



# PROJECT EXECUTIVE SUMMARY

## GEF COUNCIL SUBMISSION

**AGENCY'S PROJECT ID:** P085488  
**GEFSEC PROJECT ID:**  
**COUNTRY:** Honduras/Nicaragua  
**PROJECT TITLE:** Corazón Transboundary Biosphere Reserve Project  
**GEF AGENCY:** World Bank  
**OTHER EXECUTING AGENCY(IES):** *Comisión Centroamericana de Ambiente y Desarrollo (CCAD)*  
**DURATION:** 6 years  
**GEF FOCAL AREA:** Biodiversity  
**GEF OPERATIONAL PROGRAM:** Forest Ecosystems (OP3), Mountain Ecosystems (OP4)  
**GEF STRATEGIC PRIORITY:** Catalyzing Sustainability of Protected Areas (BD-1), Mainstreaming Biodiversity in Production Landscapes and Sectors (BD-2)  
**Pipeline Entry Date:** 9/9/2003  
**ESTIMATED STARTING DATE:** 11/15/05  
**IA FEE:** 1,116,000

FINANCING PLAN (US\$)	
<b>GEF PROJECT/COMPONENT</b>	
Project	12,000,000
PDF A	
PDF B	400,000
PDF C	
<b>Sub-Total GEF</b>	12,400,000
<b>CO-FINANCING*</b>	
IBRD/IDA/IFC	16,000,000
Government (Cash and in-kind)	5,000,000
Bilateral	
NGOs	
Others	
<i>Sub-Total Co-financing:</i>	21,000,000
<i>Total Project Financing:</i>	33,400,000
<b>FINANCING FOR ASSOCIATED ACTIVITIES IF ANY:</b>	
<b>LEVERAGED RESOURCES IF ANY:</b>	
*2,100,000 (IDA) (in the Financing Agreement) and 2,100,000 (IDA) (in the Financing Agreement) and Cost Effectiveness section	

### CONTRIBUTION TO KEY INDICATORS OF THE BUSINESS PLAN:

Deforestation of core areas (1.2 million ha) of each PA decreases from 2%/year (estimated baseline) to <0.4 %/year; Increase of 25% in number of ha under sustainable management

### RECORD OF ENDORSEMENT ON BEHALF OF THE GOVERNMENT(S):

<i>(Enter Name, Position, Ministry)</i>	<i>Date: (Month, day, year)</i>
Arturo Harding, Minister of the Environment, MARENA (Nicaragua) (FSP Endorsement)	3/9/2005
Patricia Panting, Minister of the Environment, SERNA (PDF-B Endorsement, which did not stipulate that FSP endorsement was contemplated)	1/31/2003

Approved on behalf of the World Bank. This proposal has been prepared in accordance with GEF policies and procedures and meets the standards of the GEF Project Review Criteria for work program inclusion

  
Steve Gorman  
GEF Executive Coordinator, The World Bank  
Date: 3/16/05

Project Contact Person: Jocelyne Albert

Tel. and email: [jalbert@worldbank.org](mailto:jalbert@worldbank.org),  
(202) 473-3458

## 1. PROJECT SUMMARY

### a) Project rationale, objectives, outputs/outcomes, activities

The largest remaining area of humid tropical forest north of Colombia is found along the eastern border between Honduras and Nicaragua. This 34,000 km<sup>2</sup> area encompasses much of the remaining habitat of many threatened and endangered species that require large intact areas of pristine forest, such as Harpy Eagles, jaguars, and tapirs, and contains more than 50% of the ecosystems of the two countries. It is also home to approximately 41,000 Tawahka, Mayangna, Pech, Garífuna, and Miskito indigenous peoples. This is the area proposed for the Corazón Transboundary Biosphere Reserve (CTBR). The Reserve name reflects its location in the “heart” of the Mesoamerican Biological Corridor (MBC). The proposed Corazón Reserve encompasses four protected areas: the Bosawas Biosphere Reserve in Nicaragua and the Tawahka Asangni Reserve, Patuca National Park, and Río Plátano Biosphere Reserve in Honduras.

However, the management of these protected areas has not been efficient in protecting the ecosystems and populations they contain from encroaching threats. The area’s integrity is threatened by a lack of sustainable income-generating activities and weak protection and enforcement practices. Deforestation continues to be a problem, with rapid losses still occurring at the agricultural frontier. While local agricultural and forest management techniques are partially responsible for the loss of forest cover, the greatest problem is seen along the western agricultural frontier, where recent arrivals are clearing land for farming and cattle ranching at alarming rates. Among the indigenous communities, poverty and a lack of economic options contribute to sub-optimal land use practices.

The objective of the Corazón Project is to strengthen the management of this binational area in order to better preserve the important biodiversity of the Corazón Reserve, in part through improving the sustainability of the national protected area systems.

The Project consists of six components. (See Annex 4 of the Project Brief for a detailed description of each component.) The components are, with a very brief description of outputs, outcomes, and activities:

A) Consolidation of the Corazón Transboundary Biosphere Reserve: Different activities involved in the consolidation of the binational administration of the entire area. Subcomponents include the consolidation of the process of nomination and recognition of the CBTR by UNESCO and the implementation of a strategy for establishing administrative mechanisms and coordinating the CBTR’s binational management mechanisms

Outcomes: At the end of the project the CTBR is expected to have been consolidated, with binational institutional mechanisms that guarantee the adequate coordination of policies, strategies, and activities in the Reserve area.

