approach for conserving Costa Rica's biodiversity endowment – much of which has global significance – various pressures both within the PAs and outside in the surrounding landscapes are currently undermining the long-term sustainability not only of the individual PA units, but of the overall PA System. Notably, there is a tendency in the country towards an ecosystem decline. In the near future, this systemic degradation of ecosystem processes will increasingly threaten the PAs, as the latter depend on the long-term viability of these ecosystems for their ecological integrity. This is evidenced in a reduction in the country's forest cover (in terms of absolute surface), although this loss has proportionally occurred to a greater extent outside PA boundaries. Table 22 in Section IV: Part V provides the relative intensity and tendency of the most important pressures on biodiversity within the PAs and in their surrounding landscapes as per Costa Rica's 7 eco-regions. Moreover, Section I-1 provided an overview of the status of Costa Rica's species in terms of their levels of vulnerability and endangered status. These trends result mainly from the following 4 clusters of threats, which bear directly or indirectly on the long-term viability of the PA system.

41. ***Habitat degradation*** primarily concerns (i) forest fires; (ii) water/coastal pollution; (iii) wetlands drainage and sedimentation; and (iv) human settlements and activities. For instance, forest fires from poorly managed fires used for land clearing for agricultural and livestock activities has caused forest cover loss within PAs, particularly in the Central America Dry Forest of Guanacaste National Park. Notably, all these kinds of pressures are on the increase in the PAs situated in the Central American Dry Forest, the Isthmian Pacific Moist Forest, and the Pacific Mangrove Forest eco-regions. For instance, the use of surface water for intense irrigated agriculture in the Tempisque Valley has reduced the ecological baseflow, which threatens the viability of Palo Verde National Park as a wetland of international importance. Human settlements and activities pertain mostly to infrastructure, such as highways and roads, which is inappropriately located either in or too close to environmentally vulnerable areas, along with non-conservation friendly tourism. Notably, these pressures are already ranging from medium to

high in most of the eco-regions. Given that the tendency shows how they are also increasing, especially these kinds of tourism are likely to result in visitation beyond the carrying capacity of the involved areas.

42. **Habitat substitutions** are another major site-specific threat to biodiversity within PAs, where (i) native forest is replaced by either plantations or crops, while (ii) wetlands are substituted with tourism facilities and aquaculture ponds. For instance, forest plantations using exotic species - although intended to be environmentally friendly - in some cases have caused the substitution of native forests. This, in turn, has led to the destruction of habitats and ecosystem fragmentation, thereby increasing species loss and producing genetic impoverishment of forest ecosystems. Costa Rica has become an international tourism attraction with over 1.5 million visitors in 2004. There are growing pressure from the development of beachfront property and large resorts, particularly in coastal areas. Coastal wetlands - mangroves in particular - are also increasingly substituted by shrimp farms and other aquaculture activities, as in the case of the Térraba Sierpe National Wetland. These pressures are very much an increasing threat to biodiversity, primarily in the surrounding landscapes of PAs in the majority of the eco-regions. A rise in these kinds of threats is also noted within PAs in the Pacific Mangrove Forest, Isthmian Atlantic Moist Forest and the Volcanic Range and Talamanca Mountain Forest eco-regions.

43. **Over-harvesting of forest products** involves: (i) either selective legal or illegal logging, (ii) extraction of flora and fauna; or (iii) unsustainable hunting/fishing. Unsustainable logging at both the industrial scale and by small local forest owners has degraded native forest and increased habitat fragmentation. Plant and animal extraction - including the collection, hunting and trading of native and endemic flora and endangered fauna - has depleted some stocks of fauna, particularly in the Central Pacific region where the ACOPAC Conservation Area is located. Notably, these pressures are only an either small or moderate problem within PAs, where the largest pressures are found in PAs in the Isthmian Atlantic and Pacific Moist Forest eco-regions. However, generally these pressures are of much more concern in the landscapes surrounding the PAs. Concerning unsustainable hunting/fishing, wildlife poaching and trade occur covertly, mostly in PA under less stringent management categories (Forest reserves, Wildlife Refuges). Not enough law enforcement personnel within PAs coupled with a general insufficient knowledge of the legal consequences of poaching have made controlling these activities a difficult job. It is also acknowledged that the existing penalties for the poaching of wildlife are exceedingly soft and cannot be deterrent especially considering the high commercial value of wildlife parts and products in the international market.

44. Finally, PA habitats are being negatively impacted by **extreme natural events**. In addition to the above anthropogenic pressures, Costa Rica and the rest of Mesoamerica is increasingly afflicted by extreme geologic and climatic events that cause important impacts on the natural resources of the region. Some of the events that affect the most are hurricanes (causing floods), drought related to the El Nino phenomenon (which contributes to the above forest fires), and earthquakes (resulting in landslides).

45. While the **underlying causes** of these threats to biodiversity within PAs vary from one eco-region to another, many of these threats stem from the fact that the landscape structure in the country is driven almost exclusively by market forces and that the overall regulatory framework for land use does not fully incorporate biodiversity conservation concerns that are based on sound scientific data and bio-regional scale conservation strategies. The threats also stem from important **systemic underlying causes**. Thanks to the findings of GRUAS II, it is increasingly acknowledged in Costa Rica that there is insufficient theoretical and practical knowledge in approaches for **holistic ecosystem management** (SINAC-MINAE, 2006), stemming from a poor national vision on territorial integrity. Notably, an increase in threats to biodiversity is taking place both within the PAs and in their surrounding landscapes, exerting pressures on critical links in the landscape which contribute to the ecological viability of PAs. For example, the Caño Negro Wildlife Refuge is an important wetland in Northern Costa Rica, which has been experiencing increased habitat loss, due to sedimentation and reduction in river discharges. Land use practices upstream and climate variability have contributed to threatening the long term viability of this wetland.

Another example is the loss of landscape functionality in buffer zones and biological corridors, which lessens the viability of maintaining biodiversity over the long term.

46. In response, an ongoing academic discussion in Costa Rica concerns the ecological viability of biological islands within PAs, surrounded by a production landscapes which offer limited opportunities for connectivity, stepping stones and other agents of biological dispersion. One key underlying systemic factor is that the existing design of PA management often does not respond to the basic characteristics and conservation objectives of a PA System. This has led to habitat fragmentation and ecosystem degradation, i.e. reduction of the landscape's biological functionality outside the PAs. These systemic underlying factors are allowing for the above threats to have various biological impacts on PAs, such as: Loss of key habitat, loss of landscape functionality, limited effectiveness of biological corridors, threats to genetic resources of interest in terms of food security, unprotected endemic species, drop in populations of commercial interest species. Notably, the situation is more complex in marine/coastal ecosystems, mostly due to the lack of awareness about the biological impact of overexploitation and the lack of conservation measures that clearly respond to the functionality of certain key ecosystems.

## **I - 8. Opportunities for consolidation of Costa Rica's Protected Areas System**

47. Costa Rica faces an apparent paradox. On the one hand, it has an extraordinary endowment in biodiversity, and has spared no effort to promote itself as a country, which effectively protects a quarter of its territory and as one of the world's foremost eco-tourism destination. On the other hand, the State struggles with the pangs of growth of a national Protected Areas System, which over the past decades has expanded with subsequent requirements in human and financial resources. Moreover, increasingly, the ecological viability of the existing network of public protected areas and private reserves hinges on biophysical processes that go beyond the boundaries of protected areas. Hence, the long-term ecological viability of Costa Rica's Protected Areas System will to a large degree hinge on its capacity to improve its current design and geographical configuration.

48. With this goal in mind, there is a need to link some of Costa Rica's existing innovative approaches to environmental management - such as environmental service payments, concessions for non-essential services and bio-prospection - with a more effective management of its Protected Areas System. Yet, SINAC has been increasingly hamstrung by often contradictory legislation, competing institutional mandates, insufficient institutional capacity and complex financial mechanisms to access public funds. Innovation has taken place, but mostly outside the SINAC Protected Areas System. Moreover, as illustrated by the financial analysis in Part VIII, the resources available for SINAC's day-to-day management of PAs are stagnating, and in some cases decreasing. This paradox contributes to a downwards spiral, which threatens the long-term ecological viability of the PA System, as well as SINAC's institutional sustainability and financial solvency. While considerable efforts have been directed to applied research and environmental education, the role of protected areas in the making of Costa Rica's development model has been under-estimated and often neglected. This project aims at addressing these limitations by harnessing the true potential of Costa Rica's PA System as a contributing driver of sustainable development.

49. SINAC has considerable advantages in its current territorial division - with its 11 Conservation Areas - which effectively cover the entire country. However, urgent institutional reforms are needed to improve SINAC's ability to increase its revenues and deepen its mandated regionalization and decentralization process. In this regard, there are considerable opportunities for linking local development initiatives - particularly linked to eco-tourism - to the long-term management of protected areas in Costa Rica. The national economy is increasingly geared around a growing tourism industry. Yet, although Costa Rica has established itself as a major international eco-tourism destination, it still faces a number of challenges to strengthen linkages between sustainable forms of tourism and the PA System. Converting a larger proportion of Costa Rica's PAs into tourism attractions can provide opportunities not only for

SINAC to harness additional revenues and improve its capacities. As mentioned earlier, such a move can also constitute a source of local employment and business opportunities for neighboring communities.

50. This project will therefore seek to increase the functional linkages between a sub-set of PAs and the eco-tourism industry, creating opportunities both within and outside protected areas. This emphasis will also enable to effectively link the PA System to the provision of environmental goods and services, including those related to provision of tourism attractions and recreational opportunities. As such, the project will provide technical assistance to SINAC to conduct land planning processes at the regional (Conservation Area) and local (Park Administration) level, in order to facilitate greater participation of PAs in local development processes, by using formal participation instruments and enhancing existing consultative bodies, at the regional and municipal levels.

51. Finally, the main goal of this project is to consolidate and strengthen Costa Rica's Protected Areas System. To implement this approach, it will be necessary to redefine Costa Rica's conservation goals, which, in turn, will require a new configuration of the existing Conservation Areas within SINAC, instead dividing them up more according to functional and administrative criteria. Additionally, recommendations from almost completed GRUAS II process have suggested the modification of the management categories for specific protected areas and their adaptation to incorporate these eco-regional planning criteria. This process will help defining the conservation goals and objectives for Costa Rica and the PA System, by which to achieve them. This implies analyzing the PA System as a whole, and identifying mechanisms for integrating into the PA System both public and private lands in the long term.

52. Through assistance from this Project, the GoCR will seek to settle the legal status of privately-owned, non-expropriated lands within protected areas, by envisioning innovative public-private partnerships for conservation. The project will also help ensure the sufficient financing for SINAC to address this matter sustainably in the long term. By the end of this project, functionally defined biological corridors will be operating under duly harmonized, responsible public-private management models, linking different components of the PA System through biological corridors and the new revised PA management categories. Gaps in the ecosystem representativeness will also be addressed, of which the process and necessary steps will be captured in the project-supported SINAC Strategic Plan and PA System Strategic Action Plan (project outputs 1.3 and 1.4). Another related element will be the definition and implementation of a marine/coastal conservation sub-system, through priority measures – including management plans and other land use planning tools.

## **I - 9. Barriers to the envisioned Protected Areas System consolidation**

53. A set of barriers currently hampers Costa Rica's efforts to develop and improve on its PA management system, to achieve the aforementioned goals. These barriers need to be removed to overcome existing management deficiencies in SINAC, while contributing to the sustainability of PAs and their operation within the framework of the national PA System. The below provides a synopsis of the identified barriers.

54. **BARRIER 1 - Costa Rica's current complex and incomplete legal and policy framework limits SINAC's operational ability.** Effective PA management in Costa Rica is hindered by a deficient and often contradictory legal framework. Under the current legal framework PA management categories are not clearly defined and hamper the setting of conservation goals. Moreover, the *Law on Biodiversity* (1998), which created SINAC, envisioned a *decentralized* environmental management system. Yet, the constitutionality of the Law was challenged from its onset. Hence, since 1998, SINAC has been operating in a legal vacuum. Moreover, this legal battle belies two conflicting visions of how conservation should be managed in Costa Rica, between, on the one hand, a centralized PA System model versus, on the other, a more decentralized approach. The latter supported that subsidiary/consultative bodies (such as Regional Conservation Area Councils) could be handed environmental management responsibilities. In September

2006, the legality of the Law was finally upheld, thereby approving the key role of consultative bodies in PA management. For instance, Article 39 now provides Regional Councils with the approval of concessions and other non-essential services. Yet, SINAC still depends on the central authority of MINAE for all contractual purposes, procurement and financial transactions, which leads to extremely slow and complex administrative contracting processes.

55. Legally, *revenue generation* by SINAC is also severely limited. At present, all state revenues are concentrated by the National Treasury. Consequently, most of SINAC's PA revenues are channeled through the central-level Single State Treasury ('*Caja Única*'), where only a very small percentage is returned to SINAC and re-invested in the PAs. Even though the new water fee (*Canon de Agua*) will increase SINAC's income flows, SINAC's annual budget size largely depends on its *spending* capacity. These time-consuming institutional processes result in *chronic under-spending*, which in turn continues to lead to increasingly smaller annual budgets. Additional potential income generation opportunities, such as tourism-related services, are also legally restricted. For instance, there is no legal basis for collaborative PA management in Costa Rica. There is therefore no integration of private conservation into the policy for management of public PAs. As a result, SINAC's considerable revenue generation is not reflected in its annual budget. It also has limited capacities to pursue income, manage funds and contract external services. Hence, SINAC's capacity to retain revenue, spend its budget and comply with its annual work plan is severely impaired.

56. **BARRIER 2 - SINAC's inadequate PA financing system and institutional capacity limits its capacity to capture revenue and invest in cost-effective PA management.** Structural deficiencies pose another critical set of barriers, preventing SINAC from linking its annual operational plans and budgets to its strategic goals. The above weak central-level budgetary planning and implementation has also translated into weak PA-level *operational* planning. The human and technological capital required to handle the PA-related economic and financial management requires upgrading in terms of knowledge and skills. Limited institutional capacity in SINAC is also reflected in its capacity to spend and use available resources effectively. Hence, while boasting a considerable potential for increasing its revenue capture, SINAC would require significant changes in its administrative structure, budgetary planning, along with a complete revision of entrance fees and other sources of revenue. Current budget *allocated* Government resources for PA management are not sufficient to meet basic operational standards in many of the PA units (see above barrier).

57. Land tenure and uncompensated private owners in State-run PAs remain a critical barrier for SINAC's financial outlook. Latest estimate indicates that unpaid land in PAs amounts to over USD 76 Million. As a result of legal obligations, around 4% of SINAC's annual budget is earmarked for paying for unpaid land declared as public PAs. Moreover, an additional USD 17.7 million is required beyond the existing budget to cover all PA System administration costs (SINAC 2003). While initial efforts are underway to improve the cadastral information for State-owned PAs, important needs exist in terms of legal information management. Another legal impediment with financial implications for SINAC concerns existing trust funds, such as the National Parks Fund, which constitute a key PA financing component. Yet, as financial speculation with public funds is legally prohibited, these trust funds are limited in terms of their yield and scope. Moreover, most of these trust funds are not managed by financial experts, thus foregoing opportunities for a more sustainable design for SINAC's financial system. This is related to the lack of consistent financial planning pervasive in SINAC, as investments in Trust Funds are not planned alongside PA budget and expenditure planning. Long-term financial considerations are therefore not integrated into the overall cost and expenditure structure of the PA system. Finally, SINAC has the potential of increasing its resource capture, through more effective tourism and visitation-related resource generation mechanisms. Yet, this calls for an overall *system-wide* PA System Resource Generation/Financing Strategy, which currently does not exist.



58. **BARRIER 3 - Individual capacity deficiencies of SINAC field staff limit the PA management effectiveness.** A number of operational deficiencies also impede more effective PA System management. Despite its decentralization mandate, SINAC remains a highly centralized entity. In general, the regional and municipal authorities have a low capacity to plan, implement, enforce and monitor their conservation management responsibilities. In fact, the institutional effectiveness and relative autonomy of the 11 Conservation Areas is severely constrained and effective PA management is compromised, due to *de facto* centralized policy decisions. In addition, Costa Rica adopted structural adjustment policies to limit public spending in the late 1980s, leading to a hiring freeze of new SINAC staff. The mean age of SINAC's field staff is therefore higher than the public sector average.

59. According to a PDF B METT application study, weak strategic planning at the central level is also reflected at the level of individual PAs. For example, only 9 of the 160 PA units have a Management Plan under implementation. Furthermore, only 13 of the 25 sampled PAs had more than 50% effectiveness. One of the weakest elements is *enforcement*, with only 50% of the PAs having permanent surveillance, primarily due to limited availability of funds and practical experience. With regards to *coordination*, at present each PA entity performs their functions in an isolated manner, creating inefficiencies and lost opportunities for developing synergies across PAs and stakeholder groups. It is clear that the total cost of managing SINAC's PA System is not adequately covered, and those Conservation Areas or PAs, which are unable to raise additional project funds, are often faced with severe limitations in terms of staffing and resources. In practice, only 26% of the PAs within the System have at least one ranger on a regular basis. Still, park rangers are required to undertake a multitude of tasks, of which many are often unrelated to conservation (i.e. attending tourists). Notably, SINAC is not only responsible for conservation, but also for environmental management on land outside PAs, including forest concessions, use permits and other enforcement functions.

60. PA-level staff also has limited capacity and awareness concerning how to interact with local community leadership. This especially concerns how to engage them in partnerships to improve the PA management effectiveness, while also reducing local environmental conflicts and providing economic opportunities for local communities. There is limited experience within SINAC with how to administer collaborative management arrangements and agreements, specifically with local communities and NGOs. As mentioned above, there is currently no legal basis for such agreements, in spite of a national policy on collaborative management of public protected areas. Hence, to date, most existing areas of collaboration between PA and local arenas are conducted through voluntary arrangements, NGO and municipal government commissions and other ad-hoc initiatives.

61. **BARRIER 4 - Low awareness of the role and importance of PAs in national economic development, and a lack of integration of PA into Costa Rica's growing tourism industry.** Another barrier is that PAs are largely under-valued in Costa Rica. Funding for PAs is considered a cost rather than an investment in development, even though tourism - which is closely linked with PA visitation - accounts for 7.4% of the GDP. This view is rooted in a relatively low general national awareness of the value of biodiversity in general, PAs in particular and on the long-term effects that loss of ecosystem integrity can have on livelihoods. For instance, despite a rapid growth in Costa Rica's tourism, not enough tourists visited PAs. Insufficient promotion of PAs as tourism attractions, combined with a lack of access to and adequate infrastructure within PA all contribute to limited revenue generation. There is also a growing gap between the range of services provided by the tourism sector, particularly in PAs, and the international promotion of Costa Rica as a world-class tourism destination. Moreover, while important achievements in sustainable tourism in Costa Rica (i.e. national certification) have gained international recognition, the full potential of the PA System as a major tourist attraction has yet to be harnessed.

62. Several important challenges remain: (i) *Tourism visitation is geographically concentrated* – Out of the 39 PAs with the greatest tourism potential, only six of them<sup>25</sup> account for 86% of total visitation. The

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<sup>25</sup> Poás, Manuel Antonio, Irazú, Cahuita, Santa Rosa and Tortuguero.

remaining 33 PAs offer a wide range of potential tourism attractions, but are unable to offer minimal conditions and infrastructure for tourists. (ii) *Insufficient linkages between PAs and local livelihoods* - Small and medium enterprises related to tourism-related goods and services provisions can play a key role in generating local employment and reducing poverty level in areas surrounding PA. Yet, to date, this potential remains untapped. (iii) *Limited capacities to engage local stakeholders through PA management planning* - There are limited capacities for managing tourism-related activities within State-run PAs. Furthermore, so far there has been little or no coordination between SINAC, the Costarican Tourism Institute (ICT), the private sector, municipal governments and local communities. A greater integration between these stakeholders would contribute to increase business opportunities and employment in and around PAs, thus reducing impacts and threats on PAs. (iv) *The financial sustainability of the PA System depends on increased revenue capture* - Promoting greater tourism access to PAs, improving infrastructure and service provision could contribute to increasing state revenues, and thereby to long-term PA System financial viability. There is, thus, a need for harmonized methodological approaches to PA valuation and the incorporation of this into awareness building campaigns and funding strategies. Moreover, an active awareness-raising strategy - both among policy makers and the general public - would help overcome this awareness barrier.

63. **BARRIER 5: Deficiencies in ecosystem integrity, connectivity and representativeness.** The PA System covers around 25% of Costa Rica's total land surface. Yet, currently, ecosystem representativity within the System is skewed, with certain ecosystems (such as montane forests) fully represented, while others are severely under-represented (seasonal moist forests, marine and coastal ecosystems). Furthermore, certain PAs - particularly those harboring freshwater ecosystems such as riparian forests, mangroves or wetlands - are exposed to deterioration due to habitat change and pollution. Even some of the largest PAs are too small for long-term viability and preservation of ecological integrity. Moreover, some areas are found in isolated patches preventing free movement or genetic flow between PAs. Hence, the intrinsic value of the ecosystems under protection is increasingly lost. In response, according to the GRUAS II promoted eco-regional approaches, about 75% of the PAs would require changes to be ecologically viable. These changes to the PA System design would involve reviewing the existing PA boundaries. It would also require mechanisms to improve buffer zone management, particularly along biological corridors, and to promote environmentally friendly activities in the production landscape. PA management categories would also need a review, as the original designation was unrelated to ecological requirements. Hence, some areas that should be subject to strict protection are not designated as such.

## PART II: STRATEGY

### II - 1. Project Rationale and Policy Conformity

64. Despite the considerable contribution of the existing baseline activities, ecosystem conversion of forest and watersheds and habitat fragmentation, will continue to take place in Costa Rica's PAs. This will result in concomitant loss of biodiversity and hence, substantial global benefits. The above-described policy, legal, operational, capacity-related and knowledge barriers will continue to hamper the management effectiveness of the PA System. Existing conservation efforts will clearly be insufficient to appropriately address the above combination of threats, barriers and limited capacities. Deficient knowledge and awareness among key stakeholders together with the identified capacity deficiencies would remain, contributing to resource deficiencies and low biodiversity rankings. A more comprehensive and integrated effort to improve management of the PA System is required to reverse current trends and establish alternatives in a timely manner. An *alternative scenario* would focus on removing key barriers to the sustainable management of Costa Rica's protected area system by strengthening SINAC's systemic, institutional, financial and individual capacities.



## Project Strategy

65. In recognition of the above pressures and deficiencies, and in line with recent policy decisions, the Government of Costa Rica has placed a high priority on the consolidation of its Protected Areas System. Given the extent of the challenge - and in recognition of the considerable global benefits that could be captured through its enhancement, the Government has requested UNDP assistance seeking GEF support to overcome the barriers that undermine the sustainability of the current protected areas and to provide the framework in which a broader system involving both terrestrial, coastal and marine areas can grow.

66. As mentioned in paragraph 21, a recent court decision pertaining to the Law of Biodiversity makes the present an opportune time to propose a new system-wide strategy for the long-term *in situ* conservation in Costa Rica. The focus of the proposed GEF Alternative will be to set up the enabling legal, policy, and institutional framework for the PA System that will increase the effectiveness on the ground action. The Project will complement the planned initiatives of the SINAC-ICT-IADB Tourism Programme and SINAC-TNC by adding the global environmental increment to these partnerships. Moreover, the Project will also work very closely with other planned and ongoing national and regional GEF biodiversity projects – such as the WB-GEF Ecomarkets II and regional WB-GEF MIE Projects - by leveraging increased impacts from project-specific, on-the-ground pilot actions and innovative approaches to strategically selected issues.

67. The project will adopt a state-of-the-art systemic approach to promote the consolidation and strengthening of a representative PA System for SINAC that reflects the new political, management and environmental trends in the country and globally. The outcomes of the Project reflect the need to distinguish systemic-level interventions, from institutional strengthening and PA-level local pilots. At the systemic level, the project will contribute to updating of the existing regulatory and legal framework. This, in turn, will require the development of appropriate inter-institutional coordination mechanisms between SINAC and the rest of the public sector. The project will also develop, with SINAC, a system-wide Funding Strategy and a related Business Plan. At the institutional level, the Project will support the institutional re-alignment of SINAC, including: (i) The definition of posts and functions necessary to fulfil its role as the lead PA System institution; (ii) The definition of minimum staff requirements; (iii) recommendations for hiring of new/additional personnel to modify or enhance team capacity; and (iv) the adoption of adequate planning and management processes. This, in turn, calls for the development of individual skills and capacities, through targeted training programs.

