



## 1. Project Data

<b>Project ID</b> P145621	<b>Project Name</b> PA Sustainable Production Systems	
<b>Country</b> Panama	<b>Practice Area(Lead)</b> Agriculture and Food	
<b>L/C/TF Number(s)</b> TF-18972	<b>Closing Date (Original)</b> 30-Dec-2019	<b>Total Project Cost (USD)</b> 9,571,277.36
<b>Bank Approval Date</b> 09-Feb-2015	<b>Closing Date (Actual)</b> 30-Dec-2019	
	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>
Original Commitment	9,589,000.00	9,589,000.00
Revised Commitment	9,571,277.36	9,571,277.36
Actual	9,571,277.36	9,571,277.36

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## 2. Project Objectives and Components

### a. Objectives

According to the Project Appraisal Document (PAD) (p. 4) and the Global Environment Facility Grant Agreement of July 9, 2015 (p. 6) the objective of the project was “to conserve globally significant biodiversity through the improvement of the management effectiveness of the Project Protected Areas and biodiversity mainstreaming in the Buffer Zones”.



**b. Were the project objectives/key associated outcome targets revised during implementation?**

No

**c. Will a split evaluation be undertaken?**

No

**d. Components**

The project included four components:

**Component 1: Sustainable Management of Protected Areas (appraisal estimate total US\$15.16 million, GEF grant US\$4.68 million; actual cost US\$13.33 million (US\$4.78 million of GEF grant disbursed)):** This component was to improve management effectiveness and long-term sustainability of the project's Protected Areas (PAs) with a focus on financial sustainability, monitoring of biodiversity, and monitoring and evaluation of the project. This component included three sub-components:

a) Alliances for participatory management: This sub-component was to support the National Environmental Authority of Panama (ANAM) in carrying out activities to facilitate and promote concessions and co-management with Non-Governmental Organizations (NGOs), municipalities, traditional authorities and other entities, for the administration of PAs through financing of technical assistance, training and promotional material. It would also support carrying out of a study of a system of payment for environmental services (PES), including a review of relevant regional experiences in implementing such a system.

b) Biodiversity monitoring: This sub-component was to finance the identification of a baseline of the existing biodiversity information of project PAs and monitoring of variations in the biological situation of such areas annually to make available reliable scientific information for decision-making and for substantiating financing from partners and sponsors. As part of the support to the SNIMDB, biological information will be collected for at least eight PAs.

c) Endowment fund: The sub-component was to facilitate the establishment and operation of a mechanism to support the financing of the implementation of Operational Plans of PAs (the endowment fund) in the first year of the project. Once the endowment fund was established and met all national and Bank requirements, US\$1.5 million from the GEF was to be allocated to it as a start-up endowment.

**Component 2: Biodiversity and Sustainable Protective Landscapes (appraisal estimate total US\$6.81 million, GEF grant US\$3.25 million; actual cost US\$5.91 million (US\$3.12 million of GEF grant disbursed)):** This component was to mainstream biodiversity and sustainable production in PAs and Buffer Zones. It was to focus on three areas of intervention:

a) Biodiversity-friendly production systems: This area of intervention was to finance sub-grants to beneficiary Community-Based Organizations (CBOs) operating in the Buffer Zones for the carrying out of bio-diversity friendly production sub-projects to scale up their operations and implement bio-diversity friendly and climate-smart production and management practices with a focus on gaining or increasing access to markets for their products so that biodiversity-friendly practices become economically sustainable.



b) Strengthening of CBOs: Activities to be financed were to include the development and implementation of a capacity building and training strategy to strengthen the technical and business management skills of CBOs, including customized training to indigenous communities in their native languages.

c) Municipal environmental subprojects: Sub-grants to municipalities were to be provided under the project to finance Municipal Environmental sub-projects for priority activities identified in environmental municipal plans.

**Component 3: Knowledge Management, Training and Communications (appraisal estimate total US\$5.17 million, GEF grant US\$1.19 million; actual cost US\$2.86 million (US\$0.83 million of GEF grant disbursed)):** This component was to develop and implement: i) a communication and outreach strategy for dissemination of information on the project and promotion of partnerships for the management of PAs; ii) an awareness and fundraising campaign for the endowment fund; and iii) an educational campaign addressed to consumers on biodiversity-friendly products and the economic value of biodiversity.