Activities: Include workshop with stakeholders; strengthening of binational institutional arrangements; binational monitoring of the nomination and recognition process; the design, implementation, and monitoring of administrative mechanisms; consultation with actors responsible for the administration and coordination of the CBTR; training and exchanges;

implementation of a communication strategy to publicize the creation of the Reserve; and management of the CBTR through other international programs.

B) Sustainability of the National Protected Area Systems (SINAPs): More than half of the geographic area of the protected areas systems of Honduras and Nicaragua is included within the Corazón Reserve. This component will support policy reforms, legal reforms, training, and advances to financial sustainability through environmental service payments and other mechanisms. Subcomponents include the development and strengthening of financial sustainability mechanisms of the National Protected Areas Systems and the technical, legal, and administrative strengthening of the National Protected Areas Systems.

Outcomes: The result of work under this component is expected to be stronger National Protected Areas Systems which are politically, financially, technically and administratively effective and sustainable.

Activities: Include the design and implementation of an economic valuation strategy for environmental goods and services; support for the creation or consolidation of long-term financial mechanisms; the strengthening of and support for national Protected Areas Funds; Evaluations of the effectiveness of SINAP management and administration; improvement of the institutional management capacity of the SINAPs; support for the review, update, and rationalization of the protected areas; facilitation of legal, technical, and administrative instruments to strengthen the SINAPs; and the integration of the national Protected Areas Systems into the Central American System of Protected Areas.

C) Implementation of PA Management Plans: This component will help the four specific protected areas of Nicaragua and Honduras implement individual protected area plans, through a community-based co-management structure and ensuring coordination under the umbrella structure of the Corazón Reserve. Investments will include equipment and infrastructure, additional demarcation where necessary, dialog on management plans, and development of better community-based management structures. Subcomponents include the programmatic integration of the management plans of the Corazón Reserve and the implementation of management plans of the four protected areas with strong community participation.

Outcomes: At the end of the project, management plans for the four protected areas included in the CTBR are expected to have been harmonized and effectively implemented with the participation of local communities.

Activities: Include the proposing ways to update, harmonize, and simplify the management plans of the four protected areas; facilitating consultation and dialog on the update and harmonization of the plans; drafting the operational and management plans for the four protected areas; assessing management effectiveness; training technical personnel and community members to participate in the implementation of management plans; improving basic infrastructure; supporting guard, protection, and control programs in the core zones; and implementing a communication strategy to disseminate information on management plans.

D) Community-Based Natural Resource Management (NRM): This component focuses on local communities in their own management of natural resources to mainstream biodiversity conservation into everyday productive activities. This component will be closely linked and jointly implemented with major financing from IDA projects with similar goals. Indigenous groups (Tawahka, Sumu/Mayangna, Pech, Garifuna, and Miskito) will be one of the primary beneficiaries of this component. Subcomponents include strengthening local organizations, especially indigenous organizations; promotion of sustainable production systems for goods and services, and commercialization of the goods; and strengthening of formal and informal environmental education.

Outcomes: The outcome expected under this component is a better sustainable management of natural resources by local populations, facilitated by stronger community organizations.

Activities: Include an assessment of administrative and operational capacity for comanagement and territorial management; support for a strategy of territorial coordination and management; creation of local conflict resolution mechanisms; provision of training in sustainable natural resource management; collection of data on productive practices; producing models of and implementing community and farm productivity plans; training on traditional sustainable practices; creating an environmental education strategy, including materials, campaigns and pilot activities; small grants for institutional strengthening and education activities; exchange opportunities; and subprojects involving children in NRM.

E) Monitoring and Information Management. Effective management of the Corazón Reserve and the protected area systems of both countries needs monitoring and management of environmental information. This component will coordinate and be based on existing programs at national levels (e.g., the National Environmental Information System (SINIA) in Nicaragua) and at regional levels: the Mesoamerican Environmental Information System (SIAM) and the Inter-American Biological Information Network (IABIN). Subcomponents include socioeconomic and biodiversity monitoring, linkages to information systems, and support to research.

Outcomes: The result of this component is expected to be a stronger monitoring and information management capacity of the National Environmental Information Systems, which will benefit the management needs of the CTBR.

Activities: Include the harmonization of monitoring indicators and methods; training of local residents in monitoring; provision of necessary monitoring equipment; installation of meteorological stations; implementation of monitoring programs; strengthening of coordination mechanisms among existing information management systems; training of key personnel; coordination of efforts to establish local National Environmental Information System nodes; support for a permanent water quality monitoring program; work with the Regional Biodiversity Institute; provision of small grants to support scientific research; interaction with the international scientific community; and disseminate information generated through research.

F) Project Coordination and Administration. This component supports the effective and efficient administration and operation of the Corazón Project.

Outcomes: This component is expected to lead to an effective and efficient project administration.

Activities: Include project coordination; periodic financial audits; procurement and financial management; coordination of small grants activities through an existing program; implementation of a communications program; publishing of material produced by the project; systematization of project information; participation in appropriate trips or conferences; a Mid-Term Review; and project closing activities.