## **II - 2. Project Goal, Objectives, Outcomes, Outputs and Activities**

68. The long-term national **Goal** of the full GEF project is: “*Consolidating the Protected Areas System as a key component of sustainable development in Costa Rica.*” The **Objective** of this project is: “*to overcome the major systemic and institutional barriers to sustainability of the Costa Rican Protected Area System.*”

69. By aiming for this Project Objective, the planned project activities contribute to the Goal in at least seven ways:

- They provide a replicable model for a national PA System and related enabling institutionality that integrates multiple PA types into one coherent whole;
- The model also demonstrates how this PA System is responding to and embedded in Costa Rica’s broader national de-concentrated planning process;
- Management effectiveness is improved in public PAs at a national level;
- A contribution is made towards improved bio-geographic representation in the national PA System;
- PA management Practices will be augmented by establishing paradigms for agreements concerning collaborative management arrangements of protected areas, concessions of non essential services which may be replicated in other PAs - both within Costa Rica and elsewhere in the LAC region;

- These activities will be enhanced and consolidated through the introduction and utilization of creative sustainable financing mechanisms.
- Combined, these contributions will address critical management and coverage gaps of the PA System, which in turn will further improve its status – hence, contributing towards its maturation.

70. A brief synopsis of the project outcomes is described below along with a suite of planned outputs. A one-page overview matrix is provided in Part II: Project Logical Framework.

**OUTCOME 1: Costa Rica’s legal and policy framework is reformed and enhanced to ensure effective management and long-term financial and ecological sustainability of the PA System (PAS)**

Total Cost: US\$ 2,134,667 (Co-Financing: US\$ 1,265,467; GEF Request: US\$ 869,200).

71. Globally, the long-term success and sustainability of protected area systems largely depends on a supportive legal, policy and institutional framework. Thus, Outcome 1 will provide a *systemic* framework for building on the **Biodiversity Law**. Activities will address key missing elements and structures required to give optimal effect to existing legislation. Namely, Outcome 1 will provide the legal and policy support - along with the strategic vision - for the institutional re-alignment and strengthening process of SINAC. A Strategic Plan for the overall National Conservation Areas System (SINAC) will be developed, along with a National Policy and a Strategic Action Plan for the national-level Protected Area System within SINAC. The combination of these systemic tools will provide the blueprint for the enhancement and consolidation of Costa Rica’s protected areas. The PA System Action Plan **will be for the PA System and its management alone** and will define actions to achieve the PA System’s goals, identify prioritised actions and responsibilities, and establish a short, medium and long-term timetable for delivery of the actions. The Plan will further define the relevant regulatory and operational requirements to enable the implementation of the PA System in the short term, while guiding its expansion and sustainability over the mid and long term.

72. Costa Rica’s Law on Biodiversity was recently upheld by the Constitutional Court after 8 years of legal uncertainty. This provides a unique opportunity for SINAC to fully apply its existing legal framework. At the same time, a planned legal review will provide the basis for strengthening of the existing regulatory and legal framework to sustain the PA System. Costs associated with adoption of new legal framework and policies will be covered by the GoCR. In combination with IADB and TNC funds and efforts, GEF funds will contribute to the technical assistance required for developing proposals for the legal reforms. A clear distinction will be established between existing financial mechanisms currently administered by FONAFIFO and new financial arrangements for the sustainability of the PA System.

73. IADB will fund the technical assistance required for developing proposals for the planned legal reforms based on the detailed PDF-B studies and mechanisms to be tested through the different components of the project. IADB will also apply GEF-funded PA administration and management guidelines through the formulation of 10 PA management plans in priority Pas compatible with the PAs selected by IADB’s Sustainable Tourism Project (Output 1.4).

**Output 1.1: A National Policy for a consolidated terrestrial and marine PA System is approved and in force**

74. The Project will support the preparation of a National Policy for the conservation and management of protected areas. It will stress the need for the PA System to preserve and maintain key ecological processes that provide environmental goods and services. The formulation process will take its starting point in a clear definition of Costa Rica’s Protected Areas System to clarify its function as a sub-system

within the broader National System of Conservation Areas (SINAC) context.<sup>26</sup> The Project will support the consultation process to ensure consensus and a broad-based commitment from key stakeholders for its implementation. Moreover, the Policy will be based on biodiversity conservation goals for both terrestrial and marine ecosystems. Not only are these ecosystems under critical, pervasive threats, they are also currently under-represented in the existing PA System (see Section I-2). A key element of this Policy will therefore broaden the range of protected marine and coastal areas as part of a new sub-system to be established under the PA System. New marine and coastal conservation goals would be defined based on an integrated ecosystems approach, from which new marine PAs will be declared and created.

To achieve the above, the ecosystem functions - both within and around PAs - have to be an integral part of Costa Rica's territorial planning. These functions will therefore need to be incorporated into local PA management plans, municipal land use plans, along with regional and national territorial planning. Similarly, conservation priorities for Conservation Areas (the regional level) and new PA Management Plans (PA site-level) must reflect these regulatory ecosystem functions in order to guarantee the long-term provision of environmental goods and services. The project will promote greater technical coherence between these development plans and municipal land use plans through the organization of technical seminars, courses and by developing eco-regional planning guidelines. Hence, once the national policy is developed and endorsed by stakeholders, the Project will facilitate integrating this Policy into national policy frameworks and development plans.

75. Costa Rica has established an incipient legal framework for handing out concessions for service providers within PA. *The Executive Decree N° 32357-MINAE*<sup>27</sup> of 2005, establishes a regulation for the Concession of Non-Essential Services within PAs managed by SINAC. In practice, the decree still requires increased capacity for outreach from SINAC to the private sector, particularly with regards to concessioning services within PAs. This implies not only a change in policy, but also legal reforms to produce the by-laws needed for the awarding of concessions. These by-laws will, in turn, serve to benchmark best practices in outsourcing non-essential services within PA, through contractual arrangements, adequate follow-up and evaluations.

#### **Output 1.2: Prerequisite legal reforms and a PA re-categorization applied through local and regional planning instruments**

76. To ensure the long-term sustainability of the PA System a complete, supportive and operational legal framework is required. For the Law on Biodiversity to be fully operational, a new by-law is needed. This by-law will provide the ground rules for the application of the Law through related management standards for securing the long-term biological viability and political governance of Costa Rica's PA System. This will require establishing clear rules of engagement with national and local stakeholders, and a SINAC policy for working with the private sector. Technical assistance will be provided to the GoCR to prepare and publish an Executive Decree containing the different by-laws pertaining to the implementation of Articles 22 through 43 of the Law.

77. As part of the ongoing decentralization reform process of SINAC through GRUAS II a new eco-regional management approach will be proposed for SINAC (see Section IV: Part VI). Such an approach will enable the institution to integrate its conservation policy into Costa Rica's broader development goals embodied in regional and municipal land use plans. A sound legal and technical framework is needed to integrate this model into SINAC's current administrative structure. SINAC already has the advantage of being divided into 11 decentralized Conservation Areas, which, in principle, could be adapted to eco-regional conservation goals. Building on this geographical advantage, the project will create eco-regional management units within each of the 11 Conservation Areas, combining where necessary PA-specific

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<sup>26</sup> The INBio PDF B Study has provided a proposed definition that will be used as a point of departure.

<sup>27</sup> "Reglamento para la Regulación de las Concesiones de Servicios no Esenciales en las Areas Silvestres Protegidas Administradas por el Sistema Nacional de Areas de Conservación",

mandates and expanding platforms for integrated planning. To reflect the conservation priorities at the landscape level, the Project will provide new guidance and innovative legal mechanisms for the management of protected areas under diverse land tenure regimes (public and private)

78. Outside of the PA System SINAC has a limited mandate. Yet, it still has some scope for influencing external land and resource use through the distribution of the benefits that flow from the PAs. Working through established consultative bodies, such as the Regional Councils for Conservation Areas, the Project will assist SINAC in proposing new rules and regulations for the handling of concessions and private sector participation in PA management and related services. As well, it will advise on provisions for capturing rent from business activities generated within the system.

**Output 1.3: A SINAC Strategic Plan (*Plan Estratégico*) officially approved and operational**

79. Several key barriers are limiting SINAC's capacity to sufficiently adopt, apply and monitor the use of strategic planning tools vital for adaptive management practices. Hence, SINAC urgently needs a Strategic Plan that encompasses all the 11 Conservation Areas under its auspices and will provide a holistic blueprint for the consolidation, enhancement and management of SINAC as a whole. This will support the new eco-regional approach to PA management. In 2000, a first Strategic Plan for SINAC's institutional development was formulated. While SINAC, with TNC support, will finalize the formulation of a new, updated version of this Plan, this Output will assist in the adoption and *implementation* of the Plan. The implementation of the SINAC Strategic Plan will require a broad systemic approach, which will entail iterative planning exercises with SINAC senior management, technical staff and other key stakeholders. A special emphasis will be placed on conveying the Plan to national authorities and legislators and supporting the operationalisation of it in the 11 Conservation Areas. Moreover, the Plan will be the first step towards the implementation of adequate operational plans and the corresponding budgets. The below National Strategic Action Plan (*Plan Director Nacional*) (Output 1.4) will therefore be developed as a second step by providing the operational guidelines for this Strategic Plan.

**Output 1.4: A PA System Strategic Action Plan (*Plan Director Nacional*) officially approved and operational**

80. This Project will support SINAC in the formulation, official endorsement and short-term implementation of a National Strategic Action Plan for the consolidation of the PA System. As a long-term planning instrument, this Strategic Action Plan will be formulated so that it (i) designs a PA System that is consistent with the new eco-regional approach, Costa Rica's socio-economic context and based on efficient and modern management approaches and (ii) defines the fundamental guidelines for policies and strategic planning of the System and constituent PAs for the short (5 years), medium (10 years) and long term (15 years). This Action Plan will also be closely aligned with new National PA Policy and its adoption and application. Based on a broad consensus, the Plan will be based on a clear and officially agreed upon definition of what is understood by SINAC's PA System. As the guiding document of PA policies, the Strategic Action Plan shall also establish the main lines of action needed to achieve the long-term objectives. For each action, details of implementation arrangements and an indicative timetable will be defined. A phased approach will be adopted for the initiation of actions and for the inclusion of the results of ongoing tasks in the PA System. Both existing and new regulatory frameworks and policies shall be incorporated into the final document of the Strategic Plan.

81. As part of the development of the Strategic Action Plan the Project will identify best practices for administration and management, to be followed by all public and private institutions participating in the PAS. These guidelines will then be applied to the formulation of 10 PA management plans in priority areas, which will be compatible with the PA selected by IADB's Sustainable Tourism Project. The Strategic Action Plan will then be implemented following agreement by State, municipal agencies and

other relevant stakeholders through the **National Council for Conservation Areas** (*Consejo Nacional de Áreas de Conservación CONAC*) and with the official approval of SINAC.

**OUTCOME 2: SINAC's institutional PA System framework and capacity is enhanced for eco-regional planning and optimal management effectiveness**

Total Cost: US\$ 3,863,500 (Co-Financing: US\$ 3,023,500; GEF Request: US\$ 840,000).

82. This outcome will develop institutional capacities to set up, re-align and consolidate appropriate arrangements for conducting the planning and effective management of the PA System and its individual PAs from an eco-regional approach, in line with the Law of Biodiversity. This will include the restructuring of SINAC's institutional structure within its Central offices and within each Conservation Area. Specific attention will be paid to institutional coordination mechanisms so as to maximize administrative efficiency in SINAC and to facilitate better communication and data flow. The Project will also assist in enhancing appropriate institutional procedures in SINAC, the Conservation Areas and PA site-levels to strengthened human resource management. Staffing tables will be re-aligned with updated functions and competences to enable the staff in these organizations to fulfil their respective roles at different levels. Finally, knowledge management, evaluation and adaptation systems will be developed for the PAS and the Project in order to ensure harmonized approaches to human resource management.

83. The IADB Tourism Programme will (i) develop an assessment, along with the subsequent training strategies and PA System Training Plan to provide targeted training for human resources in SINAC; (ii) fund training and certification of local tourist guides operating in PAs (Output 2.4); (iii) provide technical assistance and training to local entrepreneurs on issues concerning environmental legislation, tourism related regulations, PA rules and regulations and general orientation on environmental management and sustainable tourism; and (iv) jointly fund the Knowledge Management System (Output 2.5). The IADB Tourism Program will compile and aggregate sustainable tourism data, to enable SINAC to effectively control and efficiently manage support services to visitors and tourists to PAs, while monitoring their impact. The IADB Cadastral System Program and TNC will improve land information management in SINAC, through updating and digitalizing the land tenure information for State-owned lands under the SINAC PA System.

**Output 2.1: SINAC's institutional and administrative structure and organization re-aligned and enhanced**

84. According to the Biodiversity Law, SINAC is a de-concentrated institution with partial autonomy from MINAE. Yet, legal and organizational barriers have hampered the de-concentration process in SINAC. A full-fledged de-concentration will be the prerequisite for implementation of the new proposed eco-regional approach as outlined in Section IV: Part VI. This Output will focus on developing SINAC's institutional and administrative structure for it to fully comply with its de-concentration mandate and new strategic objectives. This, in turn, will provide the necessary conditions for the eco-regional approach to be adopted in Costa Rica. SINAC also needs to review and officially approve an organigramme, which will be based on an organizational model designed to respond to SINAC's strategy. This internal organization should facilitate the assignment of specific tasks and responsibilities to SINAC's Staff, and reduce redundancy, by locating staff in organizational units that contribute to increasing SINAC effectiveness and the long-term sustainability of the PA system. Additionally, SINAC requires a new strategic human resources program, which can systematically identify gaps in the system's performance and in staff capacities, in order to guide training efforts and better enhance the human resources which the system relies upon. This will include staff re-profiling, hiring and assigning responsibilities to allow SINAC to implement the Strategic Action Plan. Once the design has been officially sanctioned by political authorities in MINAE, senior SINAC Staff, and the CONAC, it can be submitted to MIDEPLAN

for formal approval. This will require close coordination with Outputs 1.1 and 1.2, as these structural reforms will also require legal backing.

**Output 2.2: SINAC's intra-institutional coordination mechanisms for effective PA System management developed and operational**

85. A key element of enhancing the PA System will be the establishment of mechanisms to increase institutional coordination and cooperation. The project will promote seminars and planning exercises for increased policy coherence and greater inter-institutional coordination. Particular focus will be put on enhancing the communication flow and information exchanges between: (i) the National Council of Conservation Areas (CONAC); (ii) The Executive Secretariat or Central SINAC Administration; (iii) the administrative structures of the 11 Conservation Areas; and (iv) the Regional Conservation Area Councils (where they apply). There are clear opportunities for strengthening the National and Regional Councils of Conservation Areas in SINAC's Conservation Areas by supporting their roles as consultative bodies in the planning and implementation stages of the Project. At the individual PA site-level, the Project will provide financial resources to facilitate participation to mobilize resources. The lessons learned from the demonstrations in Outcome 4 and other incipient experiences regarding LPACs will be systematized and incorporated into the final definition of coordination mechanisms.

**Output 2.3: Staff profiles, responsibilities and occupational standards for enhanced PA System management defined, clarified or re-aligned**

86. The Project will provide technical assistance regarding administrative and operation efficiencies to develop the institutional re-alignment of the various SINAC entities to fulfil their mandates and roles in the implementation of the PA System. Particular focus will be given to (i) the National Council of Conservation Areas (CONAC); (ii) The Executive Secretariat; (iii) the administrative structures of the Conservation Areas; and (iv) the Regional Conservation Area Councils (where they apply). A comprehensive Institutional Staff Assessment will be carried out with GEF funding and will be based on lessons learned from a newly formulated GEF-funded BD-1 project in Uruguay.<sup>28</sup> This Assessment will serve as the foundation for an institutional re-profiling exercise of SINAC, which will include the definition of posts and functions necessary to fulfil the role as the lead PA System institution. It will also include the definition of minimum staffing requirements, and recommendations for re-deployment or hiring<sup>29</sup> of new personnel to enhance team composition and expertise. It will also identify resources required for essential tasks. Workshops will be developed to define the skills and knowledge required for PA jobs in Costa Rica. Estimations of staff numbers required for improved management at the system and site level will be adjusted during the FSP, as the mid and long-term Strategic Action Plan (see Output 1.4) develops. The Project will also provide technical advice to municipalities located in critical conservation areas regarding institutional development and information exchange. Specific pilot activities will be developed through the four interventions in Outcome 4 in selected conservation areas.

**Output 2.4: Training Programme for practitioners on administrative, technical and practical skills necessary for optimal PA management effectiveness**

87. The Project will provide targeted training for human resources in SINAC at: (i) the central level; (ii) the Areas of Conservation level; and (iii) the individual PA site level. The Project will support the development and adoption of training strategies to establish policy and guiding principles for key training and human development issues. The training will also target selective public institutions – such as the municipalities, NGOs and local communities - that have a role in PA management in the Pilot Sites.

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<sup>28</sup> Catalyzing the implementation of Uruguay's National Protected Area System (PIMS 3173)

<sup>29</sup> The GoCR has committed to increase staffing complements to achieve the institutional strengthening short-term goals by the end of the project.

Another line of activities<sup>30</sup> will be directed at creating sustainable tourism management among key private sector stakeholders. Funding will be provided by the IADB Tourism Programme for training and certification of local tourist guides operating in PAs. These certified tourist guides will provide the technical assistance for SINAC to regulate and oversee effectively the provision of tours within protected areas. Moreover, technical assistance and training will be provided to local entrepreneurs on issues concerning environmental legislation, tourism related regulations.

88. The above training courses will be organized on a module basis and will be repeated several times during the duration of the FSP so that - as PAs are incorporated into the System - individuals that play a role in their administration and management can have access to the training. They will also be designed so that they are delivered from some of the Pilot Site demonstrations to maximize hands-on training and practical experiences. The Project will also foster Training-of-trainers activities, where especially on-site PA staff initially trained will be used to further train their colleagues in other PAs. These training programmes will be strengthened through collaboration with programmes developed by other institutions, such as CCT, CATIE, UCI, OET and IUCN which are currently elaborating administrative and technical curricula for PA management. The project will support fellowships for in-service training and exchange programmes in PAs both nationally and regionally.

#### **Output 2.5: Knowledge management, evaluation and adaptation systems developed for the PA System and the Project**

89. The Project will support the establishment of a Knowledge Management System (KMS) that will operate within SINAC for the collection analysis and dissemination of data related to PA management, finance management and sustainable tourism. This KMS will be an initiative jointly funded by the TNC, IADB and GEF, each supporting different information needs and management aspects of this System. TNC will be financing the inclusion and validation of socio-economic indicators at a national level. Another line of joint activities will improve land information management in SINAC, through updating and digitalizing the land tenure information for State-owned lands under the SINAC PA System. This will be jointly funded by TNC and a new large IADB-funded Programme aimed at modernizing the Cadastral System and Land Registry in Costa Rica (US\$ 92 million). The GEF project will contribute to expanding these efforts of boundary demarcation and land tenure information within SINAC's PA System through Output 4.1. It will also assist SINAC in building a geo-referenced database for cadastral information on the outstanding debts for land for PA, which - while purchased by the State - remain unpaid for.

90. Sustainable tourism data compiled and aggregated through the co-financing activities will enable SINAC to effectively control and efficiently manage support services to visitors and tourists to these PAs, while monitoring their impact. The SINAC-ICT-IADB Tourism Programme will fund the design and implementation of a monitoring system, an interactive website for information and marketing of tourism in PAs, and promotional and educational material for the tourism products offered in and around protected areas. The Knowledge Management System will also include a Monitoring and Evaluation sub-system to facilitate adaptive measures to improve impact and accommodate lessons emerging, both within the PA System and elsewhere. In collaboration with TNC, the Project will carry out a Capacity Needs Assessment at the central level of SINAC. The KMS will further include the implementation of selected indicators at a national level as part of a validation process in order to improve the strategy. GEF funds will also go towards the application and testing of new data management prototypes. For instance, GEF funds will support the ground proofing of the Land System Model in 10 Pilot Sites and the implementation of the Ecological Monitoring Strategy in La Amistad. The *combination* of different kinds of data and information in one joint KMS will allow SINAC to carry out enhanced decision making and to account for some of the economic benefits that the PAs are providing to the country.

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<sup>30</sup> This is part of the IADB sub-comp 2.3.

91. The knowledge management system will be a key element for M&E not only within individual PAs, but also for the PA System at a systems-level and the Project. The KMS will include a national data base on PAs covering regulations and guidelines for their application, results of research carried out on biodiversity and the PAs, a publications index, institutions related to biodiversity and PAs. It will also include an information bank on Best Practices and Lessons Learned from the Pilot Site demonstrations and other PA Systems projects nationally, regionally and internationally. Finally, the Project will also support the establishment of a committee to follow up on PA conservation goals. The above ecological monitoring strategy will provide the required tools to monitor the impact and accomplishment of the conservation goals defined by GRUAS II.

**OUTCOME 3: SINAC has the financial sustainability to effectively attain its strategic objectives and provide resources for long-term PA System management needs**

Total Cost: US\$ 1,928,800 (Co-Financing: US\$ 1,116,800; GEF Request: US\$ 812,000).

92. The project will address one of the most critical barriers for the consolidation of the PA System related to SINAC's financial sustainability. Section IV: Part VIII provides a detailed analysis of this issue. A PDF B feasibility analysis<sup>31</sup> carried out illustrates that *close to half of the activities that SINAC is supposed to realize are currently without funding*. However, effectively, the scenarios modelled show that despite a significant funding gap, the system has a high potential for generating its own economic and financial benefits in varying degrees. In response, the Project will support the establishment of appropriate legal, policy, and institutional frameworks to enable SINAC's PA financing system to develop. The focus will be on improving the ability of the PA System to secure sufficient, stable and long-term financial resources and manage and allocate them in a timely manner, so that the individual PA units are managed effectively and cost efficiently.

93. Hence, the Project will develop a system-wide Financing Strategy (Output 3.1), and a related Finance Business Plan (Output 3.2). To address the PA System's existing funding gap, the Project will support measures to increase the revenue capture of SINAC. One measure will be for SINAC to receive even partial payment for the PAs' generation of environmental services, especially through the new Water Tax (*Canon de Agua*) and PES measures (Output 3.3). Others will be an optimization of the PA System's fee structure and improvement of SINAC's collection of tax revenues (Outputs 3.3; 3.6). Finally, the Project will encourage increasing visitation to PAs with a high visitation growth rates and mid-level PES/benefits contribution (Outputs 4.2; 5.6). To capitalize on tourism as a source of revenue, all the measures will fully integrate the sustainable tourism aspects supported by the SINAC-ICT-IADB partner programme. The goal is to develop a steady, reliable, sufficient flow of annual resources from a diverse base of local recurrent income, trust fund yields, national budget contributions, and other sources.

94. To improve negotiation skills, financial and business planning must be undertaken on a regular and systematic basis in SINAC. Moreover, at present, SINAC's limited institutional capacities for financial management results in chronic under-spending of its annual budget, which further weakens its negotiating position with the Ministry of Finance (*Ministerio de Hacienda*). Specific training on financial management to SINAC staff will therefore be provided through Output 3.6 and a Procedures Manual on the revised financial management system will be compiled. Effective financial planning requires accurate knowledge of the amounts of revenue, expenditure levels, patterns and requirements. This requires new accounting practices and adapted technology for online controls. 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. An accurate assessment of costs across the PA System would be an opportunity for project intervention and would enable informed decisions on funding needs, priorities and opportunities for savings. Financial

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<sup>31</sup> PDF B Study: Analysis and Evaluation of the financial sustainability of Costa Rica's system of Protected Areas, CIESA, 2006.



management information and tracking systems will be strengthened and budget reporting procedures revised and implemented to measure performance against indicators ([Output 3.5](#)).

### **Output 3.1: A PA System Financing Strategy adopted and operational**

95. Current financing gaps place serious limitations on management and operations standards of existing PAs. In response, a **National Financing Strategy** and **related Action Plan** for sustainable funding of PAs will be finalized and adopted by the GoCR. SINAC has already initiated the formulation of a Financial Strategy with the technical support of TNC, which seeks to maximize the institution's revenue capture and optimize its spending. The strategy addresses both income generation from the System's PAs and contributions of related stakeholders (i.e. resource "supply"), as well as the minimum funding needs for adequate operations of PAs and the system (i.e. resource "demand"), and the financial planning that is required to balance both sides of the financial equation. While the *preparation* of the Financing Strategy will be funded by SINAC and TNC, complementary GEF funds will support the *operationalization* of this Strategy. This will ensure that it is adequately adopted by the different Conservation Areas and that there is a clear linkage to the Strategic Plan.

96. TNC will further fund the needed Financing Management Plan for the implementation of a system for collection and control of incomes pertaining to PAs. Such a plan will allow for greater revenue capture and re-distribution of financial resources to Conservation Areas and PA in greatest need. This plan will include clear criteria for establishing investment and capacity development priorities. For details on a related PAS Training Plan, see [Output 3.6](#), and for the Financial and Accounting Information System, see [Output 2.5](#)). The project will secure coordination with a range of institutions through the creation of a high-level PA Financing Task Force<sup>32</sup>, integrating MINAE and SINAC, as well as ICT, Ministry of Finance and the Comptroller General's Office. This strategy will address major elements which will need government decisions, including: (i) institutional responsibilities to be defined; (ii) revenue retention and allocation; (iii) revenue generation mechanisms; (iv) staffing; (v) incentive structures; (vi) business planning requirements; and (vii) fulfil needed systems and control mechanisms to strengthen the income collection process.