**Component 4: Project Management (appraisal estimate total US\$1.83 million, GEF grant US\$0.47 million, actual cost US\$1.72 million (US\$0.84 million of GEF grant disbursed)):** This component was to strengthen ANAM's capacity for project implementation by supporting the technical and administrative coordination of the project.

**e. Comments on Project Cost, Financing, Borrower Contribution, and Dates**

**Project Cost:** The project was estimated to cost US\$28.97 million. Actual cost was US\$23.82 million.

**Financing:** The project was financed by a GEF grant in the amount of US\$9.58 million of which US\$9.57 million was disbursed.

**Borrower Contribution:** The Borrower was to contribute US\$10.15 million (actual contribution was US\$9.4 million). Also, the municipalities of the borrowing country were to contribute US\$91,000 (actual contribution was US\$60,000), local beneficiaries were to contribute US\$630,000 (which materialized) and private commercial sources were to contribute US\$8.5 million (actual contribution was US\$4.16 million).

**Dates:**

- On July 21, 2015 the project was restructured (level two) to: i) update the project implementation agency after the creation of MIAMBIENTE in replacement of ANAM; and ii) to remove a subsidiary agreement, which was originally set as an effectiveness condition of the Grant Agreement.
- As a result of the Mid-Term Review in April 2018 the Bank increased the target number of beneficiaries from 48,450 to 80,000 beneficiaries and the target "number of outreach and educational activities to promote the benefits of biodiversity and the public's role in conservation" from 30 to 50 activities.



### 3. Relevance of Objectives

#### Rationale

According to the PAD (p. 1) at the time of appraisal, Panama had experienced an average of eight percent annual Gross Domestic Product (GDP) growth over the last several years. However, 60 percent of the rural residents (a third of the population) lived below the poverty line. Sustainable management of natural resources is critical for major contributors to Panama's GDP including the Panama Canal and tourism. Furthermore, Panama's forests and natural resources are strategically important for the country's socioeconomic development and poverty alleviation and for the global biodiversity. The coverage and health of forests in the Canal's watershed impacts significantly the water flows and quality necessary for the Canal's functioning. Also, approximately 40 percent of Panama is covered by forest and has important and critical natural habitats in high priority ecosystems containing globally-significant biodiversity and high endemism (unique to a particular location).

However, inadequate protection of Panama's National Protected Areas System (SINAP) and activities such as poor land use planning, agriculture and cattle ranching, poorly managed large-scale extractive activities and energy projects, unplanned tourism development (ICR para. 3), deforestation, soil and water contamination, and population growth negatively impact Panama's Protected Areas (PAs) and buffer zones (a buffer zone is located around a highly protected "core area"). Another challenge is that the rural and indigenous communities living in high biodiversity areas of the corridor, such as in the buffer zones, have some of the highest poverty rates with their livelihoods depending on planting forest gardens, practicing shifting agriculture, or raising cattle in these buffer zones.

This project's objective, namely "to conserve globally significant biodiversity through the improvement of the management effectiveness of the Project Protected Areas and biodiversity mainstreaming of farming in the Buffer Zones" was to be achieved by protection measures to ensure the conservation of biodiversity in designated protected areas, by ensuring biodiversity sensitive land use in protected areas and buffer zones, and by providing training and communications for relevant public institutions to enhance their capacity to disseminate the ecological importance and economic value of biodiversity. According to the ICR (p. 2) the government of Panama has been supporting the National System of Protected Areas of Panama (SINAP) and rural indigenous communities through the National Environmental Strategy (1999-2020), National Biodiversity Policy (2008), Strategic Plan of the Agricultural Sector (2010-2014) and National Climate Change Policy (2007). Also, ANAM (which in 2015 became the Ministry of Environment – MIAMBIENTE) had been promoting sustainable economic growth and raising awareness of the importance of PA ecosystems in buffer zones.

The Bank has been assisting the government to support biodiversity conservation through GEF projects for over a decade such as the Mesoamerican Biological Corridor (MBC) of the Panamanian Atlantic project (CBMAP -P045937) and the Rural Productivity and Consolidation of the Atlantic MBC project (CBMAP II – P083045).