### **Key indicators, assumptions, and risks (from Logframe)**

To measure progress in achieving the project development objective of managing the binational Corazón area, the Project will use scorecard indicators that measure the enabling environment and the institutional management capacity. These indicators, which are explained in Annex 3 of the Project Brief, include an improvement in the enabling environment indicator from an estimated baseline of about 2.5 to 3.5 (on a scale of 1 to 5); an improvement in the institutional management capacity indicator from an estimated baseline of 1.5 to 3.5 (on a scale of 1 to 5); and a reduction by at least half of the deforestation of core areas of the Reserve from the estimated baseline value of 2%/year. Scorecards, including the WWF-World Bank Alliance Tracking Tool for Protected Area Management Effectiveness, will also be used to measure the management effectiveness of the Corazón Reserve, and of the SINAPs. Please see the Results Framework in Annex 2 for the explanation of these indicators and the outcome indicators for each component.

The binational nature of the project makes implementation more complex, and therefore increases potential risks. However, this binational identity is also one of the most innovative and attractive aspects of the project. Existing binational coordination structures should help mitigate much of this risk. Other potential risks include a lack of government support, social conflict, or limited coordination with associated projects. Measures are in place to address these risks, and all are rated as low.

## **2. COUNTRY OWNERSHIP**

### **a) COUNTRY ELIGIBILITY**

Both Honduras and Nicaragua are eligible to receive GEF funding. Both are member countries of the GEF, Honduras since September 20, 1994 and Nicaragua since May 19 of the same year. Honduras is a party to the Convention on Biological Diversity (CBD), having signed the convention on September 13, 1992, and ratified it on July 31, 1995. Nicaragua is also a party to the CBD, having signed it on the same day as Honduras and having ratified the Convention on November 20, 1995.

### **b) COUNTRY DRIVENNESS**

The Corazón Project was conceived and proposed jointly by Honduras and Nicaragua in support of the proposed Corazón Transboundary Biosphere Reserve. The proposal to establish this Biosphere Reserve was submitted jointly by the two countries to UNESCO in August 2004, and cross-border coordination mechanisms are established. The governments of Honduras and Nicaragua are committed to establishing and consolidating the Corazón Reserve, and this project

represents critical support from the GEF and World Bank to achieving this objective. The growing dedication of the governments of these two countries to conservation is reflected in the recently-approved protected areas strategy in Nicaragua, as well as the new Honduran Protected Areas Fund and the forestry and protected areas law currently before that country's congress.

### **3. PROGRAM AND POLICY CONFORMITY**

#### **a) FIT TO GEF OPERATIONAL PROGRAM AND STRATEGIC PRIORITY**

The Corazón Project responds directly to the Operational Programs for Forest Ecosystems (OP3) and Mountain Ecosystems (OP4) within the Biodiversity Window of the GEF. The strategic priorities for the Biodiversity Focal Area underlie the fundamental concept of the project: SP-1, sustainability of national protected areas systems; and SP-2, mainstreaming of biodiversity conservation in productive landscapes.

#### **b) SUSTAINABILITY (INCLUDING FINANCIAL SUSTAINABILITY)**

This project seeks to improve the management of the reserve area and promote better management of natural resources by local populations. By increasing protection efforts in the protected areas, providing communities with tools for securing land rights, and promoting sustainable productive activities, the project will help to address some of the most pervasive problems on the Corazón Reserve, including migration, illegal land use, poverty, and environmental degradation. This in turn will contribute to a more effective and sustainable conservation of biodiversity and ecosystems in the area. An emphasis on strengthening the SINAPs of Honduras and Nicaragua, particularly on financial and institutional sustainability; incorporating conservation into the productive sector; promoting sustainable income-generating activities; and promoting community ownership of the initiative will help ensure the sustainability of these efforts.

#### **c) REPLICABILITY**

The Corazón Project has substantial potential for replicability throughout the region, and perhaps in other parts of the world. In particular, two areas that are unique to this project may be of interest to a diverse set of countries: i) binational conservation projects; and ii) mainstreaming of biodiversity conservation issues into the forestry sector. The close coordination of the project with current and emerging projects, exchanges between local residents and people elsewhere with similar situations, and a proactive communications strategy are expected to promote dissemination of lessons learned from this project and facilitate their adaptation, multiplying the benefits seen here.

#### **d) STAKEHOLDER INVOLVEMENT**

Participation of local communities has been key at all stages of project design, and will continue to be an integral part of the project through implementation. This is especially true in the drafting and implementation of management plans and support of productive activities. Communities will also be instrumental in carrying out social and biological monitoring. Socioeconomic indicators have been built into the monitoring framework, and will be used to assess the progress of the project.

#### **e) MONITORING AND EVALUATION**

One of the subcomponents of the Corazón Project is Monitoring and Information Management. Effective management of the Corazón Reserve and the protected area systems of both countries needs a continuing emphasis on monitoring and management of environmental information. This subcomponent will coordinate and be based on existing programs at national levels (e.g., the National Environmental Information System (SINIA) in Nicaragua) and at regional levels: the Mesoamerican Environmental Information System (SIAM) and the GEF-supported Inter-American Biological Information Network (IABIN).

The project expects to use the WWF-World Bank Tracking Tool to measure the effectiveness of protected area management in the Corazón Reserve. Baseline values are being established during project preparation, and assessments will be made at regular intervals during project implementation.