### **Output 3.2: A PA System Financing Business Plan prepared and operational**

97. A system-wide PAS Financing Business Plan will be developed. This will build on the above Financing Strategy, an assessment of PA System costs and financial gaps, and the business planning experiences within Pilot Sites with a potential for generating financial resources ([Outcome 4](#)). This Business Plan will address requirements for cross-subsidization of funds between PA sites of high and low revenue generation potential. The Plan will also provide an operational framework for PA System planners to identify when greater government lobbying is required for increased budgets. Moreover, the Plan will respond to priority areas for tourism development in PAs under the new SINAC-ICT-IADB Sustainable Tourism Programme. This programme – and its partnership with this GEF project - is therefore key in allowing these PAs to fully seek to internalize this benefit and thus move towards financial sustainability. This System-level Business Plan will further act as a guide for future PA site-level Business Plans, for instance, as the source of financial reporting from PA sites feeding into system-level reporting. Reporting on expenditure and results of investments in PAs will be important to show the cost-effectiveness of PA management and the value in budget allocations to improve PA management.

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<sup>32</sup> This Task Force will be responsible for: (i) reviewing, fine tuning and expanding the data already generated concerning operational costs, investments and income of the various PAs to be incorporated into the PAS, the institutions involved and the System as a whole; (ii) supervising the valuation and economic evaluation studies in PAs; (iii) developing feasibility studies of the various funding mechanisms identified during the preparation of the Financial Strategy, including market studies to support decision-making for charging PA admission and concessions and the development of productive activities and PAs services; (iv) selecting mechanisms evaluated as being the most adequate and feasible for establishing a diversified financial structure, and (vi) defining the necessary, regulatory and structural framework towards the successful implementation of the various financial mechanisms.

Finally, the Plan will provide the foundation for the financing mechanisms to be developed and implemented through Outputs 3.3 and 3.4.

### **Output 3.3 The creation and retention of new revenue sources for PAs enabled by national policies**

98. According to a PDF B study, for SINAC's PA System to be financially sustainable, the value of the externalities provided by the parks system must be incorporated (see Part VIII). To optimize the income of the PA System, the PA visitation fee structure will be optimized, along with the necessary adjustments to improve SINAC's collection of tax revenue. SINAC is legally empowered to set a differentiated fee scale, so an Optimum Fee Policy will be developed to take advantage of SINAC's monopoly and to maximize the generation of benefits from visitation, especially for PAs with high visitation demand and saturation in high season.<sup>33</sup>

99. Costa Rica has already developed some very innovative instruments for funding of private conservation and sustainable land use practices through payment for environmental services (PES) produced by forested lands and conserved ecosystems. The Project will develop the policy tools necessary to expand Costa Rica's existing PES Program to incorporate the possibility of financing part of SINAC's PA System. An official PES Policy for Protected Areas would enable SINAC to strengthen its institutional presence to stem the growing threats facing its PAs and to guarantee the long-term sustainability of the PA System. The project will also support that the PA System receives even partial payment for its generation of environmental services, especially through the new Water Tax (*Canon de Agua*) and other PES measures. The Project will further support a process, by which GRUAS II defined in-situ conservation priorities is officially linked to and is compatible with PES priorities under the 2nd Phase of the GEF-WB-FONAFIFO Eco-Markets II Project. Clear coordination mechanisms between SINAC and FONAFIFO will be supported to ensure complementarity between the two project approaches. Moreover, the Project will assist SINAC and FONAFIFO in formulating a joint action plan for PES within PAs. GEF funds will be complemented by funds derived directly from revenue transferred to SINAC from the new Water Fee. As such, this output will seek to reinforce the range of revenue sources for the PA system, including PES in key targeted watersheds and conservation areas.

### **Output 3.4: System-wide funding mechanisms developed and implemented in the PA System and its constituent PA units**

100. Building on the above PAS Financing Business Plan, to increase long-term income potential of the PA System, the feasibility of and market opportunities for alternative financing mechanisms will be identified and assessed to develop a diversified set of revenue sources for the PAS Financing Strategy and Action Plan. Some of these instruments require a longer period for full evaluation and development, whilst others have a much higher level of viability in the short term. Hence, a two-pronged approach is proposed: (i) The first will test and implement some of the financial instruments identified as being viable in the short term. (ii) The second part will focus on further exploring mechanisms, which will require additional review and political support for their application.

101. In addition, to gradually address the aspect of privately owned lands for conservation purposes, the Project will explore and define financial needs and possible funding sources for different scenarios and mechanisms, including conservation leases, easements, and the development of incentives for private PAs. Mechanisms will include both direct incentives (whether monetary or in-kind) and indirect incentives (fiscal instruments and service incentives). Among direct incentives the possibility and feasibility of promoting subsidies, soft credits, etc. will be explored. The project will support economic valuation and evaluation studies to determine the values of resources provided by PAs and the

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<sup>33</sup> For details, see Section IV: Part VII.

opportunity costs for different types of landowners that may wish to implement private reserves. These will enable the definition of criteria and procedures to provide incentives for encouraging private parties in the establishment and management of PAs.

**Output 3.5: An online PA System financial information system and fee collection mechanisms designed and established within SINAC**

102. SINAC also requires urgent investments in up-to-date Information and Communications Technology (ICT), since its current communications and computing capacities are well below those needed for an institution managing over 1000 employees, 160 Protected Areas across the country and an annual budget of USD 20 million. In addition, telecommunications are also limited, particularly in those PAs located in remote areas with no access to land lines. An incipient national initiative, led by a private consortium (Proparques), is planning to invest in wireless communications technology (both telephone and internet) in 10 SINAC PAs. Plans for an expansion of this major overhaul in PA communications are currently being discussed.

103. This Output will build on the assessment already conducted in the context of SINAC's Financial Strategy, and will provide SINAC with the hardware and software needed to increase the efficiency of its current financial and management system. The project will support complementary technical studies to define the equipment needs of SINAC's Central Offices. It will also provide a minimum of two computer terminals per Conservation Area, equipped with the adequate software for online financial information management. This online financial information system will enable SINAC to access information on PA incomes and expenditures in a timely and reliable fashion. Moreover, fee collection mechanisms will be developed and integrated into this new system. Guidelines on how to both utilize the financial information system and apply the fee collection mechanisms will be prepared, along with training through Output 3.6. The integration of the fee collection into the financial information system will allow for monitoring of the progress made in terms of revenue captured. This will be increasingly important as SINAC is allowed to retain more of the revenue it captures, in response to the removal of the identified legal barriers for doing so. This financial information system will be tested through pilot projects in ACT and ACTo, described in Output 4.4 and 4.5. Moreover, in support of Output 5.3, the information pertaining to the bidding system, investments and cost of concessions will all be recorded and monitored.

**Output 3.6: Training Programme for SINAC financial administrators at all levels<sup>34</sup> to set up, consolidate and operate financial planning, management and other business systems**

104. Several PDF B studies highlighted that there is a significant gap in Costa Rica in terms of the skills needed to plan and manage the finances of Costa Rica's PAS (see Barrier 4) and in the innovation and vision needed to transform PA values into revenues (see Barrier 3). To help overcome this barrier, this Output will deliver training activities to improve skills and capacity for the PA System financial sustainability. Through joint GEF, IADB and TNC funding, international expertise will train a team of local trainers in key PA financing issues. These trainers will then pass on their knowledge to practitioners at the PA site and system levels. Technical support will also be given to develop knowledge and skills that support good financial management, particular expenditures and procurement. On the revenue side, increased awareness and understanding of all potential revenue sources will enable PA practitioners to select the right combination to meet specific PA conditions.

105. Initially, training will take place at the central level for SINAC's financial managers and in PA Pilot Sites and later extended to the rest of the system during the life of the Project. In the Pilot Sites (Outcome 4), PA practitioners will receive guidance and support to supplement PA management plans with long-term financial and business planning and the ability to implement these plans in a participatory manner.

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<sup>34</sup> The three targeted levels are: (i) Central level; (ii) Regional through emphasis on the 11 Conservation Areas; and (iii) PA site-level.

These plans will act as models for PA managers across the system and, later on, will feed into the system-wide Business Plan to be developed in Output 1.6. In addition, PA practitioners in Pilot Sites will be trained to start developing some of the funding strategies and innovative revenue generation mechanisms identified in their new Business Plans.

**OUTCOME 4: SINAC tests new and innovative conservation approaches at the Conservation Area and PA Level**

Total Cost: US\$ 15,301,916 (Co-Financing: US\$ 13,883,916; GEF Request: US\$ 1,418,000).

106. Pilot processes will be key tools in implementation of the planned FSP Stakeholder Involvement Plan (see Section IV: Part III). Part IV: Section IX provides more details on each Pilot Site. This Outcome aims to apply the new legal and policy frameworks developed in Outcome 1 and 2, while using the new financial mechanisms developed in Outcome 3, to (i) test and develop new tools for enhancing PA management and cost effectiveness; and (ii) for the generation of lessons learned to be shared at the national, regional and global levels. This Outcome also seek to apply and further strengthen many of the new institutional and governance arrangements developed in Outcome 1 through 3 through ground proofing the development of SINAC's regional (Conservation Area level) and sub-regional offices (PA site-level).

107. Given the focus on supporting SINAC in its de-concentration efforts, 4 out of the 11 Conservation Areas will constitute the Demonstration Sites. These pilot areas will provide an inter-regional platform for the exchange of knowledge and best practices. The Conservation Areas were also selected on the basis of potential co-financing from IADB and TNC activities, the latter primarily in Osa. The IADB Sustainable Tourism Programme will constitute a key co-financing partner towards Outcome 4. One sub-component on **Investments within PAs** will channel direct investments into 10 selected PAs, geared towards rehabilitating and improving existing infrastructure inside the PAs. These investments will be complemented by much of this GEF Project's efforts in increasing SINAC's systemic and institutional capacity. Two additional sub-programs - 1) **Sustainable Tourism Management at the municipal level;** and 2) **Sustainable Tourism management by the private sector** - will focus on working with local businesses to improve the linkages between PAs and tourism operators. The first sub-component will fund a TA package to support municipal governments.

108. Moreover, to reduce incidences of land disputes between SINAC and landowners neighbouring PAs, Output 4.1 will build upon the larger ongoing national effort to modernize Costa Rica land titling and cadastral system. Hence, the IADB-funded Cadastral programme will fund the on-the-ground demarcation and legalization of 10 SINAC PAs. GEF funds will complement these activities by providing additional funding to legalize up to a total of 20 additional PAs. In general, the Conservation Areas will be provided with the means and the human resource capacity to apply and operationalize the newly developed management categories, financial and administrative procedures. In these Pilot Areas, new approaches will be tested - both internal to SINAC and external - in terms of partnerships with key stakeholders in and around PAs.

109. The Project will provide an opportunity for ground testing and for sharing Best Practices for a variety of PA governance models and management types, as part of the strategy to develop a multi-stakeholder PA System. Another aim is to demonstrate how to share the responsibilities and costs of PA management across a broad spectrum of institutions, organizations and individuals. The pilot activities have been specifically designed to enhance the effectiveness of management responses to threats, and thus to threat remediation. The Project will also support the systematization of these experiences in order to draw lessons that could be useful for similar situations in other areas (in terms of land tenure structures, threat scenarios, etc.). The results attained in each site will be made available for other practitioners through the Knowledge Management System (see Output 2.5).

110. This GEF Project will complement the IADB Tourism Programme by developing joint planning activities in four selected Conservation Areas. Municipal land use plans will be combined with PA management plans to ensure long-term conservation goals, while enhancing tourism opportunities in and around PAs. This Outcome also seeks to engage and develop capacities for SINAC field-based staff in selected Pilot Sites to develop replicable approaches on how best to interact with local stakeholders in a more effective manner. This approach will be geared around two sub-components: 1) Settlement of PA boundary and land titling disputes (Outputs 4.1 and 2) capacity development of local leaders and stakeholders on how to constructively engage with SINAC in more effective PA and Buffer Zone Management schemes. In this way, Outcome 4 will further make a significant contribution towards strengthening the ongoing institutional de-concentration efforts of SINAC.

111. These Pilot Sites will also provide testing ground for a variety of approaches to PA management through (i) innovative funding mechanisms (such as the operationalization of the SINAC-TNC financial system mechanisms developed in [Outcome 3](#)), (ii) Strategic alliances and partnerships with IADB-funded tourism initiatives and cadastral information programs; (iii) New capacities for effective PA management, and (iv) the generation of lessons learned to be shared at the national, regional and global levels (see [Output 2.5](#)). In particular, the four pilots will address different facets and management for PA and their surrounding buffer zones.

**Output 4.1: PA boundaries legally registered and demarcated for a representative sample of PA units within the PA System**

112. This output will address one of the most pressing legal issues facing Costa Rica's PA System, i.e. land tenure in PAs. [Output 2.5](#) will focus on the development of an Integrated Land Information System for SINAC, which will contain much of the information on State Property within PA, together with a database on pending land payments by SINAC. This output, however, proposes on-the-ground activities to contribute to the legalization and actual physical demarcation of PA boundaries. This will contribute to a reduction in the incidences of land disputes between SINAC and landowners neighbouring PAs.

113. This output will also build upon the larger ongoing national effort to modernize Costa Rica land titling and cadastral system, supported by the above IADB funding. This large Programme has a component aimed at solving land conflicts, particularly in State-owned areas, or areas under special tenure regime such as PAs, coastal zone, wetlands, and border regions. The [IADB-funded Cadastral programme](#) will fund the on-the-ground demarcation and legalization of 10 SINAC PAs. This project will provide additional funding to legalize up to a total of 20 additional PAs. The priority PAs will be defined according to SINAC's criteria for selecting individual PAs to be legalized and demarcated. Once fully registered and with boundaries legally recognized and marked on the ground, a major threat to individual PA Units will disappear. Removing a key barrier - the settlement of land claims and the demarcation of PA on the ground – will make a significant contribution towards long-term security and political viability to the consolidated PA System.

**Output 4.2: Infrastructure and accessibility of 10 most visited PAs within PA System improved**

114. SINAC's PAs are notoriously under-staffed and even more under-equipped. SINAC has recently partnered with ICT to invest in communications facilities and infrastructure to improve the services provided to tourists inside PAs. Based on a market analysis, this project has selected 10 highly visited SINAC PAs, in which it will develop their Management Plans in conjunction with tourism development plans. It will also enhance communications between SINAC and the PAs, accessibility through improved roads and paths, and improve the public services and facilities provided to park visitors. This sample of SINAC PAs will be fully equipped and staff will be trained to better service tourists, while also managing conservation goals set by SINAC and GRUAS II. Moreover, the IADB Sustainable Tourism Programme

will channel US\$12.8 million in infrastructure investments inside 10 selected PAs. This sub-program will fund investments, such as access roads, parks paths, entrance booths and visitors centers. It will also fund transport vehicles for each of the 10 PAs, and a boat in 5 PAs; and Pre-feasibility and Feasibility Studies (including Environmental Impact Assessments) for the planned investments in infrastructure. So far, investment needs have been calculated for three pilot areas (Manuel Antonio, Corcovado y Braulio Carrillo), and the needs of the rest of the PAs will take place during the onset of the program.

**Output 4.3: PA management authority support to community-based businesses tested and institutionalized**

115. Field Demonstration Site: As a Biosphere Reserve, the **Cordillera Volcánica Central Conservation Area (ACCVC)** constitutes the heart of Costa Rica's PA System. Table 34 in Section IV: Part IX provides an overview of this pilot. It is also in the most densely populated area in the country - the Central Valley - where Costa Rica's major cities are located. As a result of its relative closeness to large urban areas, this Conservation Area contains two of the most visited PAs (Poás Volcano, and Irazú Volcano NP). A new local economy is emerging in and around PAs, geared around ecotourism and related service activities. But it also generates considerable pressures on dwindling biodiversity resources, as rapid urban expansion and agricultural practices leads to habitat loss, habitat substitution and waterborne pollution. Moreover, Costa Rica's urban population depends on regular supplies of water from aquifers which are currently protected in the cloud forest and other montane and sub-montane ecosystems of the ACCVC.

116. Costa Rica has managed to harness the linkages between in situ conservation and ecotourism, by promoting its PAs as major tourist attractions in the country. However, there are still considerable needs for infrastructure and local entrepreneurial capacities to provide all the services needed for a full fledged local economy geared around ecotourism. In close collaboration with the IADB-SINAC-ICT Sustainable Tourism Programme, this project will build on this important development baseline by providing targeted support to ACCVC management to increase its institutional and human resources capacities to cater to a growing tourism industry. The project will also work with other local partners to contribute to local capacity development through SINAC's regional and sub-regional centres in the ACCVC. SINAC staff will be trained to develop better outreach activities, provide guidance to the ecological soundness of certain productive activities, and provide support to innovative buffer zone management approaches. Civic associations, small rural enterprises and local NGOs involved in biodiversity friendly productive activities and ecotourism in the buffer zones of the National Parks of Volcan Irazú, Volcan Poás and Braulio Carrillo will be among the beneficiaries.

**Output 4.4: Conservation Area and the tourism industry partnerships for financing PA management tested and institutionalized**

117. Field Demonstration Site: The **Tempisque Conservation Area (ACT - *Area de Conservación Tempisque*)** covers most of the Nicoya Peninsula in Northwestern Costa Rica. Table 33 in Section IV: Part IX provides an overview of this pilot. It harbours important samples of Costa Rica's tropical Dry Forest and Seasonal Moist Forest. It also boasts some of the most important Sea Turtle nesting grounds in the Pacific (Las Baulas, Ostional), as well as three Ramsar Sites for wetlands of international importance. ACT is moreover characterized by a large number of relatively small PAs.<sup>35</sup> These PAs cover a total of 108,807 ha, of which only 12,351 ha of the terrestrial portions of the PAs are under public administration. Notably, most of the PAs (27,817 ha) in this Conservation Area are in private hands. The Pacific Coast of the Nicoya Peninsula is also one of Costa Rica's fastest growing tourism destinations, which has made tourism the main driver of Guanacaste's economic development. As a result, ACT has pioneered partnerships with the private sector to secure adequate governance of its PA system at the local level.

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<sup>35</sup> A total of 25, of which 17 have institutional SINAC presence.

More specifically, ACT works with 8 municipalities in an area where a booming tourism industry and land markets exert increasing pressure on PAs. Hence, ACT presents considerable opportunities for harnessing linkages with the tourism industry, through innovative partnerships and joint management arrangements with the private sector. These new arrangements require the strengthening of the management and negotiation capacities of ACT staff vis-a-vis a booming tourism industry.

118. Together with ACT, the Project will focus on enhancing SINAC's administrative capacity at the regional level and its presence on the ground at the PA level. The work of PA staff will be complemented through public-private partnerships with local businesses - particularly related to the tourism industry. This output will also test new and innovative approaches to the management of concessions for non-essential services to the private sector by SINAC. In particular, this output will centre on strengthening ACT capacities to engage with the private sector, through the concessioning of non-essential services and the co-financing of PA management. Support will be provided to increase institutional presence in all ACT PAs, thus increasing the PA management effectiveness, while creating the mechanisms for increasing PA revenue and making this institutional presence sustainable. SINAC field staff and park managers will be trained and a competent outreach unit and business unit to work with local entrepreneurs will be created. An important goal of this pilot is to increase ACT revenue to strengthen its institutional presence and consolidate many of the existing partnerships with local businesses, thereby contributing to the long-term financial sustainability of the PAs, while reducing threats to the areas through collaborative efforts. An exit strategy will increase the capacity for rent capture by the Conservation Area, through user permits and concessions, which progressively will cover the full cost of increased staffing.

**Output 4.5: New management approaches and local land use planning tools compatible with eco-regional conservation goals tested with local municipal governments and community based organizations**

119. Field Demonstration Site: The **Tortuguero Conservation Area** (ACTo - *Area de Conservación Tortuguero*) is located in northeastern Costa Rica, and harbours the Tortuguero National Park, an important Ramsar site, on the Caribbean Coast. Table 35 in Section IV: Part IX provides an overview of this pilot. The Park is one of the most visited PAs in the country. The SINAC-ICT-IADB Tourism Programme will be investing in improving infrastructure in the Park, such as visitor centres, etc. This constitutes an opportunity to plan for future growth in tourism visitation, increasing the SINAC field Staff's capacities to attend tourism, as well as to join forces with local municipal governments, NGOs and private sector to improve local service provisions and create much needed employment opportunities. This requires a reinforcement of a territorial approach to eco-regional planning, in order to link and make eco-regional management categories more compatible with municipal level planning tools, such as the land use plan (*planes reguladores*). ACTo has also been one of the few Conservation Areas where the Regional Conservation Area Council has been convened regularly and CORACTo - ACTo's Regional AC Council- has been building its constituency.

120. With the Tortuguero Conservation Area (ACTo), this Output will hence pilot approaches for land use planning with municipal authorities and community based organizations. New management approaches and local land use planning tools will be tested in selected municipalities (Guácimo) and communities (Tortuguero) in order to align them with eco-regional conservation goals. In partnership with the IADB-SINAC-ICT Sustainable Tourism Programme, SINAC PA staff in Tortuguero National Park will be supported to engage with local municipal and community governments to apply land use planning approaches in order to prioritize investments in tourism infrastructure while guaranteeing land uses compatible with long-term conservation goals. This land use planning approach will also serve as a key conflict avoiding strategy to further ACTo effort for the long term partnerships with local authorities to pursue common development and conservation goals. This Output will also seek to strengthen local partner organizations, particularly those active in buffer zone management, ecotourism and other activities linked to PA management and conservation. In particular, the project will build on the

experience developed by Community-Based Management Program in Acto (*Programa de Gestión Comunitaria PGC-ACTo*), which works with buffer zone communities around Tortuguero National Park, through the promotion of sustainable livelihoods and ecotourism. Moreover, this pilot will centre on strengthening CORACTo seeking to promote innovative participation mechanisms, collective action approaches and long-term sustainability.

**Output 4.6: New approaches to business plans and concessions for service within PA tested through a TNC-Osa Conservation Area (ACOSA) partnership**

121. Field Demonstration Site: Osa Conservation Area (ACOSA - Area de Conservación Osa). Table 36 in Section IV: Part IX provides an overview of this pilot. ACOSA has received considerable international attention over the past years, and has benefitted from previous international funding from the GEF and other conservation organizations, such as TNC and CI. The Moore Foundation has provided TNC with an important donation since 2004 to strengthen conservation efforts in Corcovado and in the Golfo Dulce Forest Reserve. With the support of TNC, management plans are currently being created for all seven protected areas in the Osa Peninsula, as well as for the Amistad International Park. Corcovado National Park is one of the ten PA with fastest growing tourism visitation. In order to manage this growth adequately, and provide local entrepreneurs with business opportunities, this output will build on the participatory method already tested by SINAC and TNC's Osa Program, in order to ensure that the communities are adequately empowered, along with the government, to implement these plans.

122. This Output will test new concession models with the private sector, compatible with the land use and PA management plans. Building on TNC's work under their Osa Program, the project will draft joint municipal land use plans (*planes reguladores*) and PA management plans. Moreover, the plans also respond to the new eco-regional approach that looks beyond the protected area and incorporates the ecological processes in the surrounding areas of influence. TNC will have completed the joint plans, but the implementation and replication of these approaches are still pending. These management plans will not only allow for an innovative approach, but also serve as an important model for the implementation of key strategic planning tools developed through Outcome 1 (see above). The process for creating these management plans is innovative, because it incorporates public participation through the creation of local participatory committees that are receiving training in order to guarantee the adequate implementation of the management plans. Part of the follow up will also include developing concession models and contracts with local and national entrepreneurs for the provision of services in and around PAs in ACOSA. This pilot will serve as a testing ground for new mechanisms for PA-level interaction with the private sector, in particular in developing best practice in managing concessions for non-essential services within PAs and in promoting local investment compatible with conservation goals in the Osa Peninsula.

**OUTCOME 5: Successful PA System management models are scaled-up and replicated at the systemic level through strategic partnerships with key stakeholders.**

Total Cost: US\$ 1,880,900 (Co-Financing: US\$ 1,020,100; GEF Request: US\$ 860,800).

123. This Outcome seeks to replicate and scale up the successful PA management approaches developed in the Pilot Projects in Outcome 4. It also aims at promoting the implementation of the new strategic reforms in Outcome 1, while taking advantage of the strengthened capacities resulting from Outcome 2 to make changes across the overall PA System. The main goal of this Outcome is to strengthen the governance system in and around PAs with a wide range of stakeholders to improve the long-term management efficiency of the overall PA system in Costa Rica.

124. This scaling-up of local conservation partnerships will require a **two-tiered approach**. A first step will be to consolidate existing consultative bodies, such as the Regional and Local PA Management Councils. According to the Law on Biodiversity, CONAC – **the National Council of Conservation**



**Areas** - is the supreme decision-making body of SINAC. All 11 Conservation Areas should also in theory have set up **Regional Councils for Conservation Areas** – so-called CORACs. In practice, however, so far only a few have been established, partly due to the past drawn out constitutional appeal over the Law on Biodiversity, which was resolved only recently. Hence, the project strategy is to strengthen national and regional consultative and local decision-making bodies through the Regional Councils of Conservation Areas. The strengthening of such regional councils and local PA management boards will be critical for guaranteeing long-term commitment of local stakeholders in biodiversity conservation. As these bodies are now fully backed by the Law, they can provide an important platform to forge long-term partnerships around conservation areas. Several key stakeholders involved in the Pilots (local entrepreneurs, municipalities, NGOs) will be engaged to broaden the scale and scope of their actions. Second, building on the systemic and institutional capacities strengthened in Outcomes 1 through 3, and drawing lessons from the pilots developed in Outcome 4, the project will extend to the entire system some of the best practices and innovative initiatives with local and regional partners to improve management efficiency and contribute to sustainable livelihoods of populations living in and around PAs.