The objective of the project was in line with Panama's National Biodiversity Strategy (2018-2050), especially axis 1 "conservation and restoration" and the 2018 National Climate Change Plan for the Agriculture and Livestock Sector and objective 2 "develop efficient production systems compatible with sustainable environmental and natural resource management". The new President's flagship multi-sector



Action Plan “Joining Forces: (2019-2024) and Strategic Plan (2019-2024) focused on agriculture, rural development, natural resources and biodiversity.

Finally, the objective of the project was in line with the Bank’s Country Partnership Framework (2015-2021) and pillar 2 “supporting sustainable income-generating opportunities in rural areas through an integrated landscapes approach”. Furthermore, the project’s objective was in line with two strategic objectives of the GEF-5 Biodiversity Strategy: i) improving the sustainability of PA systems; and ii) mainstreaming conservation and sustainability into production landscapes/seascapes and sectors.

## **Rating**

Substantial

## **4. Achievement of Objectives (Efficacy)**

### **OBJECTIVE 1**

#### **Objective**

Improvement of the management effectiveness of the project Protected Areas (PAs):

#### **Rationale**

The project’s theory of change envisioned that project outputs such as operating concessions for administration or services to support the management of PAs, implementing the National Information System and Monitoring of Biodiversity (SNIMDB) in PAs, and operationalizing the endowment fund to support sustainable management of PAs was to result in “improvement of the management effectiveness of project PAs”. Outputs such as conducting an analysis and publication of the financial gap for the PA system, undertaking outreach and educational activities to raise awareness for biodiversity conservation and granting biodiversity-friendly products with bio-labeling and/or denomination of origin were to contribute to conserving globally significant biodiversity

#### **Outputs:**

- The SNIMDB was implemented in nine out of 12 project PAs. Activities to monitor biodiversity included the completion of five baseline studies to identify the existing biodiversity information in the PAs, the conduct of species inventories, and capacity building through five workshops for PA staff in the usage of SNIMDB.
- Trainings were conducted and diplomas awarded 50 park rangers and 150 additional staff and partners on relevant topics and the use of project-supported equipment.
- The Livestock-Jaguar Preventive Conflict Management Program and the Harpy Eagle Biology and Ecology Monitoring Program were implemented, which contributed to conservation by providing the diagnostics and support for targeted interventions to protect these flagship conservation species.
- The Endowment Fund (EF) to support the SINAP was established and is operational, achieving the project’s target. The EF has US\$20.3 million in funding for PA management. It aims to provide the



foundation for substantially improving the financing and sustainability for PA management and SINAP's ability to contribute to biodiversity conservation going forward. The EF assists to: i) centralize different funding streams supporting the various PAs, prioritizing key activities in different PAs to be conducted at the level of SINAP and contributing to improved decision-making regarding SINAP financing and ii) its inclusion as a window in a national trust fund with assured public funding ensures that financing is available to sustain this project's improvement of PA management effectiveness beyond the project's closing (ICR, para 36).

- The project made investments in infrastructure, programs, and trainings in natural resource management, wildlife rescue, fire monitoring control, environmental sustainability, biodiversity monitoring, and the use of specialized equipment.
- Three concessions for administration or services to support the management of three PAs were formed with the University of Panama and are operating, achieving the target of three concessions. The aim was to conduct research services to support selected PAs. Findings were published in over 20 scientific publications and international conferences.
- The number of PAs, which implemented the National Information System and Monitoring of Biodiversity (SNIMDB), increased from three PAs in 2014 to nine PAs in 2019, surpassing the target of eight PAs.
- Five business alliances with buyers for marketing of biodiversity-friendly products were established, surpassing the target of two alliances. The aim was to provide incentives for continued biodiversity mainstreaming in the future under these partnerships.
- Three protected areas were equipped with demarcation and sign postings for park boundaries.
- 10 new species were discovered and five first sightings for Panama recorded.
- A study ("Estudio de la Brecha Financiera de las Áreas Protegidas") on analyzing the financing gap of the National Protected Areas System was conducted. The study was subsequently published and disseminated to relevant audiences and key decision makers, achieving the target.