#### 4. FINANCIAL MODALITY AND COST EFFECTIVENESS

<b>Co-financing Sources</b>				
Name of Co-financier (source)	Classification	Type	Amount (US\$)	Status*
Governments of Honduras and Nicaragua	Government	Cash and in-kind	5,000,000	\$3 million commitment to Protected Area Fund and \$2 million in in-kind counterpart financing
Forests and Rural Productivity Project (Honduras)	IDA	Partially-Blended Project	12,000,000	Reflected in project and legal documents
Support to the PRORURAL SWAp (Nicaragua)	IDA	Partially-Blended Project	4,000,000	Being reflected in project and legal documents
<b>Sub-Total Co-financing</b>			<b>21,000,000**</b>	

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

\*\*Please note that discussions on cofinancing are being held with other donors including the European Union and German Cooperation, and there is the potential for another \$10 to \$15 million of cofinancing that will be very closely coordinated and possibly co-executed with the Corazón Project. However, since no letters have been signed at this time, these sources have not been included as cofinancing but rather considered as part of the baseline costs.

## **5. INSTITUTIONAL COORDINATION AND SUPPORT**

### **a) CORE COMMITMENTS AND LINKAGES**

The Corazón Project is responsive to many of the critical issues identified by Honduras and Nicaragua, and by the Bank, as of strategic priority. Nicaragua's CAS focuses on the four pillars of the Poverty Reduction Strategy Paper (PRSP): a) broad based economic growth with an emphasis on productive employment generation and rural development; b) greater and better investment in the human capital of the poor; c) better protection for vulnerable populations; and d) the strengthening of institutions and good governance. These four pillars are intertwined with three cross-cutting themes: a) a reduction in environmental degradation and ecological vulnerability; b) an increase in social equity; and c) further decentralization. The Corazón Project specifically addresses rural development, the protection of vulnerable populations, and a reduction in environmental degradation and ecological vulnerability.

Similarly, the Honduran CAS reflects the six pillars of that country's PRSP: a) accelerating equitable and sustainable growth to levels consistent with the income poverty reduction targets; b) reducing rural poverty; c) reducing urban poverty; d) enhancing investment in human capital; e) strengthening social protection for specific vulnerable groups; and, f) ensuring the sustainability of the strategy through governance and institutional reforms and enhanced environmental sustainability. Again, the Corazón Project responds to many of these objectives, including reducing rural poverty, strengthening protection for vulnerable groups, and enhancing environmental sustainability.

This project is also closely coordinated with, and complimentary to, other GEF and Bank operations in the two countries. The Corazón Project is partially-blended with two IDA projects: the Forests and Rural Productivity (PBPR) Project in Honduras and the Support to the PRORURAL SWAp Project (PRORURAL) in Nicaragua. These projects have been developed together. The PBPR is recently underway; PRORURAL is nearing completion of project design. Annex 4 of the Project Brief further discusses the integration of these projects with the Corazón Project. Particularly close collaboration has also been assured with the Bank's GEF-financed regional Integrated Management of Ecosystems Project, and the closing Bank-implemented Atlantic Biological Corridor Project in Honduras and Biodiversity in Priority Areas Project in Honduras.

The Corazón Protect team has also held meetings with the staff of other major projects working in the Corazón Reserve area in order to ensure that the activities of the Corazón project are coordinated with these projects, that there is no overlap, and that lessons learned by these initiatives have been incorporated into Corazón's work. To date, meetings have been held with the European Union, and German Cooperation, as well as with the staff of USAID's Integrated Environmental Resource Management Project.

### **b) CONSULTATION, COORDINATION AND COLLABORATION BETWEEN IAS, AND IAS AND EXAS, IF APPROPRIATE.**

The project team has been in contact with the proposed GEF UNDP-implemented project to strengthen the National Protected Areas System in Nicaragua, in order to achieve a harmonization and coordination of objectives, strategies, and activities. Other GEF projects in

Honduras and Nicaragua are coordinated by MARENA and SERNA allowing for harmonized preparation with the Corazón Project. It is notable also that the World Bank and UNDP are co-implementing the Biodiversity in Priority Areas Project in Honduras.

### C. PROJECT IMPLEMENTATION ARRANGEMENT

Although executed by the Central American Commission for the Environment and Development (CCAD), the counterpart agencies in Nicaragua are MARENA, the Ministry of Environment and in Honduras, the Ministry of Environment (SERNA) and the Forestry Agency (AFE-COHDEFOR). These agencies, working under the coordination of CCAD, have designed the project. The responsibility of managing project funds and dealing directly with the World Bank will fall to the project administration unit of CCAD, which has successfully executed the PDF-B Grant.

Some funds will need to be managed nationally, so second-tier funds will be set up in each country to ensure more efficient use and management of locally-executed funds. National coordination units will have limited financial management and procurement responsibilities. In Honduras the coordination unit will be attached to the Protected Area Fund of Honduras (FHAP, for its acronym in Spanish) which has is managed by a consortium of protected areas interests that does not include a majority representation of government. In Nicaragua, the coordination unit will be attached to the Technical Secretariat of Bosawas (SETAB), which has been in operation for many years as a forum for managing the diverse projects and initiatives underway in Bosawas. It is chaired by the Ministry of Environment and Natural Resources (MARENA) but includes all important stakeholders from the Bosawas Reserve.

Two existing institutional structures will be strengthened under the project to provide coordination and oversight to CCAD at the binational level. The Binational Forum has led the process over the last several years to have the Corazón area declared as a reserve. It represents a wide range of governmental and non-governmental interests, including indigenous groups. Secondly, a smaller Binational Technical Committee, created for the PDF-B, will be maintained under the Project as a mechanism of providing government overview and guidance to CCAD. (Please see Annex 6 of the Project Brief for more details on implementation arrangements.)