125. The project strategy will contribute to the scaling up of best practices in the following thematic areas: (i) Improved Governance of Conservation Areas and PA through consolidated consultative bodies; (ii) Institutional mechanisms for alternative livelihood support to communities in and around PA; (iii) Institutional mechanisms for managing concessions for PA service provision with private sector; (iv) Collaborative Management of selected PA by local partnerships and consortia; (v) Harmonized and integrated land use planning approaches with Municipalities; and (vi) Contribution of the PA System to the consolidation of Biological Corridors. Each of these thematic areas will be addressed by different outputs below to scale up and replicate at the systemic level best practices in PA management and eco-regional planning.

126. Based on the Pilots in Outcome 4, these Best Practices will be scaled up by translating them into formal institutional mechanisms to improve the overall governance of Costa Rica's PA system beyond the project duration. This will require organizational changes, new procedures and clear rules and regulations. At the heart of SINAC's governance system are the above National and Regional Councils, which will provide the mechanisms for translating best practices gained in one Conservation Area into widespread approaches to PA management in other Conservation Areas. The role of these Councils as conveyor belts for these institutional practices will be key for scaling up local practices. Engagement with regional business councils and chambers of producers will also allow the establishment of clear rules of engagement for the concessions management within PA.

127. These basic public service providers are key to ensuring an adequate insertion of PAs into local and regional planning. Scaling up of these best practices will be achieved by harnessing these regional platforms for adapting and disseminate innovative approaches to PA management. For instance, many of the innovative approaches to conservation planning with local governments - developed as pilots under Outcome 4 - will be replicated at the national level, through horizontal exchanges between Conservation Areas. This requires this GEF project to remove several legal and administrative barriers within SINAC for enabling greater public participation in PA design and management to be largely addressed in Outcome 1. A new management culture needs to emerge from this component, which can improve the capacities of PA staff to manage its relations with key stakeholders, thereby harnessing the full potential of productive partnerships in conservation.

128. IADB will help fund the strengthening of consultative bodies, especially Local and Regional PA Management Councils (Output 5.1), and the tendering and bidding of concessions and other use permits (Output 5.3). Moreover, the three partners in the SINAC-ICT-IADB Tourism Program plan to design and jointly fund a Marketing and Communications Strategy to promote the sustainable management of tourism in PA through an innovative approach. This Strategy will aim to stimulate PA visitation and other complementary activities, which are compatible with conservation goals, by working with the private

sector. These activities will also include the publication of guidebooks, prospecti and other promotional material, complementary to ICT's regular promotion of sustainable tourism at the local, national and international level.

**Output 5.1: Local and regional PA Management Councils function with an integrated and inter-sectoral vision through flexible and inclusive management arrangements**

129. Building PA partnerships requires the strengthening of consultative bodies, which allow PA management teams to interact and engage with local stakeholders. Existing structures - such as the *Regional Councils for Conservation Areas and Local PA Councils* - have participation of environment, agriculture, tourism, and education authorities. They can therefore provide key negotiation platforms for these new partnerships between PAs, local governments and community-based organizations. Yet, many of these regional councils have been inoperative for years, in part due to the above legal challenges, combined with a lack of funds and clear guidelines concerning participation from SINAC staff. Yet, these regional councils have critically important functions as defined by Law which include the approval of strategies, policies and plans proposed by the Conservation Area, deciding in particular on the creation of new PAs to be submitted to CONAC. These councils also have a key role in reviewing management plans and approving collaborative management arrangements and concessions within the PA.

130. The project will provide the initial impulse for these regional and local councils to come together, and it is expected that they could become instrumental for reaching agreement on specific governance arrangements for long-term conservation at the eco-regional level. This Output will therefore seek to strengthen these councils by reviewing their composition, by supporting regular meetings and providing them with secretarial support. These decision-making functions are critical elements that need to be strengthened, by providing technical assistance to the Conservation Areas for them to build agendas and hold regular meetings of the regional councils. The long-term sustainability of the councils will also depend on their composition, the relevance of their agenda and their capacity to harness fiscal resources through the charging of fees and fines. Another critical role for the Regional and National Councils will be as conveyor belts of good institutional practices. Building on the experiences developed in Outcome 4, the Project will first work with a cross-section of Conservation Areas (ACCVC, ACT, ACTo and ACOSA), providing support to their Regional Councils. Once these regions have consolidated their consultative bodies, support will be provided to the regional councils of the other six continental Conservation Areas. Only Isla del Coco Conservation Area will not be included, as it is already receiving GEF funds from an ongoing FSP.

**Output 5.2: SINAC has institutional capacity for engaging with indigenous communities and for providing alternative livelihood support to communities located in and around PAs**

131. Traditionally geared to tasks of protected and control, parks staff are now required to work with a much wider range of stakeholders, while also attending to tourists, work with local governments, indigenous organizations and local NGOs. This requires a new set of skills for most SINAC field staff, but also clear rules of engagement and policy backing in terms of the legal and administrative boundaries required for managing public goods such as PA. The incorporation of participatory approaches in PA management routines can offer new economic opportunities, increase rent capture and improve the public image of PA staff. Yet, making Costa Rica's PA System more responsive to the needs and opportunities for local development requires a change of organizational culture. This, in turn, calls for increased capacities at SINAC's regional and sub-regional offices to meaningfully engage with local stakeholders. These efforts can also provide the channel for provision of support to alternative livelihoods for communities neighbouring PAs, which would likely help reducing persistent threats to PA integrity.

132. Strengthening the Councils in Output 5.1 will constitute an important step in increasing participation in the day-to-day management of the PA System. Yet, there is also a need to incorporate

participatory methodologies into official SINAC policy at the central and regional level. For instance, SINAC has had limited success in dealing with indigenous territories located in and around PAs. In order to engage with indigenous organizations in a meaningful manner, SINAC will need to develop capacities to address complex issues related to traditional rights to biodiversity, sacred sites, traditional knowledge and access rights. This Output will provide training opportunities to existing SINAC field staff to improve their outreach capacities and adapt management tools that can enhance public participation in PA management. Project-supported Livelihood Specialists will develop guidelines for PA management staff on how to engage with indigenous communities, local stakeholders and to solve problems and conflicts. Through on-the-job training of SINAC field staff, PA management effectiveness will improve over time. In partnership with specialized technical partners (i.e. CATIE, UCI-ELAP), PA managers will be assisted in development of delivery mechanisms to help small rural enterprises and local service providers. These improved outreach capacities will be complemented by the provision of accessible and understandable information to local stakeholders on the different modalities of participation in PA management.

**Output 5.3: Institutional mechanisms are put into place through clear rules for the tendering and bidding of concessions and other use permits and opportunities to local entrepreneurs**

133. SINAC has made progress, albeit slowly, in defining rules for the provision of goods and non-essential services, use permits, and other local use conventions. These concessions and use permits can become not only a source of potential revenues for SINAC, but more importantly can sometimes act as key linkages between PA and local economies. This Output seeks to contribute to the improvement of the management capacities of local actors and provide parks staff with the necessary training to negotiate and engage in these partnerships, under clearly agreed upon rules. Successful pilot-tested concession management models (Outcome 4) will be scaled up and replicated. Resources and technical assistance will be provided to Regional Councils to institutionalize approaches throughout the PA System to enable private sector participation in the provision of non-essential services in and around PAs, such as restaurants, rentals, waste disposal and other non-essential PA functions. New business models based on concessions, use permits and leasings will be explored through a stepwise approach, based on learning-by-doing to define clear rules and regulations for the management of concessions. New business models based on Concessions and Leasings will be explored through a stepwise approach, based on learning by doing. These models will seek to define clear rules and regulations for the management of concessions, from the public tender to the handing out of service contracts to business partners providing key services in and around PA.

134. The project will also set up adequate monitoring capacities through its Output 3.5, and SINAC's Financial Information System should be able to provide key information to identify revenue sources, monitor income flows and provide key inputs into the management of concessions by Regional Offices. This financial information system will also guarantee transparency and help monitor the compliance and effectiveness of these concessions. Follow-up and evaluations of the services provided will also help SINAC to improve the quality of services provided, and develop clear selection criteria for the establishment of concessions. The project will provide the technical assistance to define these criteria and help SINAC develop an Outreach department which could specialize in launching tenders, selecting concessionaries and conducting oversight and quality control of services provided within PA.

**Output 5.4: Models for multi-stakeholder PA management boards are institutionalized and replicated in a variety of ecological and socio-economic contexts**

135. Costa Rica still needs to adopt a formal legal figure of collaborative management, which could set down clear rules for participation in the management of State-run PAs. Yet, SINAC has recently published a national policy on collaborative management of PAs. This paves the way for adjusting the legal framework and management guidelines to incorporate models of collaborative management of State-run PA. These models can also be adjusted on the basis of on-going collaborative management initiatives

in Costa Rica, such as those in Cahuita National Park and Ballena Marine Park. This output will build on the field-based experiences in Collaborative Management in Costa Rica and develop criteria for selecting PAs with potential for Collaborative Management with the support of IUCN's Regional Office for Mesoamerica. The project will further provide support for the implementation of SINAC's National Policy on Collaborative Management. The project will also work closely with regional SINAC offices and define with Parks Staff, which PAs could qualify for collaborative management arrangements, and where local stakeholders can become involved in PA management through formal management arrangements with local PA councils, associations and similar civil society organizations. These models, tested during the pilots in Outcome 4, will be replicated and scaled up to the national level through a change in regulations and new management categories, which can accommodate greater participation of local stakeholders in PA Management. This participation goes beyond the consultation of the regional and local PA councils, which will be supported through Output 5.1, as it pertains more to specific management responsibilities within PA.

**Output 5.5: SINAC PA system is connected through biological corridors which operate under innovative public-private partnership models**

136. This Output will contribute to the consolidation of the national network of biological corridors, incorporating as a complement to SINAC's PA System. To achieve this goal, the project will build on the results left in Costa Rica by the regional FSP GEF project of the Mesoamerican Biological Corridor, which in SINAC led to the creation of the National Program for Biological Corridors, which operates within SINAC. In this sense, Biological Corridors are already a part of SINAC. Yet, much more work is needed for the recommendations of GRUAS II to be adequately implemented. However, the current project will face limitations in terms of its capacity to impact on the productive landscapes beyond PA. Based on the GRUAS II recommendations, the project will select two or three priority biological corridors on which to focus. By building constructive partnerships with Municipalities and local NGOs, the project will enhance the connectivity of the PA system by linking it with the productive landscape. This will be done in coordination with FONAFIFO – through the close collaboration with the WB-GEF Ecomarkets II Project, – the Network of Private Reserves, the GEF Small Grants Program, ARAUCARIA, *inter alia*. It should be noted that the project will not seek to work directly in environmental service payments. It will however need to work in the linkages between PA and the surrounding productive landscape.

137. This Output will contribute to developing outreach activities to illustrate how biological corridors function as key biological components of Costa Rica's Protected Areas System. It will also seek to build alliances between existing networks and alliances around biological corridors, particularly related to community-based eco-tourism, as promoted by the GEF Small Grants Program in Costa Rica. In this sense, the role of municipal governments in building and maintaining biological corridors needs to be explored, through partnerships at the regional and national level. The project will work with municipalities to develop local land-use plans which will set the ground rules for effectively linking the tourism industry and conservation goals through the promotion of biological corridors. In this output, workshops will be conducted for the development of biological corridors, in accordance with existing PA management plans and land use plans (*Planes Reguladores*), in priority protected areas. As a result of this output, biological corridors would be designated as official parts of the SINAC PA System, and would be subject to land use planning regulations in order to maintain their ecological viability and the provision of environmental goods and services in and around PA. As the entire Outcome 5 is concerned with replication and scaling up, this Output will also seek to work through national and local partners (particularly the GEF-SGP, TNC, IUCN, and CBTC) to replicate and sustain successful experiences in biological corridors.

**Output 5.6: Marketing and communication strategy on PA values, vulnerabilities and revenues mechanisms formulated and implemented at the national level**

138. A Strategy for Outreach and Marketing will be developed within SINAC, with GEF and counterpart resources. Although several organizations, such as TNC, have provided support to improve communications and update web-based information, SINAC has yet to have a comprehensive communications tool, which enables it to promote the attractions and services provided by its PA System. To guarantee an adequate implementation of the SINAC-ICT-IADB Sustainable Tourism Programme, the three programme partners – SINAC, ICT and IADB - plan to design and jointly fund a Marketing and Communications Strategy to promote the sustainable management of tourism in PAs through an innovative approach. This Strategy will aim to stimulate visitation to PAs and other complementary activities, which are compatible with conservation goals, by working with the private sector. This Marketing Strategy will be fully integrated into the above SINAC Strategic Plan, the PAS Strategic Action Plan and the PAS Financing Business Plan.

139. The broad marketing and communication strategy will help position SINAC in the nature-based tourism market and provide information about tourist attractions within PAs, with direct participation of the concerned Conservation Areas and PAs. These activities, funded under the SINAC-IADB Tourism Programme, will also enable the publication of guidebooks, prospecti and other promotional material, complementary to ICT's regular promotion of sustainable tourism at the local, national and international level. These activities will be clearly linked to the above Business Plan and the Financial Strategy and will seek to: (i) Inform the public at large of the existence of PAs and of their importance for the economic and social development of the country, while providing a powerful tool for improving the accountability and transparency of SINAC as a public service provider; (ii) Provide a platform for outreach and to receive and process complaints and grievances from PA visitors and consumers in general; (iii) Channel general information and processed scientific data of biodiversity in PA, and provide timely updates of the state of endangered species *protected within the PA System*; (iv) Solicit support and voluntary help from civil society, through local and national environmental NGOs, youth movements, and other potential partners in conservation; (v) Promote targeted investments from the Private Sector and sponsors for specific PA, (vi) Promote joint publications and applied research in Conservation Biology and associated disciplines, in partnership with universities and research organizations; (vii) Provide a communications tool and common platform for providing information on projects and programs conducted within SINAC.

## **II - 3. Project Indicators, Risks and Assumptions**

140. The Project has established a set of 18 performance indicators – 3 impact indicators related to the Project Objective and 15 Outcome Indicators related to the Project Outcomes. These are presented in Section II Part II, along with their baseline and target values and means of verification. More detail on the selection of these indicators, their measurement methods and frequencies and costing is provided in the Section IV: Part XI. Main indicators, rationale and responsibility for monitoring. The indicators are:

141. The 3 ***Impact Indicators*** are:

- Area (ha) in protected areas that is legally incorporated into the SINAC PA System.
- Level of SINAC's operational and management effectiveness.
- Adoption of instruments which enable the incorporation of the eco-regional approach into the planning of the PA system, particularly through the existing legal framework provided by the Framework Law on the Environment, the Law on Biodiversity, the National Parks Law and the Forestry Law.

142. The 15 *Outcome Indicators* are:

- Degree of adoption of a National PA System Policy, which (i) defines the PA System; (ii) is based on the GRUAS II-promoted eco-regional approach; (iii) defines a new sub-system for marine and coastal areas; and (iv) defines how to integrate ecosystem functions into Costa Rica's territorial planning.
- Degree of adoption of priority sites for re-classification and demarcation to achieve 10% coverage of each ecosystem/vegetation type to ensure conservation of globally significant ecosystem biodiversity.
- Degree of preparation and implementation of project-supported SINAC Strategic Planning Tools (SINAC Strategic Plan and related PA System Action Plan).
- Degree of institutional re-profiling process of SINAC personnel at central and regional levels as per new SINAC Strategic Plan and PA System Action Plan.
- Degree of implementation of an Integrated Knowledge Management System (KMS) and its level of integration of financial, ecological and sustainable tourism data.
- An Optimum Visitors Fee Policy, introducing a sliding scale for park entry fees with differentiated rates for nationals and foreign visitors.
- % increase of the UNDP-GEF Financial Scorecard (see attachment after Logical Framework).
- Amount of unresolved land tenure conflicts within PA System.
- Level of service provision to tourists, condition of the infrastructure within and accessibility of the 10 most visited PAs within the PA System.
- Number of public-private Concession Agreements for provision of non-essential services developed and functioning within the pilot PAs and buffer zones in priority areas for biodiversity conservation.
- Number of Co-management Arrangements operating effectively and level of capacity of PA staff in Pilot Sites to involve and work together with local stakeholders, such as local entrepreneurs, municipalities and indigenous organizations.
- Level of multi-stakeholder consultation and coordination carried out through PA System bodies in all 11 Conservation Areas (CAs).
- Development of a model for public-private Concession agreements for provision of non-essential services and degree to which it is up-scaled throughout the whole PA System in priority areas for biodiversity conservation.
- Development of a model for public-private partnerships established between municipalities and eco-tourism operators for building and maintaining biological corridors and degree to which it is up-scaled throughout the whole PA System in priority areas for biodiversity conservation.

143. In addition, at the beginning of Project implementation, for each of the pilot sites of Outcome 4 specific sets of indicators will be developed with input of key stakeholders that are in line with the overall outcome indicators and will provide specific input to these as sub-sets M&E systems.<sup>36</sup>

144. The project assumptions and the risks of them not holding have been carefully evaluated during project preparation and risk mitigation measures have been internalized into the design of the project. Eight main assumptions and their risk levels have been identified and are summarized below. It is estimated that the risks of not verifying these assumptions are low to moderate. Other assumptions guiding project design are elaborated in the Logical Framework. The Stakeholder Involvement Plan

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<sup>36</sup> The significant amount of indicators reflects the fact that the project has five outcomes, which implementation will all need to be fully monitored. The Pilot Site indicators will be addressed by the actual Project Team along with key stakeholders during the planned Inception Phase. The key will be to ensure a proper balance between the outcome and pilot site indicators. However, in response to GEFSEC review comments, the amount of indicators for the outcomes will be decreased. Moreover, the site-level indicators will be minimized to only one or two that highlight the objective of the pilot exercise not to overburden the M&E system.

(Prodoc Section IV Part III) includes potential conflicts assessed for each stakeholder group that could pose risks and the mitigation measures that were included in design.

Assumption	Risk*	Risk Mitigation Measure
Key baseline biodiversity conservation programs and actions are successfully implemented.	L	The risk is unlikely, given that the GoCR has given high priority and political support to this Project and the consolidation of the PAS. Project implementation is based on a Steering Committee and an Advisory Committee, who together include the key institutions and programs in conservation of biodiversity in the country. This will help anticipate any changes in previously planned activities of other institutions and programs, and make the necessary adjustments in the execution of the Project to reduce potential negative impacts.
Official approval of strategic, legal and regulatory framework occurs within current predicted timeframe.	M	Although the level of country ownership of the project is high, legislative processes in Costa Rica tend to be slow. This risk will be mitigated through the strategic use of lobbying and communications to inform and raise awareness of political representatives, decision makers, and policy makers. The project will build close relationships with the mass media, considering its role in forming public opinion.
It will be politically possible to achieve the necessary policy reforms and institutional arrangements.	L	The GoCR has committed to realign and increase staffing complements to achieve the institutional strengthening short-term goals by the end of project. The FSP will provide technical assistance to develop the institutional re-alignment of SINAC to fulfill its mandates and roles in the implementation of the PAS and will promote participatory activities for the development of an agreed set of occupational standards that would define the skills and knowledge required for PA jobs to be adopted by key institutions. The definition and establishment of mechanisms to further institutional coordination and cooperation - both at system and site levels will facilitate the implementation of harmonized approaches and procedures for PA management and contribute towards enhanced management effectiveness.
No serious events occur to modify current estimates of moderate economic growth and social stability.	M	To offset any potential risks associated with this the Project will introduce financial and business planning and will support a diversification of financing sources for the PA System to reduce dependence on budget allocations, as well as a fundraising strategy, so that the System can be consolidated and grow at a pace that is financially sustainable. Likewise, its execution is founded on broad social participation opportunities and mechanisms. The project will also promote local development and sustainable livelihoods, especially through sustainable tourism activities.
Key stakeholders continue to have at least the present levels of interest in being involved in Project activities and acquiring and using the new knowledge and skills provided through the Project.	L	The Project was designed and will be implemented with strong input from a broad range of stakeholders. Training strategies will be based on training needs assessments and will guide learners through activities, in which they will be required to participate and apply their knowledge. The project will promote incentives for personal and career development. It is expected that SINAC will actively encourage both its staff and its partners to use the new knowledge and approaches developed by the project.
The level of threats on PAs selected for demonstration stay the same or decrease.	M	The threat analysis showed that, in the past 5 years, main threats in PAs remained constant or slightly increased. To enhance the effectiveness of management responses to threats in pilot sites, and thus to threat remediation, specific activities have been designed. The project will design and implement monitoring, warning, response and evaluation mechanisms to prevent and/or mitigate the negative impacts of key threats to PAs. In addition the project will provide infrastructure and equipment needed to improve enforcement and control and institutions will increase field staff numbers.
SINAC as the Implementing Agency can accommodate the ambitious nature and wide-ranging scope of the overall project.	M	A three-month Inception Phase will be carried out to carefully plan the whole project implementation. Another objective is to ensure that the necessary communication structures are in place between main project components to ensure optimal coordination and that key stakeholders are in full agreement with project objectives and hence committed towards these outcomes.
The IADB loan related to the SINAC-ICT-IADB Tourism Programme will be approved	M	The SINAC-ICT-IADB Sustainable Tourism Programme has been formulated and has passed several critical administrative and political hurdles to get final legislative approval. Having been approved by the IADB Board of Directors, the proposal has recently been approved by the CONAFIN, which is Costa Rica Financial Oversight Body. It can now be submitted to the Legislative Assembly as part of a loan approval process. This process may take several months, as it will be reviewed along with other IADB loans. Yet, it is assumed that the loan approval will be completed prior to the GEF Project Inception Workshop in mid 2007. This will guarantee the agreed upon critical co-financing opportunity for SINAC.
<b>Overall Rating</b>	<b>L/M</b>	

\*Risk of the Assumption not holding Rating: L – (Low Risk); M – (Medium Risk); H – (High Risk).

## II - 4. Expected global, national and local benefits

145. **Global benefits** will include building systemic, institutional and individual capacities to consolidate the national PA System for it to effectively conserve a representative sample of Costa Rica's biodiversity. The proposed project will thereby make a significant contribution towards one of the outcomes of Decision VII/28<sup>37</sup> of the CoP 7 of the Convention on Biological Diversity. This will help the GoCR further global commitments to *in situ* biodiversity conservation. Management effectiveness of existing PAs will be enhanced through adoption of an eco-regional approach and a related gradual re-classification and official demarcation of PAs within the PA System. As a result, the Project will contribute to the protection of currently threatened and endemic ecosystems, habitats and other biodiversity elements of global importance, including coastal-marine ecosystems, wetlands, and forests. The Project replication strategy will ensure that these benefits will also derive from areas outside the immediate focus for project interventions – such as the Pilot Demonstration locations - in the long-term. The strengthening and consolidation of the PA System based on the 21st century paradigm for PAs and innovative approaches to conservation planning will also provide valuable replicable lessons for the international community.

146. **National benefits:** The project will enhance and better distribute protected area management capabilities. The conservation function of the PAs integrated into the PA System will be better serviced, through improved management effectiveness and enhanced bio-geographical representation. Other benefits include: (i) The establishment of a sound financial footing for the PA System – which, in turn, will strengthen the individual PAs' sustainability – (ii) the improved collaboration between public and private PAs; and (iii) the accumulation of transferable knowledge and skills to other contexts. Regional and local institutions and organizations, along with the individual PA administrations and staff, will benefit from exposure to new management approaches, improvements in the information base, enhanced capacity to effectively manage the PAs, upgraded skill sets through training opportunities, and improved relations with local communities and users. This is expected, in time, to improve the efficiency and optimize the impact of PA management, allowing budgetary appropriations to conservation to be used more effectively. Current and potential users of PAs will also benefit through the improvement and expansion of recreational, tourist, educational, and research opportunities that will be generated.

147. **Local benefits:** Through the identification and provision of alternative livelihood options to the resident population – both landowners and local/indigenous communities - the project will enhance local support for conservation, and will stimulate the development of self-reliance and sustainable economic use of biodiversity resources. Improved relations with regional government agencies will also facilitate the flow of other social and economic benefits to previously disenfranchised areas. The project will provide these stakeholders with the knowledge and mechanisms to adapt their use of the PAs and their buffer zones, in ways that optimize their economic and social welfare, while sustainably conserving their biodiversity values. In addition, secondary beneficiaries, including NGOs and other government agencies and partners in project delivery, will benefit from their own capacity building.

148. For more information, please see the Incremental Cost Matrix in the Executive Summary and PART IV: Stakeholder Participation Plan.