#### **Outcomes:**

- The amount of area brought under enhanced biodiversity protection increased from 481,418 hectares in 2014 to 654,015 hectares in 2019, surpassing the target of 550,000 hectares. According to the ICR (p. 10) this indicator was measured using the GEF Management Effectiveness Tracking Tool (METT). The METT is a widely used site-level tracking tool which was designed to facilitate survey-based reporting over time on 30 variables of protected areas management covering financial, business management, legal, regulatory, staff capacity, and communications aspects. The project implemented a wide range of activities such as improving human resource, financing, knowledge and awareness aspects of PA management effectiveness as assessed by the METT. The project conducted three METT evaluations (baseline, mid-term, and final) in collaboration with park directors, managers, rangers, and staff from MIAMBIENTE to assess each project PA according to the METT and estimate its respective score. At project closing, the METT score had improved in nine out of 12 parks. These parks included:
  - Vulkan Baru National Park (METT increased from 72.5% in 2014 to 80.0% in 2019)
  - San San Pond Sak Wetland (METT increased from 69.6% in 2014 to 72.0% in 2019)
  - Damani-Guariviara Wetland (METT increased from 61.7% in 2014 to 65.4% in 2019)
  - La Amistad International Park (METT increased from 66.7% in 2014 to 77.4% in 2019)
  - Santa Fee National Park (METT increased from 69.6% in 2014 to 75.0% in 2019)
  - Cerro Hoya National Park (METT increased from 60.8% in 2014 to 70.2% in 2019)
  - Palo Seco Protector Forest (METT increased from 66.7% in 2014 to 69.4% in 2019)



- Fortuna Forest Resort (METT increased from 63.7% in 2014 to 96.6% in 2019)
- Nargana Wildlife Refuge (METT increased from 75.5% in 2014 to 86.9% in 2019)

The increase in the above stated METT scores indicate that management effectiveness has been substantially improved thus contributing to conserving globally significant biodiversity.

**Rating**  
Substantial

## **OBJECTIVE 2**

### **Objective**

Mainstreaming of biodiversity in the buffer zones:

### **Rationale**

The project's theory of change envisioned that outputs such as building business alliances with buyers for marketing biodiversity friendly products, producer association groups implementing sub-projects, and implementing municipal environmental plans were intended to result in mainstreaming biodiversity in PA buffer zones. As stated above, outputs such as conducting an analysis and publication of the financial gap for the PA system, undertaking outreach and educational activities to raise awareness for biodiversity conservation and granting biodiversity-friendly products with bio-labeling and/or denomination of origin were to contribute to conserving globally significant biodiversity.

### **Outputs:**

- Producer association groups implemented at least 30 sub-projects, achieving the target of 30 sub-projects. In these sub-projects, which were located in buffer zones, biodiversity-friendly practices were mainstreamed into productive activities.
- Six municipalities, located in the PA buffer zones, implemented activities in their environmental plans, which achieved the target.
- A publicly available manual was developed and released for mitigating livestock-jaguar conflict on farms in PA buffer zones.
- The project benefited 152,119 beneficiaries, surpassing the original target of 48,450 beneficiaries and the revised target of 80,000 beneficiaries. 47.2 percent of the beneficiaries were female, missing the target of 50 percent by a small margin.
- The project conducted 62 outreach or educational activities for researchers, students, and public authorities to promote the benefits of biodiversity and the public's role in conservation, surpassing the original target of 30 activities and the revised target of 50 activities.
- Under sub-projects, the following outputs were produced (see Annex 1B in the ICR):
  - 301 farms were rehabilitated, upgraded, or diversified.
  - 388,670 seedlings and grafted plants were planted.
  - 37 major facilities (mills, nurseries, warehouses, greenhouses) were constructed.



- 456 major machinery (fermenters, dryers, pulpers, toasters) were procured for productive sub-projects. Also, 38 efficiency irrigation systems were constructed.
- 153 training workshops and 192 field school days were held to assist and build capacity for sub-project beneficiaries.
- 12 nature reserves were provided with management plans and connectivity routes as part of the National Network of Private Reserves.
- A strategy was designed and implemented to promote and sign post eco-tourism destinations in 15 sites across five municipalities along the Coffee Route (a public-private eco-tourism partnership between local coffee producers and the Local Tourism Authority National Network of Private Reserves Project).