## ANNEX A: INCREMENTAL COST ANALYSIS

### Introduction

1. The largest remaining area of humid tropical forest north of Colombia is found along the eastern border between Honduras and Nicaragua. This 34,000 km<sup>2</sup> area encompasses much of the remaining habitat of many threatened and endangered species that require large intact areas of pristine forest, such as Harpy Eagles, jaguars, and tapirs, and contains more than 50% of the ecosystems of the two countries. It is also home to approximately 41,000 Tawahka, Mayangna, Pech, Garífuna, and Miskito indigenous peoples. This is the area proposed for the Corazón Transboundary Biosphere Reserve (CTBR). The Reserve name reflects its location in the “heart” of the Mesoamerican Biological Corridor (MBC).
2. The proposed Corazón Reserve encompasses four existing protected areas: the Bosawas Biosphere Reserve in Nicaragua and the Tawahka Asangni Reserve, Patuca National Park, and Río Plátano Biosphere Reserve in Honduras. The Corazón Project will strengthen the management of this binational area in order to better preserve the globally important biodiversity of the Corazón Reserve. In addition, the Project will strengthen the national protected area systems.

### Baseline Scenario

3. **Scope:** Under the Baseline Scenario, the area of the project, the future Corazón Transboundary Biosphere Reserve, continues under formal protected area status but, except for isolated patches which have some effective protection (core area of the Río Plátano Biosphere Reserve and some areas of the Bosawas Biosphere Reserve and Tawahka Asangni Indigenous Reserve conserved by indigenous populations under traditional conservation practices and benefiting from GTZ and EU investments), there is no effective protection or official presence of the state. Areas that are protected by their remoteness or low population density will remain essentially unchanged in the near future but the periphery of the entire reserve will continue to be impacted by a fast-moving agricultural frontier.
4. Human populations in and near the Corazón Reserve are poor and although dependent on natural resources of the area, their use of the resources is inefficient, contributing to the erosion of biodiversity and to a cycle of poverty. There are some ongoing investments in Corazón communities but these tend to be focused in small areas and most communities, particularly indigenous communities, do not benefit from any external support.
5. Under the Baseline Scenario, the four areas of the Corazón Reserve will continue to be managed as independent units with little coordination between them and virtually none across the international boundary. This contributes to inefficiencies in terms of costs and impact but also means that this single ecoregional unit, from a conservation science perspective, does not benefit from a uniform management regime nor does it benefit from a promotion of shared traditions and practices of indigenous peoples.

6. In summary, the situation is expected under the Baseline Scenario to change little for the next six years. There would be a continuing and ongoing loss of biodiversity attributable principally to few and uncoordinated investments in this huge area of the Mesoamerican Biological Corridor.

7. **Costs** (\$20.6 million): The table later in this section provides the expected baseline investment in the Corazón area for the next six years under the Baseline Scenario. This analysis has not quantified every small project or ongoing activity as there are a large number of these but it does include all major sustained sources of financing. In summary, investment levels are expected to be about \$4.2 million in total in the next 6 years from governments (\$0.7 million/year) and \$16.4 million from international donor projects (\$2.7 million/year). The Baseline Scenario includes donor projects of GTZ, the European Union, and USAID which will be very closely coordinated with the Corazon Project over the next six years. Although they are not included as part of the proposed project costs because no formal cofinancing agreements have been signed due to the projects being on different timelines, they are part of the Baseline Scenario as they contribute to the conservation efforts in the project area.

8. The Baseline Scenario more specifically in regard to each of the project's components is summarized below and in the table at the end of section:

9. **Component A - Consolidation of the CTBR (\$0.1 million):** Under the Baseline Scenario, although both countries are committed to the concept of the binational Corazón Reserve and would continue to lobby UNESCO, there are only minimal funds available for actions of promoting binational management and coordination. We estimate these as no more than \$100,000 over the next 6 years, all being government funds, in the absence of an externally funded project.

10. **Component B: Strengthening of SINAPs (\$3.6 million):** The Baseline Scenario provides for minimal investments in the SINAPs of each country. Current national budgets for the protected area systems range from about \$250,000/year in Honduras to about \$400,000 per year in Nicaragua. However, virtually all of these resources are targeted to meeting the minimal investment needs necessary in critical protected areas, and funds are not available for the needed strengthening of the national systems. Various projects supported by other international donors, in particular by GTZ, the EU and USAID, do provide some funding for strategic considerations and strengthening at the national level. Therefore, under the Baseline Scenario, each country will be benefiting from about \$300,000 per year in direct donor investments in strengthening the SINAPs for a total of about \$3.6 million over 6 years.

11. **Component C: Implementation of Protected Area Management Plans (\$1.6 million):** Under the Baseline Scenario, the four individual protected areas making up the Corazón area would benefit from investments that would allow their individual management plans to be implemented. Resources available for each area from national budgets are negligible as overall SINAP budgets are so low and are fragmented among the 170 protected areas in both countries; at best each country can maintain a single director on each side of the border and a handful of park guards. More substantive resources will be invested from various programs of international cooperants but this varies substantially from area to area.

12. The best endowed area is that of the Río Plátano Reserve in Honduras. It is, however, the most complex area to manage as it is the largest and has a large human presence in buffer zones, which are a dynamic mix of indigenous and mestizo populations. The Río Plátano Reserve will continue to benefit from German Cooperation investments of about \$1 million over the next 6 years, specifically for the implementation of the management plan.