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<sup>37</sup> This calls for the “*establishment and maintenance by 2010 for terrestrial and by 2012 for marine areas, of comprehensive, effectively managed, and ecologically representative national and regional systems of protected areas that collectively, inter alia through a global network, contribute to achieving the three objectives of the Convention and the 2010 target to significantly reduce the current rate of biodiversity loss, and to achieve sustainable development and the attainment of the Millennium Development Goals*”.



## II - 5. Country Ownership, Eligibility and Driveness

149. Costa Rica has signed and ratified a series of international agreements and conventions in the field of biodiversity conservation, among them, notably the Convention on Biological Diversity (CBD), which was ratified on August 26, 1994. It is also a contracting party of the Ramsar Convention. Part VII, Table 24 provides an overview of main international environmental agreements ratified by the country pertaining to PA management.

150. For more than the past decade, Costa Rica has been a spearheading country in terms of making environmental issues, biodiversity conservation and Protected Areas a national priority. It has also made headway in increasing public participation in the benefits derived from in situ conservation of biodiversity. An important milestone in national policy was the recent passing of the ***Shared Management Policy for Protected Areas*** on February 22, 2006 by the National Conservation Areas Council. The aim is to achieve the concrete application of the policy's strategic lines in the coming years. In fact, this policy is important because it introduces the concept of "***shared management***" to enable its application within the country, taking into account the existing legal framework and the special considerations issued on the matter by the Comptroller General (report DFOE-AM-38/ 2005). This also represents a significant advancement towards fulfilling the agreements made at the 7<sup>th</sup> Meeting of the Conference of the Parties to the CBD. The COP-7 approved a ***Work Program on Protected Areas*** that encourages countries to undertake concrete actions to promote real civil society participation in protected area management, as well as distributing the benefits of these areas more equitably. The Project will further contribute to the achievement of each of the four elements of this Work Programme by:

<b>Programme Element 1</b>	<ul style="list-style-type: none"><li>- Strengthening a national system of protected areas.</li><li>- Integrating PAs into the broader land- and seascapes and sectors so as to maintain ecological structures and functions.</li><li>- Substantially improving site-based PA planning and management.</li><li>- Preventing and mitigating the negative impacts of key threats to PAs.</li></ul>
<b>Programme Element 2</b>	<ul style="list-style-type: none"><li>- Establishing mechanisms for the equitable sharing of both costs and benefits arising from the establishment and management of PAs.</li><li>- Enhancing and securing the involvement of local communities and relevant stakeholders.</li></ul>
<b>Programme Element 3</b>	<ul style="list-style-type: none"><li>- Providing an enabling legal, policy and institutional environment for Pas.</li><li>- Building capacity for the planning, establishment and management of PAs.</li><li>- Contributing to long-term financial sustainability of Pas and the national PA System.</li><li>- Strengthening communication, education and public awareness.</li></ul>
<b>Programme Element 4</b>	<ul style="list-style-type: none"><li>- Developing and adopting minimum standards and best practices for the national PA system.</li><li>- Developing and adopting frameworks for monitoring, evaluating and reporting PA management effectiveness at the site and system level.</li><li>- Promoting the dissemination of, and facilitation access to, scientific and technical information from and on PAs.</li></ul>

151. This project also meets other GEF eligibility criteria. The main project objective is aligned with national biodiversity policies, as mentioned before and as further analyzed in Part 1A Section I of the Prodoc. The Project is consistent with the GEF Operational Strategy for Biodiversity, as it will contribute to enhanced ecosystem functioning through the establishment and strengthening of systems of conservation areas. The existing SINAC PA System will be strengthened and consolidated into a representative mosaic of protected areas that will include connecting conservation landscapes and adjacent buffer zones under suitable collaborative management structures, involving local communities, private landowners, conservation authorities, and other government agencies. This will be done by developing, testing and adapting new collaborative multi-stakeholder management arrangements in PAs.

152. By emphasizing community participation, developing sustainable use and benefit sharing schemes and attracting private sector investment, the project will make a significant contribution towards

improving PA management effectiveness in Costa Rica. The mechanisms to be developed by the Project will be progressively replicated elsewhere within the PA system. As a result, the bio-regional representation of the PAS will be improved, thereby addressing coverage gaps in an area of high global conservation significance, and high national priority. As such, the Project is eligible under GEF SP I: *catalyzing sustainability for protected area systems* and, in particular, the sub-activity; *‘to improve opportunities for sustainable use, benefit sharing and broad stakeholder participation among communities – indigenous groups and the private sector’*. The project is also in line with Operational Programmes 03 (Forest Ecosystems) and especially 02 (Marine, Coastal and Freshwater Ecosystems), as the project will incorporate into the National PA System additional representative samples of tropical coastal, marine, and freshwater ecosystems areas currently at risk in Costa Rica.

## II - 6. Sustainability

153. The Project has been consciously designed to include activities that seek to establish sustainability to key ecosystems, landscapes, institutions and relationships of importance to Costa Rica’s PA System. The project will promote a gradual consolidation of this PA System that will be fully sustainable in the long term through a combination of legal changes, along with institutional capacity building and enhanced financial management. The overall process will be guided by a Strategic Plan to be developed, which will establish a series of successive phases to ensure that the System expands in accordance with the strengthening of capacities and the ability to cover costs in each stage, improving its ecological, social and institutional sustainability. The Plan will define the relevant regulatory and operational requirements to enable the implementation of the PA System in the short term, while guiding its expansion and sustainability over the mid and long term. This plan will be developed with the participation of relevant stakeholders from all sectors to address current and future social, economic, institutional and cultural issues, and consensus will be sought for its implementation. The following sections provides a brief synopsis of the specific approaches the project will develop to address the different dimensions of sustainability.

154. **Financial sustainability:** Section IV: Part VIII provides a detailed overview of the financial sustainability of Costa Rica’s PA System. The feasibility analysis<sup>38</sup> carried out during the PDF B phase provides important findings regarding the general economic and financial sustainability of Costa Rica’s PA System. As this Overview illustrates, ***close to half of the activities that SINAC is supposed to realize are currently without funding.*** However, effectively, the scenarios modelled show that despite this significant existing funding gap, the system has a high potential for generating its own economic and financial benefits in varying degrees. What is needed is a combination of new measures and capacities. Overall, the Project will support the creation of appropriate legal, policy, and institutional frameworks to enable the rest of the PA financing system to develop. A key project priority will therefore be developing strategies and instruments to improve the ability of the PA System to secure sufficient, stable and long-term financial resources, manage and allocate them in a timely manner, so that the individual PA units are managed effectively and cost efficiently.

155. To help achieve the long term sustainability of the PA System the project includes the following key approaches: **(i)** Support that the PA System receives even partial payment for its generation of environmental services that recognize its economic contribution in the form of positive externalities, especially through the new Water Tax (*Canon de Agua*) and PES measures (Output 3.3); **(ii)** Support an optimization of its fee structure and make the necessary adjustments to improve SINAC’s collection of tax revenues (Outputs 3.3; 3.6); **(iii)** Encourage the trend of increasing visitation to PAs in group B PAs (high visitation growth rates and mid level contribution of biobenefits) (Outputs 3.7; 4.2); **(iv)** support the adjustments needed to satisfy the demand for visitation to PAs in Group A (through IADB investments in PA infrastructure) (Output 4.2); and **(v)** build the needed capacity and structures to help the System

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<sup>38</sup> PDF B Study: Analysis and Evaluation of the financial sustainability of Costa Rica’s system of Protected Areas, CIESA, 2006.

control spending (particularly on staff salaries) (Outcomes 2 and 3). According to the PDF B study projections, if the combination of these actions are taken, then the PA System is quite capable of generating enough resources even to pay the salaries of its employees to varying degrees (for more financial details, see Section IV: Part VIII).

**Table 3. – Overview of SINAC’s Financial Situation**

PERIOD	COSTS	GOVERNMENT BUDGET		REVENUES	FUNDING GAP
2006	35,940	A. Ordinary Budget (fiscal) Sub-total	8,062	Currently the revenues gained are not invested into the PA System	
		B. Budget for Special Funds (non-fiscal) Sub-total	13,034		
		<b>TOTAL A</b>	<b>21,096</b>		
		C. Budget from Cooperation (Agreements and Projects) Sub-total	3,023		
	<b>35,940</b>	<b>TOTAL B</b>	<b>24,119</b>	<b>0</b>	<b>A: 14,844</b>
2012 (End of Project)				916.9 (From Water Tax)	<b>The decrease in US\$ in the current funding gap will all depend on which projection scenario is decided upon by the GoCR.</b>
				Additional income from introduction of an optimum sliding and diversified PA Entry Fee Policy as per below scenarios.	

156. As can be seen in Section IV: Part VIII, if the country decides to internalize even a fraction of the benefits produced by water externalities (by 25%, 35% and 50% in the Base Scenario, Medium Scenario and High Scenario, respectively) the System would be financially sustainable. On the other hand, the results indicate that where this partial internalization of Payment for Environmental Services (PES) is not achieved for the PA forests by 25%, 35% and 50% of PES for the Base Scenario, Medium Scenario and High Scenario, respectively, but internalization is achieved for PA hydrological services, then the Net Present Value (NPV) will be positive in all scenarios, showing that the system will be economically sustainable. In this regard, it should be noted that the Government of Costa Rica has already committed to finance a part of the above identified financial gap by income from the new Water Tax (*Canon de Agua*).

157. SINAC estimates that new revenue from this source will amount to approx. US\$ 2,851,320 over the planned five-year period of project implementation (2007-11) as per the following annual allocation. *Notably, this amount will constitute SINAC’s cash co-financing for this project.* Moreover, according to estimates undertaken for the Base Scenario (BS), total income generated from visitation (including transferred surpluses) will reach US\$ **6.9 million** in 2010 and US\$ **9.1 million** in 2020. This corresponds to an annual average growth rate in income (for 2006 - 2020) of 2.5%. In the Medium Scenario (MS) these reach US\$ **9.2 million** and US\$ **16.1 million** at a growth rate of 5.5% and in the High Scenario (HS), US\$ **11.34 million** and US\$ **26.2 million**, respectively (growing at 8.4% annually).<sup>39</sup>

158. ***Institutional sustainability.*** For PA practitioners to best apply their skills and knowledge, the Project will address the need to improve the enabling environment for effective in situ conservation in Costa Rica. In this sense, through Outcome 1, the Project will support capacity building activities and other initiatives aimed at creating the appropriate institutional environment for effectively managing PAs

<sup>39</sup> The PDF B Study provides more details in Section IV. 4.2.

at the System and site levels. Systematic strengthening of the skills and knowledge base will aim at both the national-level bureaucrats and the staff/people involved in PA management at the regional local operational levels. Institutional sustainability elements include developing occupational standards for PA positions; restructuring SINAC, re-aligning and training its staff for new/revised functions and mandates; setting up inter-institutional coordination and cooperation mechanisms; promoting agency training strategies; piloting of public-private collaborative management models as part of the PA System institutional framework; developing a positive institutional image for the PA System, around which to generate public interest and support.

159. ***Social sustainability***. The Project was developed in a highly participatory fashion, including staff from key public institutions, the private sector, NGOs and other stakeholders from the civil society. Participation and social acceptance would be enhanced through the execution of a comprehensive Stakeholder Involvement Plan (Section IV, Part III), which identifies stakeholder interests and possible conflicts and responsive mitigation measures to assure strong and effective stakeholder participation. Other elements of project design to address social sustainability include: Testing collaborative PA management arrangements; supporting operations of Regional/Local PA Councils and other participation mechanisms; promoting direct benefits for local communities and PA residents through appropriate revenue generating mechanisms that will be put in place and continue after the project; developing incentives to promote private sector participation in PA establishment and management; awareness raising to increase societal appreciation of the benefits of PAs and the value of services they provide.

160. ***Ecological sustainability*** would be sought over time through the application of the new GRUAS II-promoted Eco-regional Approach, delimitation of PAs and a re-categorization of PA management categories. The system design will include a more detailed protected area gap analysis to determine requirements for conserving a representative sample of terrestrial, marine and freshwater biodiversity; establishing time-bound and measurable national and regional level PA targets and indicators; defining sound scientific data and technical criteria for selecting areas; integrating protected areas into broader land/seascapes and sectors by establishing and managing buffer zones and/or ecological corridors; and preventing/mitigating the negative impacts of key threats to PAs through the design and implementation of monitoring, warning, response and evaluation mechanisms.

## **II - 7. Replicability**

161. Strengthened institutions and trained people are a key prerequisite for replication within the PA System (Outcome 2 and 3). The development of skills of a wide range of PA practitioners will enable them to build the capacities of others through the generation, adaptation and dissemination of knowledge and practices in PA management. The PA System Strategic Action Plan (Output 1.4) will encourage the replication of capacity building activities and ensure they include specific guidelines in relation to staff development and institutional organization. In addition, the Project will build on existing international best practices in the design of a PA financial system and to facilitate lessons learned from experience gained in Costa Rica, through its increasingly strengthened management of trust funds, environmental service payments and other innovative valuation schemes.

162. At the site-level, pilot demonstrations (Outcome 4) will provide laboratories for testing different governance approaches and management types, suitable to different scenarios (in terms of different land tenure, threats to biodiversity, socio-economic and institutional contexts, opportunity costs of consolidating/de-marcating PAs, and different management categories), and innovative funding mechanisms. These pilots will allow for the identification of best practices, and in turn will inform future adjustments of policy frameworks to further facilitate replication of these lessons throughout the system. Notably, the pilot sites were carefully selected based on their replication potential.

163. The Project-supported information and knowledge management system (Output 2.5) is another key tool for replication activities. This system will be used to compile lessons learnt from the demonstration sites to facilitate adaptation of relevant management approaches to other PAs of similar characteristics throughout the PA System. To achieve this, the project will support the design of standard formats and procedures, while ensuring that such data gathering is systematically incorporated into work schedules of field staff. Project experiences and case studies will then be analyzed and relevant lessons drawn will be communicated widely to stakeholders at national, regional and global level using a variety of media and through the established network with other GEF-funded BD-1 projects regionally and globally. Horizontal exchange mechanisms will be developed for enabling the sharing of knowledge and experience from field staff in one PA to another. This knowledge sharing will also involve a wide variety of stakeholders in and around PAs, through electronic media, periodic bulletins, personal exchange within and outside the country (among rangers, technicians, researchers, local stakeholders, etc.).

## II - 8. Stakeholder Involvement

164. Project stakeholders include, amongst others: **(i)** Central government agencies that are key for the implementation of the project – such as MINAE, SINAC, National Conservation Areas Council, Costa Rican Tourism Bureau (ICT), and Ministry of Agriculture (MAG) – **(ii)** regional and local governments (such as Directors of Conservation Areas); **(iii)** municipalities; **(iv)** research and education institutions; **(v)** private sector (such as Private Reserves Network); **(vi)** NGOs; and **(vii)** other social organizations. The most important stakeholders at the central level are members of the Project Steering Committee, formed already during the Preparatory Phase.

165. Key elements for stakeholder involvement during the project implementation are elaborated in both *Stakeholders Involvement Plan* (see [Section IV Part III](#)) and in Part III: [Project Management Arrangements](#). Notably, strong emphasis has been put on ensuring participatory mechanisms and approaches during project implementation. For instance, the superior decision-making body of SINAC - the *National Council on Conservation Areas* (CONAC) - will help ensure **(i)** alignment with national, municipal and local planning processes and sustainable development and conservation policies and strategies; **(ii)** inter-agency coordination; and **(iii)** full participation of stakeholders in project activities. Moreover, the project places a strong emphasis on active participation of local/indigenous communities and landowners in the implementation of co-management of PAs and includes provisions for conflict resolution and benefit sharing.

## II - 9. Financial Modality and Cost Effectiveness

166. The total cost of the project is **US\$ 25,109,783** GEF funding of **US\$ 4,800,000**, excluding preparatory assistance is requested. Significant co-financing has been mobilized, totalling **US\$ 20,309,783** including funds from the Government of Costa Rica, the Inter-American Development Bank (IADB), NGOs (TNC), Government of Spain (AECI), Government of France (FFEM), and private sector contributions. The breakdown of the co-finances is provided in the following tables. The GEF to co-funding ratio for the entire project is **1:5** (co-financing amounts to 81% of total project funds), while a significantly higher ratio (**1:10**) has been leveraged for Outcome 4 that includes on-site demonstrations generating specific local benefits.

**Table 4. – Co-financing Sources**

Name of Co-financier	Classification	Type	Amount (US\$)	Status
SINAC	Government	Cash	2,851,320	Confirmed
		In-kind	1,374,160	Confirmed
Inter-American Development Bank (IADB)	Multilateral Donor	Cash	13,253,900	Confirmed
The Nature Conservancy	Non-Governmental	Cash	1,866,800	Confirmed

(TNC)	Organization			
Government of France (FFEM)	Donor Government	Cash	545,280	Confirmed
Government of Spain (AECI)	Donor Government	Cash	133,323	Confirmed
Pro-Parques	Private Sector	Cash	92,000	Confirmed
Private Sector Contributions (various)	Private businesses	Cash	193,000	Confirmed
<b>Sub-Total Co-financing</b>			<b>20,309,783</b>	

\*\*\* Does not include PDF-B co-financing of US\$ 335,000

**Table 5. – Project Budget by Sources, Outcomes and Outputs**

Outcomes and Outputs <sup>40</sup>	Total (US\$)	GEF (US\$)	Co-funding (US\$000)	
OUTCOME 1: Costa Rica’s legal and policy framework reformed and enhanced to ensure effective management and long-term financial and ecological sustainability of the PA System.				
	2,134,667	869,200	1,265,467	
Output 1.1: A National Policy for a consolidated terrestrial and marine PA System is approved and in force.	375,763	103,000	SINAC	97,440
			AECI	50,323
			TNC	125,000
			Subtotal	272,763
Output 1.2: Prerequisite legal reforms and a re-categorization of PAs defined and applied through local and regional planning instruments.	674,344	117,200	SINAC	85,120
			TNC	35,800
			Gov- France FFEM	436,224
			Subtotal	557,144
Output 1.3: A SINAC Strategic Plan (Plan Estrategico) officially approved and operational.	268,600	153,000	SINAC	75,600
			TNC	40,000
			Subtotal	115,600
Output 1.4: A PA System Strategic Action Plan (Plan Director Nacional) officially approved and operational.	815,960	496,000	SINAC	36,960
			AECI	83,000
			IADB	200,000
			Subtotal	319,960
OUTCOME 2: SINAC’s institutional PA System framework and capacity is enhanced for eco-regional planning and optimal management effectiveness.				
	3,863,500	840,000	3,023,500	
Output 2.1: SINAC’s institutional and administrative structure and organization re-aligned and enhanced.	378,000	73,000	SINAC	5,000
			TNC	300,000
			Subtotal	305,000
Output 2.2: SINAC’s intra-institutional coordination mechanisms for effective PA System management developed and operational.	100,500	93,000	SINAC	7,500
			Subtotal	7,500
Output 2.3: Staff profiles, responsibilities and occupational standards for enhanced PA System management defined, clarified or re-aligned.	143,000	98,000	SINAC	45,000
			Subtotal	45,000
Output 2.4: Training Programme for practitioners at all levels on administrative, technical and practical skills necessary for optimal PA management effectiveness.	1,649,000	463,000	SINAC	1,020,000
			TNC	65,000
			IADB	101,000
			Subtotal	1,186,000
Output 2.5: Knowledge management, evaluation and adaptation	1,593,000	113,000	SINAC	1,180,000

<sup>40</sup> The cost of the Project Management Unit was pro-rated and included in the GEF amounts under each Project Output.

Outcomes and Outputs <sup>40</sup>	Total (US\$)	GEF (US\$)	Co-funding (US\$000)	
systems developed for the PA System and the Project.			TNC	300,000
			<b>Subtotal</b>	<b>1,480,000</b>
<b>OUTCOME 3: SINAC has the financial sustainability to effectively attain its strategic objectives and provide resources for long-term PA System management needs.</b>				
	<b>1,928,800</b>	<b>812,000</b>		<b>1,116,800</b>
<b>Output 3.1:</b> A PA Financing Strategy adopted and operational.			SINAC	102,760
			TNC	30,000
		152,800	IADB	20,000
	305,760		<b>Subtotal</b>	<b>152,760</b>
<b>Output 3.2:</b> A PA System Financing Business Plan prepared and operational.			SINAC	128,450
			TNC	50,000
	381,450	202,800	<b>Subtotal</b>	<b>178,450</b>
<b>Output 3.3:</b> The creation and retention of new revenue sources for PAs enabled by national policies.			SINAC	77,070
			TNC	35,000
			IADB	80,000
	320,070	127,800	<b>Subtotal</b>	<b>192,070</b>
<b>Output 3.4:</b> System-wide funding mechanisms developed and implemented in the PA System and its constituent PA units.			SINAC	77,070
			TNC	5,000
			IADB	120,000
	305,070	102,800	<b>Subtotal</b>	<b>202,070</b>
<b>Output 3.5:</b> An online PA System financial information system and fee collection mechanisms designed and established within SINAC.			SINAC	77,070
			TNC	35,000
			IADB	30,000
	240,070	97,800	<b>Subtotal</b>	<b>142,070</b>
<b>Output 3.6:</b> Training Programme for SINAC <u>financial</u> administrators at central, regional and PA levels <sup>41</sup> to set up, consolidate and operate <u>financial planning, management and other business systems</u>			SINAC	51,380
			TNC	5,000
			IADB	193,000
	377,380	128,000	<b>Subtotal</b>	<b>249,380</b>
<b>OUTCOME 4: SINAC tests new and innovative conservation approaches at the Conservation Area and PA levels.</b>				
	<b>15,301,916</b>	<b>1,418,000</b>		<b>13,883,916</b>
<b>Output 4.1:</b> PA boundaries legally registered and demarcated for a representative sample of PA units within PA System.			SINAC	211,120
			TNC	24,000
			IADB	400,000
	1,138,120	503,000	<b>Subtotal</b>	<b>635,120</b>
<b>Output 4.2:</b> Infrastructure and accessibility of 10 most visited PAs within PA System improved.			SINAC	281,120
			TNC	262,000
			IADB	11,784,900
			Gov.France FFEM	109,056
			Private Sector (Pro-Parques)	92,000
	12,63,2076	103,000	<b>Subtotal</b>	<b>12,529,076</b>
<b>Output 4.3:</b> PA management authority support to community-based businesses tested and institutionalized.			IADB	100,000
			SINAC	22,960
	425,960	303,000	<b>Subtotal</b>	<b>122,960</b>

<sup>41</sup> The three targeted levels are: (i) Central level; (ii) Regional through emphasis on the 11 Conservation Areas; and (iii) PA site-level.



Outcomes and Outputs <sup>40</sup>	Total (US\$)	GEF (US\$)	Co-funding (US\$000)	
<b>Output 4.4:</b> Partnerships between a Conservation Area and the tourism industry for financing PA management tested.	421,760	203,000	Private Sector Contributions	193,000
			SINAC	25,760
			Subtotal	218,760
<b>Output 4.5:</b> New management approaches and local land use planning tools compatible with eco-regional conservation goals tested with local municipal governments and community-based organizations.	167,000	153,000		
			SINAC	14,000
			Subtotal	14,000
<b>Output 4.6:</b> New approaches to eco-regional planning and PA management tested through TNC-Osa Conservation Area Partnership.	517,000	153,000	TNC	350,000
			SINAC	14,000
			Subtotal	364,000
<b>OUTCOME 5: Successful PA System management models are scaled-up and replicated at the systemic level through strategic partnerships with key stakeholders.</b>				
	1,880,900	860,800		1,020,100
<b>Output 5.1:</b> Local and regional PA Management Councils function with an integrated and inter-sectoral vision through flexible and inclusive management arrangements.	571,000	228,000	SINAC	288,000
			TNC	5,000
			IADB	50,000
			Subtotal	343,000
<b>Output 5.2:</b> SINAC has institutional capacity for engaging with indigenous communities and for providing alternative livelihood support to communities located in and around PAs.	259,800	137,000	TNC	85,000
			SINAC	37,800
			Subtotal	122,800
<b>Output 5.3:</b> Institutional mechanisms are put in place through clear rules for the tendering and bidding of concessions, other use permits and opportunities to local entrepreneurs.	260,000	146,000	SINAC	24,000
			TNC	15,000
			IADB	75,000
			Subtotal	114,000
<b>Output 5.4:</b> Models for multi-stakeholder PA management boards are institutionalized and replicated in a variety of ecological and socio-economic contexts.	177,000	153,000	SINAC	24,000
			Subtotal	24,000
<b>Output 5.5:</b> SINAC PA system is connected through biological corridors which operate under innovative public-private partnership models.	374,300	102,800	SINAC	171,500
			TNC	100,000
			Subtotal	271,500
<b>Output 5.6:</b> Marketing and communication strategy on PA values, vulnerabilities and revenue mechanisms formulated and implemented at the national level.	237,800	94,000	IADB	100,000
			SINAC	44,800
			Subtotal	144,800
<b>Total Cost (M US\$)</b>	<b>25,109,783</b>	<b>4,800,000</b>		<b>20,309,783</b>

[1] The three targeted levels are: (i) Central level; (ii) Regional through emphasis on the 11 Conservation Areas; and (iii) PA site-level.