#### **Outcomes:**

- 1,611 hectares of landscapes were certified by internationally or nationally recognized environmental standards that incorporate biodiversity considerations, surpassing the target of 1,200 hectares. According to the ICR (p. 12) 626 hectares received the biodiversity-friendly products certification from MIAMBIENTE, 77 hectares received the organic products certification from the Authority of Panama for Control and Certification of Organic Products (ACERT) of the Ministry of Agriculture and Livestock and 908 hectares received the appellation of origin certification through the Ministry of Commerce and Industry (based on compliance with a set of sustainability and biodiversity-friendly practices).

There is clear evidence that the achievement of the second objective was Substantial based on an increase well above the target in the area of landscapes certified by internationally or nationally recognized environmental standards that incorporated biodiversity considerations. These achievements contributed to conserving globally significant biodiversity.

#### **Rating**

Substantial

## **OVERALL EFFICACY**

### **Rationale**

The project's achievement of the first objective was Substantial due to substantial increases in METT scores which indicated an improvement in management effectiveness. The achievement of the second objective was Substantial given the increased area of landscapes certified by internationally or nationally recognized environmental standards that incorporated biodiversity considerations exceeded the target by a considerable margin. The two objectives together contributed substantially to achieving the project development objective of conserving globally significant biodiversity.

### **Overall Efficacy Rating**



Substantial

## 5. Efficiency

### Economic efficiency:

The PAD (p. 54) did not include a traditional economic analysis but it provided an incremental cost analysis. The baseline scenario was based on the proposed project components without GEF funding. The annual operating costs of 30 sub-projects for the new project were considered. Estimations were based on information available on the then ANAM's (now MIAMBIENTE) annual budget over the five years of the project. The project costs of the GEF alternative represented the sum of the baseline and incremental costs associated with proposed additional actions required to achieve the project biodiversity conservation objective, including the costs for both the project and government interventions. The total estimated incremental cost for achieving the PDO was the amount beyond the baseline of US\$16.35 million.

The ICR (p. 15) included a traditional economic analysis. The project made an investment of approximately US\$1.1 million in 19 sub-projects (data were only available for 19 sub-projects out of a total of 30 sub-projects). The analysis estimated an Internal Rate of Return (IRR) of 36 percent for a seven-year evaluation period. The Net Present Value (NPV) was estimated at US\$1.7 million and the environmental NPV was estimated to be an additional US\$1.6 million using a social discount rate of 10 percent. Since most of the sub-projects were implemented during the last two years of project implementation and were expected to generate income between three and four years after project closing, the analysis used income estimates based on expected crop areas, yields and prices over a period of seven years based on consultations with beneficiaries, project technicians, and agriculture experts. Costs were the actual costs incurred. Overall, if the assumptions about benefits were reliable, the analysis indicates that the project was a worthwhile investment. However, the ICR did not include a sensitivity analysis.

### Operational efficiency:

The project experienced several implementation delays. First, it took 12 months between project approval and effectiveness and about another six months for the first disbursement resulting in some activities not being completed when the project closed. These activities were the following: i) updating of a forest study to support implementation of the SNIMDB; ii) conducting a TA study to accompany the productive sub-projects in their first productive cycles; iii) preparing a fund raising strategy based on the findings and recommendations of the SINAP financing gap analysis conducted under the project. Furthermore, the establishment of the Endowment Fund was delayed due to a delay in the government's approach to the Fund's institutional and technical arrangements. On the other hand, the Fund obtained a higher initial capital than expected.

Overall this review rates the project's efficiency as Substantial, but marginally so.

## Efficiency Rating

Substantial



a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	36.00	100.00 <input type="checkbox"/> Not Applicable

\* Refers to percent of total project cost for which ERR/FRR was calculated.