13. The Tawahka and Patuca protected areas in Honduras do not benefit from any focused project in protected area management, with the expected closing in 2005 of the GEF Protected Areas in Priority Areas Project (PROBAP). PROBAP provided support for the creation of the Tawahka Reserve and also provided minimal but key support to the management of both protected areas. The Baseline Scenario includes the investments in implementing the two existing management plans for these areas which is estimated to be about \$200,000 over the next 6 years.

14. Finally, the Bosawas Reserve in Nicaragua does receive a large number of scattered investments from the Government of Nicaragua, NGOs, and international donors, in particular GTZ and USAID. The Baseline Scenario includes about \$400,000 of these investments over the next 6 years.

15. Thus the total of the Baseline Scenario investments under this component are estimated at \$1.6 million of which \$1.5 million from externally funded projects.

16. ***Component D: Community-Based Sustainable NRM (\$15 million):*** There are substantial investments under the Baseline Scenario for sustainable natural resources management, in particular in working with indigenous and non-indigenous populations in and around the four protected areas. Particularly, investments are expected in the Río Plátano (GTZ), the Tawahka and Patuca areas (EU, USAID), and in Bosawas (GTZ, USAID, TNC, and many other smaller projects). The total investment for the four areas that have been included in the Baseline Scenario is \$15 million (of which \$1 million being government's own resources) - \$5 million, \$5 million, \$2 million, and \$3 million respectively for the four areas. Although substantial, it is noteworthy that this is an enormously large area of extremely difficult access with large populations of very poor people. In addition, because the various investments across the four areas are currently moving forward as individual non-coordinated investments, there are great potential drawbacks in sharing the most innovative technologies, ensuring coordination, and providing guarantees that all these investments are indeed moving in the direction of more sustainable natural resource management.

17. ***Component E: Monitoring and Information Management (\$0.3 million):*** Under the Baseline Scenario, both countries will make meager investments in biological monitoring in the Corazón area. Small investments under scattered projects will be carried out (e.g., St. Louis Zoo in Bosawas, GTZ in Bosawas and Río Plátano Reserve) for an estimated \$200,000 over the next six years. Nicaragua also has a dynamic and effective SINIA at the national level which is contributing to better overall management of environmental information. Honduras is only at the earliest stages of having an effective national environmental information system. Finally, although at a hemispheric level, the GEF-funded IABIN project will be yielding important

benefits for each country in terms of providing tools and guidance for more efficient and focused management of biological information. It would seem extremely difficult to quantify the monetary value of these investments for the Corazón area but with a conservative estimate, it is about \$100,000 for the overall Corazón area. Therefore, an overall total of \$300,000 is included in Baseline Scenario under this component.

18. ***Benefits:*** While the Baseline Scenario would generate national and limited global benefits, it would have very limited global impacts due to fragmented approaches in conservation efforts and without coordination at the landscape level. It would not be sufficient to address the existing threats to the most critical areas of the highest biodiversity and international conservation importance. Moreover, it would not adequately integrate biodiversity conservation on a broader, landscape-level, which is necessary for long-term ecosystem management and biodiversity conservation. Total expenditures under the Baseline are estimated at \$20.6 million.

## **2. Global Environmental Objectives of the GEF Alternative**

19. The **objective** of the GEF Alternative is to ensure the long-term conservation of the heart of the Mesoamerican Biological Corridor, the largest contiguous area of natural habitat that remains in Mesoamerica and perhaps the best hope for maintenance in Mesoamerica of ecological dynamics and processes at large ecoregional scales. This objective cannot be achieved only through isolated national actions but requires concerted binational actions for the entire region.

20. ***Scope:*** The GEF Alternative will provide the means (above and beyond the Baseline Scenario) for creating the institutional, technical, and socio-economic conditions for enabling the sustainable conservation of the globally significant biodiversity resources of the Corazón Reserve. Since the area is huge and the threats are significant, it is not likely that the GEF Alternative will stabilize the agricultural frontier. However, the proposed GEF Alternative, principally by increasing investments, leveraging training and natural resources management in rural communities, and better coordinating binational management, will substantially improve on the Baseline Scenario and set in place the basis for a long-term investment over the next generations in conserving the biodiversity and cultural richness of this area.

21. ***Costs:*** The GEF Alternative, in addition to the Baseline Scenario described above, includes a proposed \$12 million grant from the GEF, \$16 million of investments from the partially-blended IDA credits that have been prepared jointly with the Corazón Project, and \$5 million from the two national governments. Although the project will also leverage and significantly influence additional donor resources, such costs under the Baseline Scenario have not been presented as co-financing for the proposed project. This additional financing presented under the Baseline Scenario would likely take place in any event, albeit in a less coordinated and less focused environment.