167. For details on for what kind of activities the above GEF funds and co-financing from each source will be used, please see [Section II. Part 1: Incremental Cost Analysis](#).

## II -10. Cost effectiveness

168. The Project was designed to overcome key barriers to optimum PA management in a cost-effective manner. Barrier removal will lead to positive environmental impacts on key ecosystems throughout Costa Rica. This will be done by enhancing the systemic (policy/regulatory) and institutional mechanisms - along with the human resources - to work more effectively, which will significantly leverage resources and reduce duplication. This, in turn, will reduce cost and waste of financial resources. Support for new



strategic action plans and instruments will help re-align and enhance the PA System based on a new eco-regional approach. Hence, PAs will be demarcated based on sound scientific data and technical criteria, using a holistic analysis of biodiversity in all the ecosystems/habitat types of the country. The project will also improve the ability of the PA System to secure sufficient, stable and long-term financial resources and allocate them in a timely manner. Hence, PAs can be managed more efficiently and cost-effectively through: (i) Adequate legal and policy frameworks created; (ii) a strengthened financial management information and tracking system; (iii) new revenue options; and (iv) new budget reporting procedures.

169. The project pilots are also cost-effective in several ways. The pilot sites were selected using several criteria related to cost-effectiveness, such as co-financing opportunities<sup>42</sup>. Moreover, the sites were selected for their biodiversity significance and under-representation in the existing PA system. Hence, the pilot demonstrations will effectively build capacity, while capturing tangible benefits to biodiversity and thus further increasing the project contribution to capturing global benefits. In addition, collaborative and decentralized management among various stakeholders will be tested as a cost-effective strategy to share responsibilities and costs of PA management, while removing barriers to effective PA management.

170. These barrier removal processes are likely to generate substantial economic and environmental benefits over time. With regard to procurement of project inputs, standard procedures of the GoCR and UNDP will be carefully applied to ensure value for money in all cases, as will strict internal and external audit controls. Cost-effectiveness will be further increased over time as the Project replicates best practices from successful pilot demonstrations across larger geographic and thematic areas. The Project will also use cost-effective measures for promotion and sharing of Lessons Learned beyond Costa Rica to other countries. Hence, GEF will achieve significant national and international impact with limited funds.

## **II - 11. Linkages with the UNDP Country Programme**

171. The Project is fully consistent with the three main strategic lines of action of UNDP Costa Rica's *Country Co-operation Framework* (CCF): (i) Human Development and Poverty Alleviation, (ii) Decentralization and Governance, and (iii) the Environment. While the project will fall within the last category, it will also contribute substantially to the Decentralization and Governance line, as it focuses on developing the systemic and institutional capacity for long-term sustainability of conservation by consolidating Costa Rica's Protected Areas System. The project will also promote decentralization through enhancing SINAC's institutional capacities to better carry out its legally mandated de-concentration process and adapt an eco-regional approach, which will involve integrating the PA System into Costa Rica's overall decentralization planning and development framework. Moreover, it will contribute to UNDP Costa Rica's focus on integration of the private sector in actions that achieve global and local environmental benefits.

## **II -12. Linkages with, Consultation, Coordination between IAs and IAs and ExAs**

172. During the Full-scale Project, SINAC, UNDP, the World Bank, and IADB will carry out a continuous dialogue spearheaded by Costa Rica's GEF Operational Focal Point (OFP) on how to best ensure coordination and synergies between this Project and other identified relevant GEF-funded projects. Close coordination and collaboration will be sought through integrated planning exercises and exchanges of lessons learned from the respective project M&E processes. To initiate this process, a generic coordination plan between project teams will be prepared and agreed upon with SINAC during the

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<sup>42</sup> Criteria for selection were a) Biodiversity significance of the site; b) Value for replication; c) Possibility of successfully implementing the demonstration within the time frame of the project (support of organized local communities and institutions, existence of previous field studies and information); d) Potential to generate tangible and intangible benefits for a range of stakeholders (magnitude and profile of potential beneficiaries); e) Potential for on-site revenue generation, thus ensuring long term impacts of the demonstrations; f) Threat levels that would allow cost-effective interventions; and g) Co-financing opportunities (in cash and in kind) for developing the demonstrations.

planned 3-month Inception Phase of this project. This will include the mutual participation in major project workshops and at least one formal coordination workshop a year to be convened by the GEF OFP. Invitations to the workshop will be extended to all GEF-funded BD-1/BD-2 projects from all GEF IAs. In addition, UNDP will convene quarterly meetings of UNDP/GEF BD-1 projects to exchange information on project progress, be it implementation or design. Another aim will be to provide support on evolving GEF BD guidance and project implementation in a cost-effective and mutually reinforcing manner. Project Coordinators from relevant GEF projects will also be invited to Project Steering Committee sessions to ensure proper project coordination and cross-fertilization.

173. The GoCR will favor an effective coordination between this Project and the following UNDP-GEF-funded initiatives: **(i)** on-going initiatives set forth and the scientific baseline left by the completed regional *Consolidation of the Mesoamerican Biological Corridor Project* will benefit this project, as the biological corridors continue to function as local initiatives in Costa Rica; **(ii)** collaboration with the regional *CAMBio project - Central American Markets for Biodiversity* will concern work in buffer zone management around key protected areas in Costa Rica; **(iii)** especially concerning financial issues, during the project design key elements of the global UNDP-GEF *Financial Sustainability for National Systems of Protected Areas* was incorporated to facilitate lessons sharing and replication of methodologies and mechanisms tested and demonstrated in the project countries; and **(iv)** the national *Cocos Island Project* will be able to provide lessons learned, especially concerning the zoning, planning and tourism aspects. Collaboration will also be established with **(v)** the *National Capacity for Self-Assessment (NCSA)*, especially concerning the Capacity Needs Assessment carried out by the NCSA to avoid duplicating work and ensure optimal project synergies.

174. Concerning other IA/ExAs, collaboration will be sought with: **(i)** The *WB-GEF Ecomarkets II Programme*, which will seek to extend and scale up the benefits of environmental service payments beyond Phase I, through established partnerships between MINAE, FONAFIFO, FUNDECOR, *inter alia*. This collaboration will contribute to important potential synergies between in situ conservation and systemic strengthening of SINAC, and the focus of buffer zone management through targeted environmental service payments. **(ii)** The support of the *WB/IADB-GEF Integrated Ecosystem Management (MIE) programme* for Central America to community-based organizations in critical PA buffer zones is also highly relevant for this said project. Concerning collaboration with the IADB, this project has been carefully formulated in conjunction with **(iii)** a planned SINAC-ICT-IADB *Sustainable Tourism Programme* and a **(iv)** new *IADB Cadastral Programme*. Both initiatives are key co-financing sources for this proposed PA Systems Project. Hence, regular work meetings will be held with their project staff and senior IADB staff to agree on Annual Work Plans and common agendas. Beyond these two loan-based Programmes, collaboration will also concern a planned IADB-GEF project in Costa Rica on expanding and consolidating marine and coastal Protected Areas. Finally, coordination with UNEP will be guaranteed through the Resident Coordinator system of UNDP Costa Rica, through periodic consultations and coordination meetings.

### **PART III: PROJECT MANAGEMENT ARRANGEMENTS**

175. The project will be executed by the National System of Conservation Areas (SINAC), following UNDP guidelines for National Execution (NEX). The Executing Agency will sign the grant agreement with UNDP and will be accountable to UNDP for the disbursement of funds and the achievement of the project goals, according to the approved work plan. The Project will comprise the following management, oversight and coordination structures: **(i)** A Project Steering Committee with strategic decision-making, non-executive powers would tentatively be composed by: (i) the National Project Coordinator; and (ii) representatives from SINAC's Senior Management, CONAC, UNDP's Small Grants Program, INBio, TNC, IUCN, CEDARENA, and the Network of Private Reserves. In addition, the GEF Project coordinators from other GEF-funded partner projects will be invited to participate in sessions to ensure proper project coordination and cross-fertilization. **(ii)** A SINAC Technical Supervision Committee,

which will discuss all key project technical decisions, including the review of TORs proposed by the PMU, the hiring of specialists, the adjudication of contracts and the revision of Annual Work Plans and Annual Budgets. This Committee will be a critical link between the PMU and the rest of SINAC staff, both in central offices and in the field. It will have the responsibility to solve in the first instance coordination problems encountered by the project.

176. (iii) A Project Management Unit (PMU) will be responsible for directing, supervising and coordinating the project implementation. The PMU will be located in the SINAC Government offices. In terms of key Project staff, a nominated senior SINAC staff will become the National Project Director, while a National Project Coordinator (NPC) will be hired by UNDP and will be responsible for the day-to-day Project implementation, leading and managing the PMU. Administrative and professional personnel collaborating as advisors will interact on an ongoing basis with the NPC and the PMU technical and professional teams, according to needs arising during project implementation. An important and common part of the staff ToRs will be to identify measures on how to sustain the capacity development activities and results beyond the Project duration. The initial part of these measures will be integrated into the project work plans. Notably, the intent is that the planned Specialist positions will become fixed Government-funded positions after the end of project. A Strategic Action Plan Task Force will be established to elaborate the Plan. A 3-month Inception Phase will be used to carefully plan the whole project implementation process, culminating in the Inception Workshop. In addition, the necessary communication structures will be established between the main project components and partners to ensure optimal coordination and that key stakeholders are in full agreement with project objectives and hence committed towards the outcomes to be achieved.

## **PART IV: MONITORING AND EVALUATION**

177. Project monitoring and evaluation will be conducted in accordance with established UNDP and GEF procedures and will be provided by the PMU and the UNDP Country Office (UNDP-CO) with support from UNDP-GEF. The logical framework matrix in Section II, Part II provides M&E indicators along with their corresponding means of verification. These will form the basis on which the project's Monitoring and Evaluation system will be built. Details are provided in the Prodoc Section IV: Part XI.

178. Monitoring will include regular feedback to the Project Steering Committee. Annual Project Performance Review (PIR/APR) will be completed yearly followed by an annual Tripartite Review (TPR). Responsibilities for monitoring the specific indicators in the logical framework will be divided between the PMU and SINAC. Emphasis is placed on harmonizing, to the fullest extent possible, the project's M&E activities with routine M&E activities of SINAC. Adaptive management will be an essential ingredient in PA management plans, as well as in the PA and individual performance evaluation systems that will be instituted through the project. This will increase the chance of M&E results feeding into the planning and implementation of actions on the ground. Two independent external evaluations will be undertaken, one at the mid-term to measure progress being made towards the objective and identify strengths and weaknesses so as to reinforce aspects working well and to make any necessary corrections. The final evaluation will assess amongst other issues the achievement of outcomes, sustainability of results and identify lesson learning for other projects. The Management Effectiveness Tracking Tool (METT) will be conducted for the 25 sample PAs at mid-term and at project end. METT baseline values are included as a separate annex to the Prodoc.

## **PART V: LEGAL CONTEXT**

(To be inserted before CEO endorsement)

## SECTION II: STRATEGIC RESULTS FRAMEWORK AND GEF INCREMENT

### PART I: INCREMENTAL COST ANALYSIS

#### Part I.A. Project Background, National and Global Objectives

179. Despite accounting for a mere 0.03% of the world's total terrestrial surface, Costa Rica harbours the equivalent to 4.4% of all globally known biodiversity. Worldwide, Costa Rica ranks among the 20 most biologically diverse countries in terms of total number of species, while it is among the top countries globally in regard to density (no. of species/area). The country also has the largest diversity of known plant and vertebrate species within the Central American region. Still, Costa Rica faces an apparent paradox. On the one hand, it has an extraordinary endowment in biodiversity, and has spared no effort to promote itself as a country which effectively protects a quarter of its territory and as one of the world's foremost eco-tourism destination. On the other hand, the Costa Rica state struggles with the pangs of growth of a national Protected Areas System, which has expanded over the past decades with subsequent requirements in human and financial resources. Moreover, increasingly, the ecological viability of the existing network of public protected areas and private reserves hinges on biophysical processes that go beyond the boundaries of protected areas. Hence, the long-term ecological viability of Costa Rica's Protected Areas System (SINAP) will to a large degree depend on its capacity to improve its current design and geographical configuration.

180. The proposed project will support Costa Rica in overcoming the barriers to consolidating and strengthening its Protected Areas System administered by the National System of Conservation Areas (SINAC). The long-term national **Goal** of the full GEF project is: "*Consolidating the Protected Areas System as a key component of sustainable development in Costa Rica.*" The **Objective** of this project is: "*to overcome the major systemic and institutional barriers to sustainability of the Costa Rican Protected Area System.*" The aim is a System that effectively conserves a representative sample of Costa Rica's biodiversity, advance national goals and captures global benefits in a range of ecosystems. This will be achieved through the below five interrelated Outcomes described in the System Boundary section. On-site pilot interventions will enable ground-proofing of the reformed legal and policy frameworks, testing and development of new tools for enhancing PA management effectiveness - including different PA governance models - while hosting training and awareness raising activities. Given that the long-term sustainability of the PA System will depend on Costa Rica's ability to secure sufficient financial resources to meet the management costs of the PA units, sustainable financing have been addressed as a cross-cutting component.

#### Part I.B. Incremental Cost Assessment

##### System Boundary

181. The project has a national scope, encompassing the national Protected Areas System (SINAP) under the auspices of the National Areas of Conservation (SINAC). SINAC is responsible for the administration of Costa Rica's natural resources, their sustainable management and conservation. In response, the country has been divided into 11 Conservation Areas, which combined cover the entire national territory. Beyond the national scope, the project also focuses on specific thematic areas as defined by each of the project outcomes. Project system boundaries with respect to each of these outcome areas are as follows:

- Outcome 1 will address the major systemic barriers to PA sustainability, by reforming and fine-tuning Costa Rica's legal and policy framework to provide the enabling environment for the

systemic approach to succeed. This Outcome will help define SINAC's strategic planning and will propose a Business Plan for long-term management of Costa Rica's public held PA system.

- Outcome 2 proposes a review of SINAC's structure and function in order to comply with its strategic objectives set forth in Outcome 1. As a result, SINAC's institutional PA System framework will be clarified and its capacity enhanced. The project will also develop institutional and individual capacities through staff training programs geared to increase management effectiveness, private sector engagement and community outreach.
- Outcome 3 centres on the financial barriers, which currently stifle SINAC's effectiveness. Through the project, SINAC will aspire to greater financial sustainability, in order to have the means to effectively run the PA system by providing resources for long-term PA System management needs.
- Outcome 4 proposes a series of on-the-ground interventions through PA-level improvements in demarcation, accessibility and connectivity. It will also develop pilot activities in four different Conservation Areas of SINAC, in order to test innovative PA management approaches.
- Finally, Outcome 5 will build on these systemic, institutional and financial arrangements, and scale up and replicate best practices in PA management, through a system-wide sharing of innovation and the setting of new rules and regulations. These Best Practices will refer to strengthening consultative bodies for improved participation in PA affairs, the support to alternative livelihoods in PA buffer zone management, as well as clear rules for the handing out of concessions and other use permits. It is anticipated that this Outcome will refer back to Outcome 1, as it also addresses systemic changes through the scaling up of new approaches and PA management figures.

## Baseline Scenario

182. Under the baseline scenario, important actions will be taken to address certain aspects of the deficiencies and barriers facing the PA System. Yet, these will be insufficient to face the structural changes required for the strengthening and consolidation of a representative, effective, and sustainable PA System, consistent with Costa Rica's socio-economic context. A brief description of the main baseline activities follows, grouped into five thematic areas cross-referenced against project outcomes. Baseline spending, which is contributing to achieving the five project outcomes is estimated at **US\$15,779,358** for the next five years. Amounts contributed by the main institutions through the different activities described below are presented in Table 6 Incremental Cost Analysis.

183. **Legal, regulatory, conceptual and methodological elements required for the effective management and sustainability of the PAS, enabling the construction of a legal and policy framework.** Existing and planned investments in related baseline activities for the period of 2004-2010 has been estimated to **US\$2,302,198**. Institutional actions have focused on strengthening SINAC's planning. Notably, SINAC is developing its institutional programming in harmony with the National Development Plan 2006 – 2010 to ensure that its annual work plan is coherent with and is part of the national plan. This has been accompanied by monitoring and evaluation of its institutional performance, based on the PAT 2006, to ensure the fulfilment of the goals proposed therein. In this regard, TNC provides crucial assistance to SINAC's internal planning and in the design of a methodological guide for formulating management plans for PWAs under SINAC. On the Cocos Island, The French Global Environmental Fund (FFEM) together with ACMIC have focused on improving management, conservation practices and biodiversity protection at the Conservation Areas level to reduce threats to marine and terrestrial biodiversity on the Island. This will be achieved through consolidating and sustaining the management capacities of the park and ACMIC CA and orienting fishing and tourism activities towards a lasting development model. Finally, AECI has supported activities oriented towards environmental and social development in the Río Saverge basin, where activities for biodiversity conservation, productive systems and management with local participation are implemented.

184. **Inputs for building an institutional framework for SINAC that is oriented towards sustainable PA management in an eco-regional context.** Projects and actions underway for related baseline activities during the period 2004-2010 amounts to approximately US\$1,691,000. SINAC and TNC are jointly strengthening SINAC's administrative structure to further its deconcentration. SINAC is also monitoring PA administrative performance, producing budget execution reports and building and maintaining infrastructure outside of PAs with resources from FPN. TNC, for its part, supports SINAC through its analysis of the deconcentration process of SINAC and by defining priority actions. It is also working with its CAs on the definition of roles and responsibilities and updating staff on legal matters, such as current legal provisions that define legal powers. TNC's contribution has been oriented towards: designing a national strategy for monitoring biodiversity in Costa Rica's PAs and biological corridors to improve the implementation of the country's conservation strategies; managing information on the State's Natural Heritage, by designing a proposal that includes a conceptual framework and information requirements for the implementation of an information management system. It also is making progress in defining roles and responsibilities and updating staff on current legal provisions related to legal powers, jointly with the CAs such as ACA-HN, ACCVC, ACOPAC, ACA-T and ACLA-P.

185. To date, advances made towards a knowledge management system have been either partial or targeted inputs for the PA System, such as specific initiatives that pertain to information on finances, land, ecological monitoring, and important statistics. In response, SINAC, supported by TNC, is currently also working on developing elements of a more holistic knowledge management system. This system will especially manage information on land ownership in all SINAC-administered PAs. The elements so far include an official proposal for a prototype for the current land tenure management of state lands within the State natural patrimony. This system will manage information on land ownership in the entire group of SINAC-administered PAs. AEI, Junta de Galicia and a few municipalities have contributed to this effort. Once this prototype is implemented, SINAC will have an accurate notion of how much land within the PAs have already been paid for and how much the System will be able to budget for those pending.

186. Concerning Ecological Monitoring, at the national level, TNC is advancing a Strategy for National Ecological Monitoring, where an array of experts, field practitioners, technical staff and government representatives participate to draft a document with state-of-the-art on monitoring in PAs and biological corridors. This draft Strategy is currently being revised by the National Committee of Ecological Monitoring. Furthermore, this Strategy seeks to strengthen SINAC's institutional capacity to implement it, for which the preceding specific needs assessment will be carried out in August 2006. This capacity assessment is currently being designed by the Committee. At the site level, TNC has presented the proposed ecological monitoring design to the Bi-national Committee for the International Park of Amistad. For the Conservation Area of Osa, a proposal has already been developed to make the ecological monitoring possible.

187. **Elements aimed at guaranteeing the financial sustainability of SINAC.** Among the barriers identified were a lack of sufficient financial resources and the insufficient means of distributing them in the system, both of which hinder SINAC's financial sustainability. Baseline activities towards addressing these aspects amount to about US\$604,890. TNC has and continue to support SINAC in its preparation of a SINAC financial strategy, during which a CA Funding Plan is formulated, complemented by the identification of new potential income sources for the PA system. TNC has further made advances in the design of financial and accounting mechanisms for the PA System through institutional strengthening of SINAC, accompanied by Fee Studies for 3 PAs as a strategy to boost income collected. SINAC and TNC have also analyzed how to improve current revenues through a series of visits to institutions, a strategy for the reactivation of uncollected revenues and a cost-benefit analysis, as well as an analysis for the generation of new revenues through the sale of goods and services.

188. With its own resources, SINAC has been implementing an Income and Expenditure Control System in PAs, seeking to give the Conservation Areas an automated platform to register, store and control the

different types of revenue that are generated in PAs and sub-regional offices. This will ultimately lead to the availability of reliable, timely financial information. Accompanying this work, TNC is working on establishing a statistical database and methodology to forecast SINAC income; implementing a database and web application of the SINAC Financial Strategy and of the SINAC Purchasing Module; and supporting the collection of financial information and analyses to improve financial information systems for intelligent decision making and revenue projection on a web page format. To enable these advances, the SINAC-TNC partnership is supporting a training program for SINAC staff is being implemented, starting with a Training Plan for administrative and financial subjects in all CAs, accompanied by the development of instruments for the SINAC Budget Plan. In addition it also has advanced in the provision of financial information and analyses and improvements in financial information systems for intelligent decision making with the Budget Plan.

**189. Innovative approaches to achieving the effective management and ecological and financial sustainability of PAs.** A number of organizations have invested in relevant baseline activities amounting to US\$7,107,584. IDB has done its part to strengthen PA infrastructure by financing a Sustainable Tourism initiative with an investment in 2006 for this aspect in particular. This project will continue over the next 5 years with other components oriented towards consolidating sustainable tourism in key PAs.

190. At the Conservation Area (CA) level, the CAs have developed some innovative approaches in PA management and in implementing pilot management experiences jointly with other actors. This is the case of ACT, which has forged alliances and cooperation with municipalities of the Nicoya Peninsula with the aim of offering opportunities for cooperation and technical assistance to achieve common objectives. It has also been able to capture regular contributions from the business and NGO sectors for the operation of its PAs to ensure these have the minimum staffing level required for basic operations of protection, control and visitor services. Steps have also been taken to support the construction of basic operating infrastructure for the PAs within the CA. For those purposes, resources have funded local guide associations, tourism companies, local businesses and from PA visitors. In the case of ACTo, actions have been taken in the development of the project COBODES (forest conservation and sustainable development). The aim is to contribute to the sound use of natural resources with special emphasis on forests and biodiversity and the promotion of sustainable production alternatives through institutional strengthening of the Conservation Area and support for comprehensive production (targeted towards communities and organized groups). This project was co-financed by the European Union.

191. In the OSA-ACOSA CA, TNC has implemented a number of actions. It worked on the design, construction and remodelling of seven operation centres in the CA. Pro Parques has also contributed to this effort with money earmarked for infrastructure. Second, an analysis of institutional capacities and a plan to strengthen the CA were prepared through a consultancy to support the TNC ACOSA Institutional Strengthening Initiative – Diagnostic and Introductory Phase. Additional TNC contributions were the hiring of 53 resource rangers and 14 support staff for the Osa Conservation Area<sup>43</sup>; payment of CA operating costs in regard to repair and remodelling of various operational centres; the acquisition of the license for the CARTA program to undertake biological field monitoring that can prepare scientific reports on populations of key species and ecosystems that have been identified specifically in the CA Plan; and the development of community organizational mechanisms. Also in OSA, CI has contributed to efforts undertaken to redefine the boundaries of the OSA biological corridor based on scientific-biological information, enabling it to fulfil the functions of connectivity and conservation for key objects of conservation. Finally, other baseline activities were funded by Pro-Parques and the French Government.

**192. Successful PA management experiences based on the development of strategic alliances that are replicable in other protected areas of the country.** Total baseline activities are estimated to US\$4,073,686. These initiatives especially emphasize the development of mechanisms for sharing PA

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<sup>43</sup> Specifically the Corcovado and Piedras Blancas National Parks, the Golfo Dulce Forestry Reserve, the Golfito National Wildlife Refuge and offices in Golfito and Puerto Jiménez.

conservation and management responsibilities with other actors and in consolidating biological corridors for conservation. One example is SINAC's initiative to strengthen Regional CA and PA Councils by developing methodologies for multi-stakeholder participation and consolidating biological corridors. At the CA-level, SINAC, assisted by GTZ-Germany, also carried out actions towards the sustainable management of natural resources in this ACOSA, with a view to helping to satisfy the economic and social needs of the local population. This was accomplished by assigning responsibilities to civil society organizations, municipalities and local governments of ACOSA, as well as central government authorities, in the protection and sustainable management of natural resources. SINAC and TNC also jointly undertaken to strengthen management capacities in La Amistad International Park through coordination of the PA with nearby PAs and buffer zones, by building alliances between government institutions (ANAM/ SINAC) and grassroots community organizations.