## 6. Outcome

Relevance of the project’s development objective was rated Substantial due to its alignment with the Bank’s most recent Country Partnership Framework (2015-2021) and the government’s National Biodiversity Strategy. Efficacy was rated Substantial due to substantial improvement in management effectiveness and an increase of landscapes being certified by internationally or nationally recognized environmental standards that incorporate biodiversity considerations. Also, efficiency was rated Substantial since the economic analysis indicated that the project was a worthwhile investment. However, the efficiency rating is a weak Substantial since the project experienced several implementation delays. These results indicate that overall there were minor shortcomings in the project’s relevance, efficiency and achievements and therefore its overall outcome is rated Satisfactory.

### a. Outcome Rating

Satisfactory

## 7. Risk to Development Outcome

The potential risks to development outcome can be classified in the following broad categories:

**Government commitment:** According to the ICR (p. 25) the government continues to be committed to the achievement of the PDO despite a change in administration in 2019. The government and the Bank are currently preparing a follow-on project (Sustainable Rural Development and Conservation Project – P174289; financing amount: US\$11 million), which aims to strengthen biodiversity management and improve the economic opportunities and climate resilience of targeted beneficiaries. Partnerships that were established during project implementation such as the concessions with the University of Panama and the legally established certification of biodiversity friendly products as well as the local alliance in Chiriqui between the agriculture sector and the local tourism authority are continuing to contribute to the project’s objective even after its closure. Also, according to the ICR (p. 26) MIAMBIENTE, MIDA and other relevant partners are continuing to support, through government financing, beneficiaries of productive biodiversity-friendly sub-projects for their first production cycle that could not be completed before the project closed.

**Technical:** The project was able to strengthen the capacity of MIAMBIENTE, which will benefit future multi-sector collaborations on sustainable production activities. Especially, the project’s capacity building activities



in regards to M&E strengthened MIAMBIENTE's ability to monitor biodiversity particularly in productive areas in PA buffer zones.

**Financial:** The EF received higher than initially expected capital contributions (US\$20.3 million), supporting the sustainability of project outcomes. The EF will continue to aim at providing the foundation for substantially improving the financial and sustainability framework for PA management and SINAP's ability to contribute to biodiversity conservation.

## 8. Assessment of Bank Performance

### a. Quality-at-Entry

The project's design was built on the experience of the Mesoamerican Biological Corridor of the Panamanian Atlantic project (CBMAP) and the Rural Productivity and Consolidation of the Atlantic Mesoamerican Biological Corridor (MBC) Project (CBMAP II) which, according to the ICR (p. 2), strengthened the functionality of the then newly established the National System of Protected Areas of Panama (SINAP), supported productive biodiversity-friendly sub-projects and municipalities in buffer zones, brought additional buffer land area under conservation, and supported the fledging development of a National System of Information and Monitoring of Biological Diversity (SNIMDB). According to the ICR (p. 18) lessons learned from CBMAP II included that conservation of biodiversity cannot be the exclusive responsibility of environmental authorities, and decentralized, participatory approaches based on consensual arrangements contribute significantly to the likelihood that conservation benefits were sustained after project closure. Also, according to the ICR (p. 17) several studies and environmental plans for 15 municipalities (five municipalities received support by this project to implement priority activities) were conducted allowing for an adequate project readiness.

According to the PAD (p. 11) the Bank team identified relevant risks. Mitigation measures were mostly adequate. However, the contributions of one of the two companies, that were to provide parallel co-financing, did not materialize. The Bank had planned to mitigate this risk by the project financing a fundraising campaign for the endowment fund that was to allow ANAM (now MIAMBIENTE) to capture other resources for the fund. However, the fundraising campaign was not conducted and, according to the ICR (para 61) this did not negatively impact project activities. However, since the project had identified several, diverse financing sources, the loss of one financing source did not have a detrimental impact on project outcomes since the project was able to increase the Endowment Fund (EF) from US\$1.5 million to more than US\$20.3 million within the project's implementation period.

### Quality-at-Entry Rating

Satisfactory

### b. Quality of supervision

Although not mentioned in the ICR, the Bank's project team stated (November 19, 2020) that it conducted seven implementation support missions and experienced a low staff turnover. The ICR stated that the Bank



provided intense support during the preparation of the project's operations manual and also contributed to building financial management and procurement capacity within the PIU when new staff was hired. Especially, during the second half of 2016 and the first half of 2017 the Bank supported the PIU in identifying and hiring financial management and procurement staff. According to the ICR (para 67) in order to make up for 18 months delay at the beginning of project implementation when a project restructuring was required to amend the Grant Agreement just after signing, the Bank developed action plans to improve and maintain a smooth implementation speed. Action items were generally completed on a timely basis.