22. The GEF alternative thus includes a wide set of activities organized under six components with the following corresponding costs and focus (see also Annex 4 for a more detailed explanation of the project design and the table below with additional information on the national and global benefits):

23. **Component A: Consolidation of the CTBR (\$0.6 million: GEF \$0.5 million):** This component of the proposed GEF Alternative will be focused on the consolidation of the binational management and coordination of the Corazón Reserve. For efficiency and effective management to achieve global environmental objective, it is important to have a consolidated approach to the management of the whole area that lies in both countries. The component is almost entirely funded by GEF resources.
24. **Component B: Strengthening of SINAPs (\$14.1 million: GEF\$ 2.5 million):** A key objective of this component is strengthening of national protected area systems which is consistent with the GEF strategies, in addition to investments in smaller targeted areas. It ensures the sustainability of an investment in a specific area such as the Corazón, but also yields important global benefits as the overall management and financial sustainability of all protected areas in both countries improves. To avoid duplication of efforts under this component, in the case of Nicaragua, the Corazón Project will be coordinated with an expected UNDP-implemented GEF project to strengthen the SINAP. The cost of this potential GEF investment have not been included under this GEF Alternative.
25. **Component C: Implementation of PA Management Plans (\$6.8 million: GEF \$2.8 million):** The objective of this component under the GEF alternative is to ensure the more effective management of each of the four individual protected areas, albeit under the concept of a well-coordinated binational transboundary biosphere reserve.
26. **Component D: NRM Management (\$ 28.1 million: GEF US 2.6 million):** The objective of this component is to provide support to indigenous and non-indigenous communities in the project area in the more sustainable management of natural resources. Where necessary, this also implies capacity-building investments and better coordination of programs seeking to further clarify indigenous territorial claims. It is estimated that activities (worth at least \$10.5 million) of the two World Bank financed projects will fully compliment the Corazón Project activities.
27. **Component E: Monitoring and Information Management (\$1.4 million: GEF \$1.1 million):** Largely financed by the GEF Project, the GEF Alternative Scenario aims to ensure the global and national benefits of carefully designed and implemented biological monitoring systems across the two countries and coordinated schema of environmental information management.
28. **Component F: Project Coordination and Administration (\$1.6 million: GEF \$1.5 million):** This component will ensure effective coordination of project activities and information dissemination among ministries, national commissions, stakeholders at all levels and donor groups.
29. **Benefits:** The GEF Alternative incorporates the benefits of the Baseline Scenario, and will enable further locally and globally beneficial outcomes to be achieved. In addition to the Baseline benefits, incremental benefits to the global community include the ability to conserve and sustain globally significant and representative biodiversity, despite competing economic pressures on the resource base. GEF assistance will enable conservation and protection of a vast

area of globally significant habitats. Global benefits will include enhanced monitoring and information exchange through improved record-keeping at the bi-national level, and the development of significant new effective capacity at both the systemic and site levels to preserve endangered species and habitats. Continued protection of many additional ecological functions, and of option and existence values is an unquantified but a large benefit to the regional and global community. Furthermore, it also provides institutional benefits that remove a number of the barriers to long term biodiversity conservation in this important bi-national transboundary resource.

### **Incremental Costs**

30. The incremental costs are those that would not have existed in the absence of the GEF Alternative and are above and beyond what was estimated under the Baseline Scenario. Some of these costs are financed by the two partially-blended World Bank funded projects as they have both been prepared incorporating the concept of the Corazón Project and as a result of the latter, are directing resources toward the Alternative Scenario that would not otherwise have happened. Other costs of the Alternative Scenario are being assumed by the two national governments.

31. The incremental cost, the difference in cost between the Baseline Scenario (US\$20.6 million) and the GEF Alternative (US\$53.6 million), is US\$33.0 million. In addition to global biodiversity benefits, the project will generate national and local benefits. Of the incremental expenditures (costs) of \$33.0 million, the GEF is requested to fund only \$12.0 million; the balance of US\$21.0 million will be funded by the two governments (through the World Bank loans and budgetary allocations).

### Incremental Cost Matrix

<b>Project Components</b>	<b>Cost Category</b>	<b>Cost \$ millions</b>	<b>Domestic Benefits</b>	<b>Global Benefits</b>
<b>Component A: Consolidation of the CTBR</b>	Baseline	0.1	Very limited because of low levels of available financing	Very limited because of low levels of available financing
	GEF Alternative	0.6	More efficient use of PA management resources; improved bilateral relationships	More efficient use of international cooperation resources and better protection of this area of globally important biodiversity
	<b>Incremental</b>	<b>0.5</b>		
	Incremental (GEF)	0.5		
<b>Component B: Strengthening of SINAPs</b>	Baseline	3.6	Current minimal investments in national systems are yielding some benefits in efficiencies; PA Fund in Honduras is being established	As both national systems remain weak, global benefits are minimal
	GEF Alternative	14.1	Consolidating funds and decentralizing management will yield efficiencies and long-term availability of some funds for recurrent costs	Strengthened administrative systems and gradually increasing availability of operational funds will benefit all protected areas in both countries
	<b>Incremental</b>	<b>10.5</b>		
	Incremental (GEF)	2.5		
<b>Component C: Implementation of PA Management Plans</b>	Baseline	1.6	Minimal investments will mean the status quo: a continuing and gradual loss of the protected areas to the agricultural frontier	Continuing erosion of key areas of global biodiversity importance
	GEF Alternative	6.8	More effective implementation of management plans should allow for stabilization of protected areas with corresponding	The overall project and this component in particular provide for the maintenance of the integrity of the Corazón Reserve and