193. With regard to shared PA management, CEDARENA's project "Participatory Management of Protected Areas in Central America" offered training to stakeholders for social-environmental conflict management on the issue of co-management of protected areas. This project was led by IUCN. CI, jointly with INBio, invested in the implementation of Stage II of the project "Biological Information based on Conservation Objects for the establishment of biological limits in the Osa Biological Corridor." This project seeks to redefine the boundaries of the Osa Biological Corridor (CBO) based on scientific-biological information to ensure the goals of connectivity and conservation are fulfilled for priority conservation objects. Concerning activities in buffer zones, CCAD contributed to the establishment of a program to consolidate a Mesoamerican Biological Corridor, in order to build a system that integrates biodiversity conservation into the framework of sustainable economic and social development priorities. AECI has undertaken activities of biodiversity conservation, productive systems and management with local participation in the Río Savegre river basin.

#### **GEF Alternative to Generate Global Benefits**

194. Despite the considerable contribution of the existing baseline activities, ecosystem conversion of forest and watersheds and habitat fragmentation, will continue to take place in Costa Rica's PAs. This will result in concomitant loss of biodiversity and hence, substantial global benefits. The policy, legal, operational, capacity-related and knowledge barriers described in Prodoc section I-9 will continue to hamper the management effectiveness of the PA System. Existing conservation efforts will clearly be insufficient to appropriately address the above combination of threats, barriers and limited capacities. Deficient knowledge and awareness among key stakeholders together with the identified capacity deficiencies would remain, contributing to resource deficiencies and low biodiversity rankings. A more comprehensive and integrated effort to improve management of the PA System is required to reverse current trends and establish alternatives in a timely manner. An *alternative scenario* would focus on removing key barriers to the sustainable management of Costa Rica's protected area system by strengthening SINAC's systemic, institutional, financial and individual capacities.

195. **Costa Rica's legal and policy framework reformed and enhanced to ensure effective management and long-term financial and ecological sustainability of the PA System.** This Outcome will provide the legal and policy support - along with the strategic vision - for the institutional realignment and strengthening process of SINAC. Total incremental funding will amount to **US\$2,134,667**, of which GEF will contribute **US\$869,200** and co-financers will contribute **US\$1,265,467**. A Strategic Plan for the overall National Conservation Areas System (SINAC) will be developed, supported by TNC. GEF funds will complement this effort by financing a National Policy and a Strategic Action Plan for the national-level Protected Area System within SINAC. The combination of these systemic tools will provide the blueprint for the enhancement and consolidation of Costa Rica's PAs. At the same time, a planned legal review will provide the basis for strengthening of the existing regulatory and legal framework to sustain the PA System. Costs associated with adoption of new legal framework and policies will be covered by the GoCR. In combination with IADB, TNC and French Government funds and



efforts, GEF funds will contribute to the technical assistance required for developing proposals for the legal reforms. To enable the above, a marketing and communications strategy on PA values, vulnerabilities and contributions to development will be supported by IDB, which will focus its analysis on sustainable tourism as an economic and revenue-generating strategy for pilot PAs. SINAC will hire staff, purchase equipment and ensure maintenance.

**196. SINAC's institutional PA System framework and capacity is enhanced for eco-regional planning and optimal management effectiveness.** This outcome will develop institutional capacities to set up, re-align and consolidate appropriate arrangements for conducting the planning and effective management of the PA System and its individual PAs from an eco-regional approach, in line with the Law of Biodiversity. Total incremental funding will amount to **US\$3,863,500**, of which **US\$840,000** correspond to the GEF contribution and the remaining **US\$3,023,500** to co-financing. Combined funds from GEF, TNC and IADB will support the re-structuring of SINAC's institutional structure within its Central offices and within each Conservation Area. Specific attention will be paid to institutional coordination mechanisms so as to maximize administrative efficiency in SINAC and to facilitate better communication and data flow. The combination of these funds will also assist in enhancing appropriate institutional procedures in SINAC, the Conservation Areas and PA site-levels to strengthened human resource management. Staffing tables will be re-aligned with updated functions and competences to enable the staff in these organizations to fulfil their respective roles at different levels. Moreover, GEF resources will support the development of a training program for PA staff at all levels, in the administrative, technical and practical functions necessary for effective PA management. Finally, GEF, TNC, SINAC and IADB will jointly support the development of knowledge management, evaluation and adaptation systems for the PA System and the Project to ensure harmonized approaches to natural, financial and human resource management.

**197. SINAC has the financial sustainability to effectively attain its strategic objectives and provide resources for long-term PA System management needs.** This Outcome centres on the financial barriers, which currently stifle SINAC's effectiveness. Total incremental cost amounts to **US\$1,928,800**. The support requested from GEF (**US\$812,000**) and co-financing contributions from SINAC, TNC, IADB (**US\$1,116,800**) will jointly support the establishment of appropriate legal, policy, and institutional frameworks to enable SINAC's PA financing system to develop. The focus will be on improving the ability of the PA System to secure sufficient, stable and long-term financial resources and manage and allocate them in a timely manner, so that the individual PA units are managed effectively and cost efficiently. This partnership will jointly develop a system-wide Financing Strategy, while TNC will support SINAC in its development of a related Finance Business Plan. To address the PA System's existing funding gap, these four funding partners will support measures to increase the revenue capture of SINAC. Measures will focus on the PAs' generation of environmental services and PES measures. Others will be an optimization of the PA System's fee structure and improvement of SINAC's collection of tax revenues. To capitalize on tourism as a source of revenue, all the measures will fully integrate the sustainable tourism aspects of the SINAC-ICT-IADB partner programme. The goal is to develop a steady, reliable, sufficient flow of annual resources from a diverse base of local recurrent income, trust fund yields and national budget contributions.

**198.** GEF resources further will support specific training on financial management to SINAC staff. They will also cover the cost of hiring consultants to prepare a Procedures Manual on the revised financial management system and to strengthen the online system. For its part, IDB will develop an in-service training plan and a training plan for central office staff (oriented basically towards sustainable tourism). With the resources from these two entities the Training Plan in Conservation Areas will be implemented. Moreover, all partners will jointly support the strengthening of financial management information and tracking systems and revision and implementation of budget reporting procedures to measure performance against indicators.

199. **SINAC tests new and innovative conservation approaches at the Conservation Area and PA levels.** A total incremental funding of **US\$15,301,916** will fund a series of on-the-ground interventions through PA-level improvements in demarcation, accessibility and connectivity. It will also develop pilot activities in four different Conservation Areas of SINAC, in order to test innovative PA management approaches. Of this amount, GEF will contribute **US\$1,418,000**, while co-financing partners (SINAC, TNC, the French Government, IDB, and the private sector) will jointly contribute **US\$13,883,916**. GEF, SINAC, TNC and IDB will jointly finance that a key sampling of PAs will be defined, demarcated and the farms situated within them registered as Natural Heritage of the State. Then SINAC, TNC, the French Government, IDB and Aso Parques, will arrange resources to strengthen accessibility and infrastructure in 10 of the most visited PAs of the System through the consolidation or building of access and service infrastructure in the PAs. In the Central Volcanic Range CAs (ACCVC) and Tempisque CA (ACT), GEF will assist SINAC and the respective CAs in a joint initiative aimed at implementing new cooperation models between SINAC and local communities. Moreover, funds will cover the strengthening of SINAC's regional administration capacities through a new model of adaptive management and innovative funding mechanisms in ACT, in partnership with local businesses and municipalities. This project will receive contributions of staff and logistics, mainly.

200. In the Tortuguero Conservation Area (ACTo) new PA management and land use planning approaches will be developed with municipal governments and community organizations. These shall be compatible with eco-regional conservation objectives. In this effort, GEF will support SINAC in carrying out workshops for familiarization and training and for strengthening grassroots organizations in topics of sustainable management and conservation, and environmental services. Lastly, in the Osa Peninsula and the Osa Conservation Area (ACOSA), through a strategic alliance with TNC's Osa Program work will continue on the development of innovative approaches to eco-regional planning, led by SINAC and with the solid contribution of TNC in the development of ACOSA PA management plans; in the design, construction and remodeling of seven operation centres in this CA; the purchase of land in Piedras Blancas National Park; analysis of CA institutional strengthening; and hiring of staff. The GEF funds will support the development of workshops, hiring of staff and training of different actors involved, contribution of staff for territorial planning and the publication of instructive and technical documents.

201. **Successful PA System management models are scaled-up and replicated at the systemic level through strategic partnerships with key stakeholders.** A total incremental cost of **US\$1,879,900** will be applied towards building these systemic, institutional and financial arrangements, and scale up and replicate best practices in PA management, through a system-wide sharing of innovation and the setting of new rules and regulations. These Best Practices will refer to strengthening consultative bodies for improved participation in PA affairs, the support to alternative livelihoods in PA buffer zone management, as well as clear rules for the handing out of concessions and other use permits. It is anticipated that this Outcome will refer back to Outcome 1, as it also addresses systemic changes through the scaling up of new approaches and PA management figures. To achieve these goals, SINAC, together with TNC and IDB, will contribute co-financing funds amounting to **US\$1,020,100**, for the hiring of staff, consultancies and experts on related aspects and for the development of technical content and reports. With the requested **US\$860,800**, GEF funds will enable the hiring of experts and consultants, the implementation of workshops and training sessions, publications and dissemination, as well as the exchange of experiences.

## **Summary of Incremental Costs and Benefits**

202. The incremental cost matrix included below summarizes the local and global benefits associated with the five proposed outcomes of the project. The baseline cost, oriented specifically towards generating domestic benefits, amounts to **US\$15,779,358**. The cost of incremental activities required to contribute to global benefits is estimated at **US\$25,109,783**, of which GEF will finance **US\$4,800,000** and the different co-financers will contribute **US\$20,309,783**. The latter group has indicated its

commitment in the form of written letters duly signed by the appropriate legal representatives. The co-financing does not include elements that are essential as baseline for reaching the proposed outcomes. The project preparation (PDF B) amounted to **US\$567,500** of which GEF financed **US\$335,000**.

203. The alternative has a total cost of **US\$41,243,141**, of which GEF resources (excluding the PDF B) represent 11,6%.

**TABLE 6. - INCREMENTAL BENEFITS MATRIX**

Benefits	Baseline (B)	Increment/Alternative (A)
<b>Domestic Benefits</b>	<p>Currently available resources and contributions from diverse entities for the PA System guarantee conservation of important ecosystems that ensure CR is of interest for sustainable tourism. However, tourism is not an option for all PAs, since most visitors are concentrated among only a few.</p> <p>The country has a very complex normative and legal framework that hinders the proper operation of PA System and limits its governance.</p> <p>There is no clear definition of the roles and responsibilities of SINAC, the private sector and local communities in regard to biodiversity conservation. This limits the effectiveness of PA System management and hinders the fulfillment of its conservation goals.</p> <p>SINAC's old institutional, structural and administrative definitions remain, which makes the system inefficient and limit the introduction of effective administrative models for PAs.</p> <p>Current PA management categories continue to focus on conservation without offering options for the sustainable use and management of natural resources in buffer zones, an aspect that limits collaborative management and the equitable distribution of the benefits derived from conservation.</p> <p>The PA System does not have sufficient resources, and those that do exist are not distributed efficiently and in a timely manner among PAs, in accordance with their requirements and realities.</p> <p>The current SINAC structure limits development of multi-stakeholder PA management and administration models.</p>	<p>The development of systems for managing knowledge, evaluation and adaptation to build capacities for financial, ecological and sustainable tourism management of the PA system will contribute to better PA management, which in turn will produce a better sustainable tourism offer and capture greater resources.</p> <p>The development of a normative, legal and policy framework for the PA System will advance its consolidation, based on an eco-regional focus and using the revised management categories.</p> <p>The development of mechanisms for sharing benefits and responsibilities among local communities, municipal governments, PAs and universities will help to more clearly define roles and responsibilities in regard to conservation.</p> <p>With the consolidation of the Strategic Plan, the Master Plan (<i>Plan Director</i>) and the Business Plan, SINAC will advance the efficiency of its administration and will incorporate successful models of PA administration.</p> <p>Current management categories have been revised in accordance with IUCN categories, under which there are some that offer the potential for combining conservation with sustainable development.</p> <p>Instruments that ensure SINAC's financial sustainability are being developed, and will enable the generation of financial resources for the PA system in the long term.</p> <p>The development of successful models in the pilot PAs for the establishment of strategic alliances with other actors will enable the coordination of different stakeholders in conservation and sustainable development.</p>
<b>Global Benefits</b>	<p>Existing PAs are not representative and do not operate optimally but continue to be pressured by inhabitants of buffer zones, which undermines the SNAP sustainability and threatens biodiversity.</p> <p>The PA System's low ecosystemic representativeness makes it unsustainable; its current composition does not represent all of the country's ecosystems and biodiversity, which undermines conservation of globally significant biodiversity.</p> <p>Legal gaps and low institutional capacity undermine PA effectiveness as instruments of conservation and limit the attainment of its own sustainability.</p> <p>The weak operation of the PA system and the low level of coordination and integrated management among different environmental authorities undermine efforts to conserve globally significant biodiversity.</p>	<p>With a reinforced policy framework, including new management categories that enable the integration of private landowners in buffer zones, more land will be put under conservation. This will broaden the representativeness of the System and the sustainable management of those lands that are not earmarked for conservation by their owners.</p> <p>The development of successful PA management models and their replication in different areas of the System will enable the establishment of strategic alliances. These partnerships will in turn allow for the configuration of new areas in the biological corridors, thus guaranteeing greater representativeness of ecosystems and globally significant biodiversity.</p>

Benefits	Baseline (B)	Increment/Alternative (A)
	<p>The communities in the areas surrounding PAs continue to use natural resources in ways that pressure natural ecosystems. There is little knowledge of the role PAs play as providers of better opportunities and living conditions, which perpetuates conflicts between local inhabitants and PAs.</p> <p>The importance of PAs for national economic development is not recognized by all of the country's inhabitants.</p>	

Cost	Baseline (B)	Alternative (A)	Increment (A-B)
<b>OUTCOME 1:</b> Costa Rica's legal and policy framework is reformed and enhanced to ensure effective management and long-term financial and ecological sustainability of the PA System.	<b>Baseline:</b> 2,302,198	<b>a) Baseline:</b> 2,302,198	<b>GEF:</b> 869,200
	SINAC 577,500	<b>b) GEF:</b> 869,200	<b>Co-financing:</b> 1,265,467
	TNC 320,362	<b>c) Total Co-financing:</b> 1,265,467	<b>Total:</b> 2,134,667
	French Govt 654,336	SINAC 295,120	
	Spanish Govt (AECI) 750,000	Spanish Govt (AECI) 133,323	
		TNC 200,800	
		French Govt (FEEM) 436,224	
		IADB 200,000	
		<b>d) Total Alternative:</b> 4,436,865	
<b>OUTCOME 2:</b> SINAC's institutional PA System framework and capacity is enhanced for eco-regional planning and optimal management effectiveness.	<b>Baseline:</b> 1,691,000	<b>a) Baseline:</b> 1,691,000	<b>GEF:</b> 840,000
	SINAC 833,200	<b>b) GEF:</b> 840,000	<b>Co-financing:</b> 3,023,500
	Municipal funds 89,800	<b>c) Co-financing:</b> 3,023,500	<b>Total:</b> 3,863,500
	TNC 18,000	SINAC 2,257,500	
	Spanish Govt (AECI) 750,000	TNC 665,000	
		IADB 101,000	
		<b>d) Total Alternative:</b> 5,554,500	
<b>OUTCOME 3:</b> SINAC has the financial sustainability to effectively attain its strategic objectives and provide resources for long-term PA System management needs.	<b>Baseline:</b> 604,890	<b>a) Baseline:</b> 604,890	<b>GEF:</b> 812,000
	SINAC 456,120	<b>b) GEF:</b> 812,000	<b>Co-financing:</b> 1,116,800
	TNC 148,770	<b>c) Co-financing:</b> 1,116,800	<b>Total:</b> 1,928,800
		SINAC 513,800	
		TNC 160,000	
		IADB 443,000	
		<b>d) Total Alternative:</b> 2,533,690	
<b>OUTCOME 4:</b> SINAC tests new and	<b>Baseline:</b> 7,107,584	<b>a) Baseline:</b> 7,107,584	<b>GEF:</b> 1,418,000

Cost	Baseline (B)		Alternative (A)		Increment (A-B)	
innovative conservation approaches at the Conservation Area and PA levels.	Private Sector	416,000	<b>b) GEF:</b> 1,418,000		<b>Co-financing</b>	<b>13,883,916</b>
	CI	150,000	<b>c) Co-financing:</b> 13,883,916		<b>Total:</b>	<b>15,301,916</b>
	TNC	400,000	SINAC	568,960		
	Pro-Parques	46,000	TNC	636,000		
	IADB	300,000	French Govt (FEEM)	109,056		
	French Govt	163,584	IADB	12,284,900		
	European Union	5,632,000	Pro-Parques (private sector)	92,000		
			Smaller private sector contributions	193,000		
			<b>d) Total Alternative:</b> 22,409,500			
<b>OUTCOME 5:</b> Successful PA System management models are scaled-up and replicated at the systemic level through strategic partnerships with key stakeholders.	<b>Baseline:</b>	<b>4,073,686</b>	<b>a) Baseline:</b> 4,073,686		<b>GEF:</b>	<b>860,800</b>
	SINAC	405,825	<b>b) GEF:</b> 860,800		<b>Co-financing:</b>	<b>1,020,100</b>
	CI	960,000	<b>c) Co-financing:</b> 1,020,100		<b>Total:</b>	<b>1,880,900</b>
	IUCN	140,000	SINAC	590,100		
	GTZ	67,861	TNC	205,000		
	CCAD	1,000,000	IADB	225,000		
	Spanish Govt (AECI)	1,500,000				
			<b>d) Total Alternative:</b> 5,954,586			
<b>TOTAL COSTS:</b>	<b>Total Baseline:</b>	<b>15,779,358</b>	<b>Total Baseline:</b> 15,779,358		<b>Total GEF:</b>	<b>4,800,000</b>
	SINAC	2,272,645	<b>Total GEF:</b> 4,800,000		<b>Total Co-financing:</b>	<b>20,309,783</b>
	TNC	887,132	<b>Total Co-financing:</b> 20,309,783		<b>Total Increment:</b>	<b>25,109,783</b>
	French Govt	817,920	<b>Total Alternative:</b> 40,889,141			
	Spanish Govt	3,000,000				
	Municipal funds	89,800				
	Private Sector	416,000				
	CI	1,110,000				
	Pro-Parques	46,000				
	IADB	300,000				
	European Union	5,632,000				
	IUCN	140,000				

Cost	Baseline (B)	Alternative (A)		Increment (A-B)
	GTZ 67,861			
	CCAD 1,000,000			

## PART II: PROJECT LOGICAL FRAMEWORK

Project Strategy	Objectively verifiable indicators						
Goal	Consolidating the National Protected Areas System (NPAS) as a key component of sustainable development in Costa Rica.						
Project Purpose	Indicator	Baseline	Target		Sources of verification	Risks and Assumptions	
<b>Purpose (Objective):</b>  To overcome the major systemic and institutional barriers to sustainability of the Costa Rican Protected Area System.	1. Area (in ha) in protected areas that is legally incorporated into the SINAC PA System.	Several terrestrial and aquatic ecosystems in Costa Rica are currently under-represented in existing PAs. These include:  - Under-representation of semideciduous lowland forests and dry tropical forest  - Under-representation of coastal and marine ecosystems.  Final report from GRUAS II available after October 2006 defining conservation priorities of Costa Rica as a basis for a national policy and a strategic plan for PAs.	• At least the following hectares will be (a) legally incorporated in the PA System at the End of Project; and (b) included in the <u>long-term</u> PA Systems Action Plan (15 years) with specific strategies for implementation:		New PA System Strategic Action Plan to be formulated; Gap analysis reports, Project Midterm and Final Evaluations.	• Other relevant BD1 and BD2 GEF Projects within Costa Rica RAF are implemented successfully.  • The new Government authorities support the de-concentration process of SINAC.  • Key stakeholders effectively increase their capacities and employ these for improved management of the PA System.  • SINAC, with the help of CCT, continues to monitor the management effectiveness of the PAS through a periodic application of the METT.  • The IADB Sustainable Tourism and Cadastre Programmes and related loans are	
			Hectares per ecosystem	EoP*			15-Year Plan
			Total ha for PA System	1,840,448			Tbd*
			Marine and coastal	500,869			Tbd*
			• Target percentages for the marine and coastal ecosystems will be determined in the FSP as part of the long-term PA System Strategic Action Plan.  *Target amount of ha will be determined during the Inception Phase.				



	2. Level of SINAC's operational and management effectiveness.	The METT baseline for the 25 sample PAs were: <ul style="list-style-type: none"> <li>- 8 High</li> <li>- 8 Medium</li> <li>- 9 Low</li> </ul>	<ul style="list-style-type: none"> <li>• <i>By end of Project:</i> METT scores for the 25 sample PAs will have moved to a higher METT category as follows<sup>44</sup>: <ul style="list-style-type: none"> <li>- 10 High</li> <li>- 10 Medium</li> <li>- 5 Low</li> </ul> </li> </ul>	BD-1 Tracking Tools based on periodic application of the Management Efficiency Tracking Tool (METT) as per Project Work Plan.	
	3. Adoption of instruments which enable the incorporation of the eco-regional approach into the planning of the PA system, particularly through the existing legal framework provided by the Framework Law on the Environment, the Law on Biodiversity, the National Parks Law and the Forestry Law.	<ul style="list-style-type: none"> <li>• National and Regional Councils for Conservation Areas, Network of Biological Corridors, Inter-disciplinary Commission on the Exclusive Economic Zone of Costa Rica, are already-established mechanisms, which can help to operationalize cross-cutting environmental policies into other sectors.</li> </ul>	<ul style="list-style-type: none"> <li>• Eco-regional management plans are defined by Year 2;</li> <li>• They are incorporated into other planning processes by Year 3.</li> </ul>	<ul style="list-style-type: none"> <li>• Internal SINAC policy approved and implemented.</li> </ul>	
<b>OUTCOME 1:</b> Costa Rica's legal and policy framework is reformed and enhanced to ensure effective management and long-term financial and ecological sustainability of the PA System.	1. Degree of adoption of a National PA System Policy, which 1) defines the PA System; 2) is based on the GRUAS II-promoted eco-regional approach; 3) defines a new sub-system for marine and coastal areas; and 4) defines how to integrate ecosystem functions into Costa Rica's territorial planning.	<p>Currently, there is no official definition of the PA System;</p> <p>There is no national PA System Policy;</p> <p>There is only an incipient eco-regional approach;</p> <p>There is no sub-system for marine and coastal areas;</p> <p>Ecosystem functions are not integrated into Costa Rica's territorial planning.</p>	<ul style="list-style-type: none"> <li>• A National PA System Policy has been prepared by Year 2;</li> <li>• Approved by Year 3;</li> <li>• In force by Year 4.</li> </ul>	Official gazette and territorial planning documents.	<ul style="list-style-type: none"> <li>• Sustained window of opportunity and political support to incorporate eco-regional approach into land use and regional planning.</li> <li>• Recognition of MINAE as promoter and driver of regional territorial planning.</li> <li>• Recognition by different sectors of the</li> </ul>

<sup>44</sup> By Project end (EOP) a net increase by ---% in the Management Effectiveness of the 25 PA selected, on the basis of the results of the METT during the PDF B preparatory phase, the distribution of points on management effectiveness between:

- 55-96 HIGH
- 45-54 MEDIUM
- Less than 45 LOW

(See Annex X Table X)

	2. Degree of adoption of priority sites for re-classification and demarcation to achieve 10% coverage of each ecosystem/vegetation type to ensure conservation of globally significant ecosystem biodiversity.	Of the 52 major ecosystem/vegetation types only 12 are adequately (20%) covered by PAs in the PA System.	<ul style="list-style-type: none"> <li>• Re-classification of priorities and concrete proposal based on GRUAS II identified by Year 1;</li> <li>• Integrated into SINAC Strategic Plan by Year 1;</li> <li>• Integrated into PA System Action Plan by Year 2.</li> </ul>	Official Government records, Project Mid-term Reviews and Final Evaluation.	<p>value of marine and coastal resources in the development of the country through their conservation and sustainable use.</p> <ul style="list-style-type: none"> <li>• Leadership in SINAC to obtain support in Legislative Assembly and Executive.</li> </ul>
	3. Degree of preparation and implementation of project-supported SINAC Strategic Planning Tools (SINAC Strategic Plan and related PA System Action Plan).	<p>The SINAC Strategic Plan is being prepared based on an old version from 2000;</p> <p>There is no PA System Strategic Action Plan.</p>	<ul style="list-style-type: none"> <li>• SINAC Strategic Plan endorsed and operational by Year 2;</li> <li>• <u>Preliminary Short-term</u> PA System Action Plan (will cover initial period of 5 years) formulated by Year 2;</li> <li>• <u>Long-term</u> PA System Action Plan (15 years) prepared, which include (i) lessons and experience from pilot demonstrations (Outcome 4) and (ii) new regulatory frameworks and policies (Outputs 1.1 and 3.3) by Year 4;</li> <li>• Long-term Action Plan operational by Year 5.</li> </ul>	Official Government records, Project Mid-term Reviews and Final Evaluation.	
<b>OUTCOME 2:</b> SINAC's institutional PA System framework and capacity is enhanced for eco-regional planning and optimal management effectiveness.	1. Degree of institutional re-profiling process of SINAC personnel at central and regional levels as per new SINAC Strategic Plan and PA System Action Plan.	<p>The Strategic Plan is not finalized and a PA System Action Plan does not exist;</p> <p>Existing SINAC staffing profiles are generally vague, lacking clear ToRs and do not respond to legally mandated de-concentration.</p>	<ul style="list-style-type: none"> <li>• By Year 3, roles and functions of SINAC personnel at central and regional levels have been re-defined/re-aligned as per new SINAC Strategic Plan and preliminary Short-term PA System Action Plan.</li> </ul>	SINAC official records, Project Progress Reports, Mid-term Reviews and Final Evaluation.	<ul style="list-style-type: none"> <li>• Key partners from civil society and private sector show continued interest in in situ conservation and sustainable use of biodiversity.</li> <li>• IADB tourism and</li> </ul>