The Bank team restructured the project with revised targets for two indicators during the mid-term review once it was realized that the original target had almost been achieved.

However, the ICR (para 80) stated that the project received sufficient support by safeguard specialists during project preparation. However, due to budget constraints, the safeguard support was inconsistent throughout project implementation. The project would have benefitted from strengthening the evidence for environmental safeguards compliance. Also, safeguard specialists could have provided guidance to the PIU for working with traditional authorities in indigenous areas.

### **Quality of Supervision Rating**

Satisfactory

### **Overall Bank Performance Rating**

Satisfactory

## **9. M&E Design, Implementation, & Utilization**

### **a. M&E Design**

All indicators included in the Results Framework had a baseline and a target. According to the PAD (para 50) the monitoring and evaluation strategy consisted of three pillars: i) progress M&E of the outcome of the project; ii) monitoring of the biodiversity in the selected PAs and in the buffer zones; and iii) measuring the progress and effectiveness in managing the project PAs. The project was to be monitored with an evaluation at the mid-term and an impact evaluation at the end of the project. As mentioned in Section 4 above the project's theory of change on how key activities and outputs were to result in the intended outcomes. However, as noted in Annex 4 of the ICR, no baseline survey of livelihoods was completed at the start of the project and because of the delayed implementation no results from livelihood investments were available when the project closed.

The ICR noted that the project's M&E design had three elements, namely (i) tracking project results indicators through the Integrated Project Management and Monitoring System based on the CBMAP II and adapted to this project; (ii) monitoring biodiversity in protected areas and buffer zones using iNaturalist and the SNIMDB; and (iii) assessing the management effectiveness of project protected areas using the METT (para 68). An issue not tracked was the impact of the project on livelihoods. The ICR comments that "Panamanians were expected to benefit from biodiversity conservation as well as improved livelihoods



in the productive buffer zones" (para 10) but the Results Framework omitted indicators to measure economic results.

## **b. M&E Implementation**

According to the ICR (p. 21) the indicators were monitored on a regular basis. Also, the project submitted semi-annual progress reports of adequate quality and on a timely basis. In addition, Management Effectiveness Tracking Tool of the GEF (METT) assessments were satisfactorily completed. However, the ICR states that project supervision documents indicate that two different methods for assessing PDO indicator 1 were used. The methodology to measure PDO indicator 1 was different in the mid-term review, Borrower Completion Report, final evaluation and selected Implementation Status Reports than the one included in the PAD. However, while the different use in methodology did not negatively impact achievement of PDO indicator 1, it indicates that the Bank team, PIU and other M&E staff had different understandings of the metrics for some aspects of the project's M&E.

The mid-term evaluation and final impact evaluation were conducted as planned. Also, according to the ICR (p. 22) the project conducted training and workshops on biodiversity M&E, resulting in stronger capacity among PA staff.

According to IEG's discussion with the Bank project team (November 19, 2020) the M&E functions and processes are likely to be sustained after project closing due to the project's investments/support into/for the government's M&E capacity and systems such as the *Sistema Nacional de Información y Monitoreo de la Diversidad Biológica (SNIMDB)*.

## **c. M&E Utilization**

According to the ICR (p. 22) M&E data were used to inform project management and decision-making. For example, during the mid-term review targets of indicators (such as "number of targeted beneficiaries" and "number of outreach and educational activities to promote the benefits of biodiversity") that had almost been achieved were revised upwards to allow the project to achieve greater benefits than planned.

## **M&E Quality Rating**

Substantial

## **10. Other Issues**

### **a. Safeguards**

The project was classified as category B and triggered the Bank's safeguard policies OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP 4.36 (Forests), OP/BP 4.09 (Pest Management), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.10 (Indigenous People), and Involuntary Resettlement (OP/BP 4.12). According to the ICR (p. 22) the project conducted social and



environmental assessments, developed a Social Management Framework (ESMF), an Indigenous People Plan (IPP), and a Process Framework, which were approved by the Bank and publicly disclosed.

The project complied with the environmental safeguards mostly throughout project implementation. In mid-2019 due to several delayed actions and inadequate level of detail in environmental safeguards monitoring documentation, the safeguard rating was downgraded from Satisfactory to Moderately Satisfactory. Once the PIU addressed these shortcomings, the rating was upgraded to Satisfactory again in December 2019.

Also, the project complied with the social safeguards mostly throughout project implementation. During preparation the project consulted with indigenous authorities and signed letters of support and memorandums of understanding for activities to be implemented in their territories. The Mid-Term Review found that the Project Process Framework was not used. This was addressed by the PIU reviewing PA investments to confirm that there were no cases of restrictions to PAs. The PIU simplified the Process Framework by aligning it more to the project's implementation structure and approved by the Bank. According to the ICR (p. 23) the final safeguards report found that the project complied with all triggered safeguard policies.

The project also established a Grievance Redress Mechanism (GRM) to allow for continuous feedback, resolution, and clarification on issues. The project established a GRM website and a field protocol for stakeholders to submit complaints. However, no formal complaints were submitted.

## **b. Fiduciary Compliance**

### **Financial Management:**

The Bank team (November 19, 2020) stated that the project complied Bank's financial covenants. According to the ICR (p. 23) the project's Financial Management was rated Satisfactory throughout implementation. Interim Financial Reports (IFRs) were submitted to the Bank in a satisfactory quality and were only delayed twice. However, due the delay in the project becoming effective, FM staff was not hired until early 2017 (one year into project implementation). The Bank addressed this issue by providing the PIU with intense support in identifying and hiring adequate financial management staff. The Bank also contributed to strengthening the PIU's financial management capacity resulting in the project's satisfactory financial management performance.

Furthermore, the ICR (p. 24) stated that the audit reports were submitted in a timely manner and no audit issues were identified. Also, all audit opinions were unqualified.

### **Procurement:**

According to the ICR (p. 23) procurement was rated Satisfactory throughout project implementation and no procurement issues were identified. The Bank provided assistance in hiring new staff and conducting trainings to strengthen the PIU's procurement capacity resulting in procurement staff operating with increased autonomy during the later stage of project implementation.



**c. Unintended impacts (Positive or Negative)**

NA

**d. Other**

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**11. Ratings**

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

**12. Lessons**

The ICR (p. 26-27) provided several useful lessons learned, which were adapted by IEG, and are likely to be relevant to other similar projects:

- **Seed financing by donors for a conservation financing mechanism can be leveraged to generate a much larger fund if the government is supportive.** In this project the Endowment Fund (EF) increased from US\$1.5 million to more than US\$20.3 million within the project’s implementation period. The project team was able to demonstrate the relevance of biodiversity and natural resources and build trust to establish ongoing revenue streams for conservation financing. Also, diversifying financing sources for the EF provides flexibility in case one financing contribution does not materialize. In this project, one company did not end up making its financial contribution. However, since the project had identified several, diverse financing sources, the loss of one financing source did not have a detrimental impact on project outcomes.
- **Private investment can generate sustainable biodiversity benefits.** In this project, the Coffee Route (a public-private eco-tourism partnership between local coffee producers and the Local Tourism Authority National Network of Private Reserves Project) demonstrated to MIAMBIENTE and MIDA that private individuals are interested in investing their own financial resources in biodiversity conservation when the investments result in livelihood benefits.

**13. Assessment Recommended?**

No



## 14. Comments on Quality of ICR

The ICR provided a clear overview of project preparation and implementation. It was internally consistent, concise, and Annex 1 provided more than the usual amount of substantive evidence on the project's achievements of the various indicators. The ICR's approach was analytical and appropriately critical pointing out several implementation challenges such as startup delays resulting in some planned activities not being completed when the project closed. It also noted that the economic analysis would have been more useful had it included a sensitivity analysis. Finally, the ICR provided useful lessons learned that were sufficiently specific providing a learning experience for similar projects in the future.

### a. Quality of ICR Rating Substantial