	2. Degree of implementation of an Integrated Knowledge Management System (KMS) and its level of integration of financial, ecological and sustainable tourism data.	The SINAC Financial Strategy is being formulated;  There is no integrated Knowledge Management System in SINAC.	<ul style="list-style-type: none"> <li>• A KMS established by Year 2;</li> <li>• By Year 5, the KMS responds to the priorities and the needs of the PA System based on the new eco-regional approach and provides the needed data for the Annual Operational Plans, budget formulation and management.</li> </ul>	SINAC financial records, Project Mid-term and Final Evaluation.	<p>cadastre partner projects have been approved and votes in Legislative Assembly</p> <ul style="list-style-type: none"> <li>• Internal communications strategy successfully addresses resistance to change within SINAC</li> </ul>
<b>OUTCOME 3: SINAC</b> has the financial sustainability to effectively attain its strategic objectives and provide resources for long-term PA System management needs.	1. An Optimum Visitors Fee Policy, introducing a sliding scale for park entry fees with differentiated rates for nationals and foreign visitors.	There is currently no Visitors Fee Policy.	<ul style="list-style-type: none"> <li>• By Year 1, the new Policy is drafted;</li> <li>• By Year 2 it is approved and implemented.</li> </ul>	Official documents of Comptroller General's Office.	<ul style="list-style-type: none"> <li>• Structural changes in the budget of SINAC have been authorized by the Ministry of Finance and are supported by a formal agreement with MINAE to strengthen the financial and fiscal autonomy of SINAC.</li> </ul>
	2. Percentage increase of the UNDP-GEF Financial Scorecard (see below).	<p>In 2006, the SINAC revenue was US\$ 21.09 million from regular budget sources, leaving a funding gap of US\$ 14.84 million;</p> <p>The Executive Decree on the Water Use Fee creates a new source of revenues for SINAC. In 2006, however, SINAC will not yet receive any funds from the new Water Tax (<i>Canon de Agua</i>).</p> <p>Income from total visitation reported in 2005 reached US\$ 5 million and the average annual growth rate for the past 10 years is 11%.</p> <p>SINAC's incipient Financial Information Management System does not allow for sufficient financial coordination and tracking between central, CAs and PA levels.</p>	<ul style="list-style-type: none"> <li>• By Year 1, tangible % project-specific targets for Year 3 and 5 have been included in the Scorecard; <i>By End of Project</i>, (Year 5):</li> <li>• SINAC staffing composition has changed to reflect the re-profiling process.</li> <li>• The Financial Scorecard will show a 50% improvement.</li> <li>• SINAC will receive 0.91 million/year in new revenue from the Water Tax and at least US\$ 6.9 million in visitors fees (See Base Scenario in Financial Sustainability Annex, <u>Section IV: Part VIII</u>).</li> <li>• <i>By End of Project</i>, under-spending is reduced by 50% to avoid a continuous decrease in SINAC's future annual budget.</li> </ul>	<p>The Project-supported Capacity Assessment; Official documents of Comptroller General's Office; SINAC official financial records; UNDP-GEF Financial Scorecard ratings carried out as part of Project Mid-term and Final Evaluations.</p> <p>Annual Report of the National Park Foundation and Annual Operational Plans (POA) of the priority PAs.</p>	<ul style="list-style-type: none"> <li>• The re-structuring of MINAE under the current administration is consistent and compatible with a greater degree of financial autonomy by SINAC.</li> </ul>

<b>OUTCOME 4: SINAC</b> tests new and innovative conservation approaches at the Conservation Area and PA levels.	1. Amount of unresolved land tenure conflicts within PA System.	A high number of unresolved land tenure conflicts within PA System, primarily related to the lack of legal land titling of some PAs.	<ul style="list-style-type: none"> <li>8 SINAC PAs legally registered and demarcated by Year 3; this process replicated to at least 12 other PAs by Year 5.</li> <li>By End of Project, all unresolved land tenure conflicts resolved in at least 8 of the 12 demarcated PAs.</li> </ul>	<ul style="list-style-type: none"> <li>Legal PA land titling documents;</li> <li>IADB Cadastral and FSP Project progress reports.</li> </ul>	<ul style="list-style-type: none"> <li>There is an enabling environment for reforming the legal framework in order to permit collaborative management of PA, through alliances and consortium organized around the long-term management of PA.</li> </ul>
	2. Level of service provision to tourists, condition of the infrastructure within and accessibility of the 10 most visited PAs within the PA System.	Poor and insufficient infrastructure within and poor accessibility to 10 most visited PAs in PA System.  Today, investment in infrastructure and improvement of facilities in PA accounts for 14% of SINAC's annual budget.	<ul style="list-style-type: none"> <li>At least XX* Works in tourism infrastructure and facilities have been improved or developed in at least 6 PA by Year 3;</li> <li>At least XX* Works in tourism infrastructure and facilities have been improved or developed in at least 10 PA by End of Project.</li> </ul> (*No.s to be jointly defined with co-funding IADB Tourism Programme during Inception Phase)	Project M&E System;  Project Mid-term and Final Report.	<ul style="list-style-type: none"> <li>New alliances and partnerships between SINAC and local stakeholders involved in PA management. SINAC staff work in close collaboration with networks of private reserves, NGOs, Municipalities, indigenous communities and community based organizations to improve their capacities and</li> </ul>

	<p>3. The number of public-private Concession agreements for provision of non-essential services developed and functioning within the pilot PAs and buffer zones in priority areas for biodiversity conservation.</p>	<p>Sporadic, non-systematized pilot experiences of joint work with local stakeholders for the operation of Non-essential Services and PA management.</p> <p>Most of the PAs within the Tempisque Conservation Area are privately owned.</p> <p>The Pacific Coast of the Nicoya Peninsula is one of Costa Rica's fastest-growing tourism destinations.</p> <p>Hence, there is a significant, yet unexplored potential for fostering public-private partnerships for provision of non-essential services in PAs between local municipalities, private landowners and private sector.</p>	<ul style="list-style-type: none"> <li>• 3 of public-private Concession Agreements organized for the provision of non-essential services to PAs have been created in the Tempisque Conservation Area by Year 3;</li> <li>• Approach replicated through at least 6 new Agreements in other PAs within the Conservation Area by Year 5.</li> </ul>	<p>SINACs operational records, Operational Reports for the PAs;</p> <p>Financial plans and Project reports</p>	<p>management effectiveness.</p>
	<p>4. No. of Co-management Arrangements operating effectively and level of capacity of PA staff in Pilot Sites to involve and work together with local stakeholders, such as local entrepreneurs, municipalities and indigenous organizations.</p>	<p>There is no official co-management arrangements between SINAC and local stakeholders for matters such as joint patrolling;</p> <p>There is limited capacity within SINAC to collaborate with municipalities and local stakeholders, and especially with indigenous communities.</p>	<ul style="list-style-type: none"> <li>• Up to 10 Collaborative Management agreements of PA have been passed with municipalities, NGOs and indigenous communities in pilot areas by Year 3.</li> <li>• A legal framework for Collaborative management of PA has been designed and approved by End of Project.</li> </ul>	<p>Proceedings of the Network of Private Reserves, mid-term evaluations and Project reports by Year 2 and Year 4, Final Project Evaluation.</p>	

<b>OUTCOME 5:</b> Successful PA System management models are scaled-up and replicated at the systemic level through partnerships with key stakeholders.	1. Level of multi-stakeholder consultation and coordination carried out through PA System bodies in all 11 Conservation Areas (CAs).	Legal mechanism established and 9 Regional Councils officially formed, but inactive;  There are no Local Councils established yet.	<ul style="list-style-type: none"> <li>• 11 Regional Councils (1 per CA) re-activated/established, realigned and operational by Year 3;</li> <li>• At least 1 pilot Local PA Council within each Conservation Area formed and operational by Year 3 (11 total);</li> <li>• Local PA Council approach and process replicated at least twice within each Conservation Area (i.e. 22 more) by Year 5.</li> </ul>	Decrees and SINAC administrative resolutions	<ul style="list-style-type: none"> <li>• Acceptance and support of political authorities for collaborative PA management relationships.</li> <li>• Collaborative PA management relationships between PAS and social stakeholders are established and maintained.</li> <li>• Willingness of social actors and institutions to participate in and share PA management responsibilities.</li> </ul>
	2. Development of a model for public-private Concession agreements for provision of non-essential services and degree of its up-scaling throughout the whole PA System in priority areas for biodiversity conservation.	Sporadic, non-systematized pilot experiences of joint work with local stakeholders for the operation of Non-essential Services and PA management;  Based on Pilot Demonstrations in Outcome 4, there is a strong potential for creating a useful model for public-private Concession Agreements to be promoted throughout the whole PA System.	<ul style="list-style-type: none"> <li>• By Year 3, a Model generated based on the initial 3 Pilot Demonstrations of public-private Concession Agreements organized for the provision of non-essential services to PAs in the Tempisque Conservation Area (OUTCOME 4);</li> <li>• The Model replicated through at least 15 new Agreements in PAs in other Conservation Areas by Year 5;</li> <li>• The model is fully incorporated into official SINAC policies by End of Project.</li> </ul>	SINACs operational records, Operational Reports for the PAs; Project Mid-term and Final Evaluations.	

	<p>3. Development of a model for public-private partnerships established between municipalities and eco-tourism operators for building and maintaining biological corridors and degree to which it is up-scaled throughout the whole PA System in priority areas for biodiversity conservation.</p>	<p>GRUAS II stresses the importance of incorporating key biological corridors into the new eco-regional vision for the PA System;</p> <p>Biological corridors are already a part of SINAC in the Conservation Areas. Yet, much more work is needed for the recommendations of GRUAS II to be adequately implemented;</p> <p>Municipalities are not involved in the preparation of local Land Use Plans, which could provide a foundation for linking eco-tourism and conservation goals;</p> <p>The Araucaria XXI Programme of the Spanish Cooperation will assist initiatives in the Río Frío watershed.</p>	<ul style="list-style-type: none"> <li>• By Year 3, at least 4 public-private partnerships (municipalities-Eco-tourism operators) within Pilot Conservation Area to coordinate and integrate resource assignments to local biological corridor initiatives according to conservation priorities established by GRUAS II signed;</li> <li>• By Year 4, a Model has been created based on the initial Pilot Demonstrations and each new partnership has formulated a new local Land Use Plan for designated biological corridor;</li> <li>• By Year 5, these partnerships and Land Use Plans have been replicated elsewhere through at least 4 additional agreements.</li> </ul>	<p>Signed public-private agreements and new local Land Use Plans.</p>	
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## **Table 7. - UNDP-GEF Financial Sustainability Indicator 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 challenge of accurately defining PA financing needs (at sites 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 <sup>45</sup> (US\$) <sup>46</sup>	Year X <sup>47</sup> (US\$) <sup>48</sup>	Year X+5 (forecasting) (US\$) <sup>49</sup>	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				

<sup>45</sup> Insert year

<sup>46</sup> Insert in footnote the local currency and exchange rate to US\$ and date of rate

<sup>47</sup> Insert year

<sup>48</sup> Insert in footnote the local currency and exchange rate to US\$ and date of rate

<sup>49</sup> Insert in footnote the local currency and exchange rate to US\$ and date of rate

- state/municipal protected areas				
- others				
(iii) Total annual revenue generation from PAs, broken down by source				
a. Tourism (fees, concessions and taxes)				
b. Payments for ecosystem services (PES)				
(iv) Net annual surplus/deficit <sup>50</sup>				
(iv) Percentage of PA generated revenues retained in the PA system for re-investment <sup>51</sup>				% 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				

<sup>50</sup> This will be more relevant to parastatals and PA agencies with autonomous budgets

<sup>51</sup> This includes funds to be shared by PAs with local stakeholders

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

<b>Component 1 – Legal, regulatory and institutional frameworks</b>				<b>COMMENT</b>
<i>Element 1 – Legal, policy and regulatory support for revenue generation by PAs</i>	<b>None (0)</b>	<b>Some (1)</b>	<b>Fully (3)</b>	
(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 - Legal, policy and regulatory support for revenue sharing within the PA system</i>	<b>No (0)</b>	<b>Yes, but suboptimal (1)</b>	<b>Yes, optimally (3)</b>	
(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 - Legal and regulatory conditions for establishing endowment or trust funds<sup>52</sup></i>				
	<b>No (0)</b>	<b>Yes (3)</b>		
(i) A Trust Fund have been created to finance the PA system				
	<b>None (0)</b>	<b>Some (1)</b>	<b>Fully (3)</b>	
(ii) Trust Funds have been created to finance specific PAs				
	<b>No (0)</b>	<b>Partially (1)</b>	<b>Fully (3)</b>	
(iii) Trust Funds are integrated into the national PA financing systems				
<i>Element 4 - Legal, policy and regulatory support for alternative institutional arrangements for PA management</i>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Full (3)</b>	
(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				
<i>Element 5 - National PA financing strategies</i>	<b>Not begun (0)</b>	<b>In progress (1)</b>	<b>Completed (3)</b>	

<sup>52</sup> Where a PA system does not require a Trust Fund due to robust financing within government award full 9 points

(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				
<b>Element 6 - Economic valuation of protected area systems</b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Full (3)</b>	
(i) Economic data on PA values exists				
(ii) PA economic values are properly documented				
(iii) PA economic values are recognized across government				
<b>Element 7 - Improved government budgeting for PA systems</b>	<b>No (0)</b>	<b>Yes (1)</b>		
(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				
<b>Element 8 - Clearly defined institutional responsibilities for PA management and financing</b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Full (3)</b>	
(i) Mandates of institutions regarding PA finances are clear and agreed				
<b>Element 9 - Well-defined staffing requirements, profiles and incentives at site and system level</b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Full (3)</b>	
(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				
<b>Total Score for Component 1</b>				<b>SCORE:</b>
<b>Component 2 – Business planning and tools for cost-effective management</b>				
<b>Element 1 - Site-level business planning</b>	<b>Not begun (0)</b>	<b>In progress (1)</b>	<b>Completed (3)</b>	
(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				
<b>Element 2 - Operational, transparent and useful accounting and auditing systems</b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Full (3)</b>	
(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				
<b>Element 3 - Systems for monitoring and reporting on financial management performance</b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Full (3)</b>	
(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)				
<b>Element 4 - Methods for allocating funds across individual PA sites</b>	<b>No (0)</b>	<b>Yes (1)</b>		
(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				
<b>Element 5 - Training and support networks to enable park managers to operate more cost-effectively</b>	<b>Not available (0)</b>	<b>Partially (1)</b>	<b>Fully (3)</b>	
(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 <sup>53</sup>				
<b>Total Score for Component 2</b>				<b>SCORE:</b>
<b>Component 3 – Tools for revenue generation</b>				
<b>Element 1 - Increase in number and variety of revenue sources used across the PA system</b>	<b>No (0)</b>	<b>Partially (1)</b>	<b>Fully (3)</b>	
(i) Analysis of all revenue options for the country complete and available including feasibility studies;				

<sup>53</sup> This might include aerial surveys, marine pollution monitoring, economic valuations etc.

(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 generating positive returns				
<b>Element 2 - Setting and establishment of user fees across the PA system</b>	<b>No (0)</b>	<b>Yes (1)</b>		
(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				
<b>Element 3 - Effective fee collection systems</b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Full (3)</b>	
(i) A system wide strategy and implementation plan complete and adopted by PA authorities (including co-managers) for fee collection				
<b>Element 4 - Marketing and communication strategies for revenue generation mechanisms</b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Full (3)</b>	
(i) Communication campaigns for the public about the tourism fees, new conservation taxes etc are widespread and high profile				
<b>Element 5 - Operational PES schemes for PAs<sup>54</sup></b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Full (3)</b>	
(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				
<b>Element 6 - Operational concessions within PAs</b>	<b>None (0)</b>	<b>Partial (1)</b>	<b>Full (3)</b>	
(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				
<b>Element 7 - PA training programmes on revenue generation mechanisms</b>	<b>None (0)</b>	<b>Limited (1)</b>	<b>Extensive (3)</b>	
(i) Training courses run by the government and other competent organisations for PA managers on revenue mechanisms and financial administration				
<b>Total Score for Component 3</b>				<b>SCORE:</b>

<sup>54</sup> Where PES is not appropriate or feasible for a PA system take 12 points off total possible score for the PA system

**FINANCIAL SCORECARD – PART III – SCORING AND MEASURING PROGRESS**

<b>Total Score for PA System</b>				
<b>Total Possible Score</b>				
<b>Percentage of actual score of total possible score</b>				
<b>Percentage scored previous year</b>				



**Table 8. - OVERVIEW OF PROJECT STRATEGY (OUTCOMES AND OUTPUTS)**

<b>OUTCOME 1:</b> Costa Rica's legal and policy framework is reformed and enhanced to ensure effective management and long-term financial and ecological sustainability of the PA System.	<b>OUTCOME 2:</b> SINAC's institutional PA System framework and capacity is enhanced for eco-regional planning and optimal management effectiveness.	<b>OUTCOME 3:</b> SINAC has the financial sustainability to effectively attain its strategic objectives and provide resources for long-term PA System management needs.	<b>OUTCOME 4:</b> SINAC tests new and innovative conservation approaches at the Conservation Area and PA levels.	<b>OUTCOME 5:</b> Successful PA System management models are scaled-up and replicated at the systemic level through strategic partnerships with key stakeholders.
<b>Output 1.1:</b> A National Policy for a consolidated terrestrial and marine PA System is approved and in force.	<b>Output 2.1:</b> SINAC's institutional and administrative structure and organization re-aligned and enhanced.	<b>Output 3.1:</b> A PA Financing Strategy adopted and operational.	<b>Output 4.1:</b> PA boundaries legally registered and demarcated for a representative sample of PA units within the PA System.	<b>Output 5.1:</b> Local and regional PA Management Councils function with an integrated and inter-sectoral vision through flexible and inclusive management arrangements.
<b>Output 1.2:</b> Prerequisite legal reforms and a re-categorization of PAs defined and applied through local and regional planning instruments.	<b>Output 2.2:</b> SINAC's intra-institutional coordination mechanisms for effective PA System management developed and operational.	<b>Output 3.2:</b> A PA System Financing Business Plan prepared and operational	<b>Output 4.2:</b> Infrastructure and accessibility of 10 most visited PAs within PA System improved.	<b>Output 5.2:</b> SINAC has institutional capacity for engaging with indigenous communities and for providing alternative livelihood support to communities located in and around PAs.
<b>Output 1.3:</b> A SINAC Strategic Plan ( <i>Plan Estratégico</i> ) officially approved and operational.	<b>Output 2.3:</b> Staff profiles, responsibilities and occupational standards for enhanced PA System management defined, clarified or re-aligned.	<b>Output 3.3:</b> The creation and retention of new revenue sources for PAs enabled by national policies.	<b>Output 4.3:</b> PA management authority support to community-based businesses tested and institutionalized.	<b>Output 5.3:</b> Institutional mechanisms are put in place through clear rules for the tendering and bidding of concessions, other use permits and opportunities to local entrepreneurs.
<b>Output 1.4:</b> A PA System Strategic Action Plan ( <i>Plan Director Nacional</i> ) officially approved and operational.	<b>Output 2.4:</b> Training Programme for practitioners at all levels <u>on administrative, technical and practical skills</u> necessary for optimal PA management effectiveness.	<b>Output 3.4:</b> System-wide funding mechanisms developed and implemented in the PA System and its constituent PA units.	<b>Output 4.4:</b> Partnerships between a Conservation Area and the tourism industry for financing PA management tested.	<b>Output 5.4:</b> Models for multi-stakeholder PA management boards are institutionalized and replicated in a variety of ecological and socio-economic contexts.
	<b>Output 2.5:</b> Knowledge management, evaluation and adaptation systems developed for the PA System and the Project.	<b>Output 3.5:</b> An online PA System financial information system and fee collection mechanisms designed and established within SINAC.	<b>Output 4.5:</b> New management approaches and local land use planning tools compatible with eco-regional conservation goals tested with local municipal governments and community-based organizations.	<b>Output 5.5:</b> SINAC PA System is connected through biological corridors which operate under innovative public-private partnership models.
		<b>Output 3.6:</b> Training Programme for SINAC financial administrators at all levels <sup>55</sup> to set up, consolidate and operate <u>financial planning, management and other business systems</u> .	<b>Output 4.6:</b> New approaches to eco-regional planning and PA management tested through TNC-Osa Conservation Area Partnership.	<b>Output 5.6:</b> Marketing and communication strategy on PA values, vulnerabilities and revenue mechanisms formulated and implemented at the national level.

<sup>55</sup> The three targeted levels are: (i) Central level; (ii) Regional through emphasis on the 11 Conservation Areas; and (iii) PA site-level.

## SECTION III: TOTAL BUDGET AND WORKPLAN

**Table 9. – Total Workplan and Budget**

TOTAL WORKPLAN AND BUDGET								
Award ID: 00046871 Project Title: PIMS 3423 BD FSP Overcoming Barriers to Sustainability of Costa Rica's Protected Areas System Project ID: 00056040								
GEF Project Outcomes /Atlas Activity	Responsible Party	Source of Funds	2007 US \$	2008 US \$	2009 US \$	2010 US \$	2011 US \$	Total Amount
<u>Outcome 1:</u> Costa Rica's legal and policy framework is reformed and enhanced to ensure effective management and long-term financial and ecological sustainability of the PA System.	SINAC	GEF	173,840	173,840	173,840	173,840	173,840	869,200
<b>TOTAL OUTCOME 1 COST</b>			173,840	173,840	173,840	173,840	173,840	<b>869,200</b>
<u>Outcome 2:</u> SINAC's institutional PA System framework and capacity is enhanced for eco-regional planning and optimal management effectiveness.	SINAC	GEF	168,000	168,000	168,000	168,000	168,000	840,000
<b>TOTAL OUTCOME 2 COST</b>			168,000	168,000	168,000	168,000	168,000	<b>840,000</b>
<u>Outcome 3:</u> SINAC has the financial sustainability to effectively attain its strategic objectives and provide resources for long-term PA System management needs.	SINAC	GEF	162,400	162,400	162,400	162,400	162,400	812,000
<b>TOTAL OUTCOME 3 COST</b>			162,400	162,400	162,400	162,400	162,400	<b>812,000</b>
<u>Outcome 4:</u> SINAC tests new and innovative conservation approaches at the Conservation Area and PA levels.	SINAC	GEF	283,600	283,600	283,600	283,600	283,600	1,418,000
<b>TOTAL OUTCOME 4 COST</b>			283,600	283,600	283,600	283,600	283,600	<b>1,418,000</b>
<u>Outcome 5:</u> Successful PA System management models are scaled-up and replicated at the systemic level through strategic partnerships with key stakeholders.	SINAC	GEF	172,160	172,160	172,160	172,160	172,160	860,800
<b>TOTAL OUTCOME 5 COST</b>			172,160	172,160	172,160	172,160	172,160	<b>860,800</b>
<b>TOTAL by Source of Fund/Donor (without PDF-B)</b>		GEF	960,000	960,000	960,000	960,000	960,000	4,800,000
		SINAC	845,096	845,096	845,096	845,096	845,096	4,225,480
		TNC	373,360	373,360	373,360	373,360	373,360	1,866,800
		AECI	26,664	26,664	26,664	26,664	26,667	133,323
		Gov-France FFEM	109,056	109,056	109,056	109,056	109,056	545,280
		IADB	2,650,780	2,650,780	2,650,780	2,650,780	2,650,780	13,253,900
		Private Sector (Pro-Parques)	18,400	18,400	18,400	18,400	18,400	92,000

TOTAL WORKPLAN AND BUDGET								
Award ID: 00046871								
Project Title: PIMS 3423 BD FSP Overcoming Barriers to Sustainability of Costa Rica's Protected Areas System								
Project ID: 00056040								
GEF Project Outcomes /Atlas Activity	Responsible Party	Source of Funds	2007	2008	2009	2010	2011	Total
			US \$	US \$	US \$	US \$	US \$	Amount
		Private Sector Contributions	38,600	38,600	38,600	38,600	38,600	193,000
Total Co-Fin. (without PDF-B)			4,061,956	4,061,956	4,061,956	4,061,956	4,061,959	20,309,783
GRAND TOTAL			5,021,956	5,021,956	5,021,956	5,021,956	5,021,959	25,109,783

**SECTION IV: ADDITIONAL INFORMATION (SEE SEPARATE FILE)**