			benefits in terms of environmental services and tourism	maintenance of large-scale ecological processes in the largest remaining area of pristine habitat in Central America
	<b>Incremental</b>	<b>5.2</b>		
	Incremental (GEF)	2.8		
<b>Component D: NRM Management</b>	Baseline	15.0	Expected levels of investments will at best maintain current levels of poverty and will allow for minimal advances in more sustainable NRM	No measurable global benefits are to be expected under the Baseline Scenario
	GEF Alternative	28.1	Resources of the partially blended sister projects plus the GEF investment will allow for more efficient use of NRM management resources with some corresponding benefits in poverty alleviation. Better coordination of land titling issues should allow for progress in settling traditional land claims.	Ensuring progress in more sustainable use of biodiversity in the area, along with progress in resolving land titling issues, yields global benefits in increasing likelihood that the protected areas will remain protected and in the use of biodiversity, also a global goal
	<b>Incremental</b>	<b>13.1</b>		
	Incremental (GEF)	2.6		
<b>Component E: Monitoring and Information Management</b>	Baseline	0.3	Benefits are negligible as monitoring investments are low-level, scattered, and have minimal coordination	No discernable global benefits under the Baseline Scenario
	GEF Alternative	1.4	Better coordinated and more effective monitoring programs allow for better national decision-making. More effective SINIAs have a similar impact on good stewardship decisions country-wide.	Better monitoring and knowledge about biodiversity allows for better decisions to be made about use of international resources
	<b>Incremental</b>	<b>1.1</b>		
	Incremental	1.1		

	(GEF)			
<b>Component F: Project Management</b>	Baseline	0	N/A	N/A
	<u><i>GEF Alternative</i></u>	1.6	<b>Efficient use of resources under the project as well as more efficient resources of partially blended and thematically related projects</b>	Good management of the project will support attaining the overall global benefits of the project.
	<u><i>Incremental</i></u>	<b>1.6</b>		
	<u><i>Incremental (GEF)</i></u>	1.5		
<i>Totals*</i>	<u><i>Baseline</i></u>	20.6	<b>Overall, expected resources allow for at best the maintenance of the status quo, i.e., an ongoing erosion of the biodiversity of the Corazón and unsustainable use of NRM by human populations.</b>	The immense global biodiversity value of the Corazón Reserve will not be entirely lost but will suffer significant erosion and likely impacts on the integrity of some large-scale ecosystemic processes
	GEF Alternative	53.6	Stabilization of existing protected areas of national priority and improvements in use and allocation of poverty-focused investments. Long-term benefits in terms of environmental services and tourism potential.	Stabilization of existing protected areas through better coordination between countries and PAs and more efficient use of poverty-targeted and NRM-targeted investments leading to measurably more effective conservation of biodiversity
	<u><i>Incremental</i></u>	<b>33.0</b>		
	<u><i>Incremental (GEF)</i></u>	12.0		

\* The amounts in the total GEF Alternative and total incremental financing include \$1.0 million of "Unallocated" (pending final decisions of the two countries in the pre-Appraisal phase of preparation).

## ANNEX B: PROJECT LOGICAL FRAMEWORK

### Results Framework

PDO	Outcome Indicators	Use of Outcome Information
Improved management of the Corazón Transboundary Biosphere Reserve area	<ul style="list-style-type: none"> <li>- Enabling environment indicator improves from an estimated baseline of about 2.5 to 3.5 (on a scale of 1 to 5) [see details in Annex 3 of Project Brief]</li> <li>- Institutional management capacity improves from an estimated baseline of 1.5 to 3.5 (on a scale of 1 to 5) [see details in Annex 3 of Project Brief]</li> <li>- Deforestation of core areas of the Reserve is at least halved from the estimated baseline value of 2%/year</li> </ul>	To varying degrees, the measured indicators are subject to influence from the GEF Project or from the suite of related WB investments. Less than expected improvements in the enabling environment will trigger interventions in policy and will require enhanced management capacity role of the two governments. If overall deforestation of core habitats is not being slowed, the project's overall orientation would need to be reviewed at the MTR.
Intermediate Results One per Component	Results Indicators for Each Component	Use of Results Monitoring
<b>Component A:</b> CTBR consolidated, with binational institutional mechanisms that guarantee adequate coordination	<b>Component A:</b> - % of the management activities (as measured by \$ cost) in the four PAs of the CTBR that is coordinated through joint POA exercises or other coordination mechanisms increases from an estimated baseline of about 10% to 75% at end of project	<b>Component A:</b> A failure to meet targets of inter-institutional coordination and binational coordination could indicate systemic coordination issues that would need strengthened attention under the project and strengthened commitments from governments and local actors
<b>Component B:</b> National Protected Areas Systems strengthened politically, financially, technically and administratively	<b>Component B:</b> - Overall effectiveness rating of management of the two SINAPs using a national system protected area scorecard (to be chosen) improves by end of the project	<b>Component B:</b> The overall strength and effectiveness of the national protected area systems will to a large degree be beyond the sphere of influence of the project but failure to at least improve in this area would trigger a reassessment of government and international donor priorities

<b>Intermediate Results One per Component</b>	<b>Results Indicators for Each Component</b>	<b>Use of Results Monitoring</b>
<p><b>Component C:</b> Management plans for the CTBR protected areas harmonized and effectively implemented with local participation</p>	<p><b>Component C:</b> - Overall effectiveness rating of management of each area using the GEF's WWF/WB protected area scorecard increases from an ineffective rating to a moderately effective rating</p>	<p><b>Component C:</b> Less than expected improvements in any given PA will trigger a reassessment of the allocation of project resources and an evaluation of area-specific problems that are perhaps not being adequately addressed through management plans and project activities. As the project will not be prioritizing the Río Plátano Reserve in Honduras for on-the-ground investments, the monitoring results for that area would need to be dealt with in the dialogue between Honduras and German Cooperation.</p>
<p><b>Component D:</b> Local communities more sustainably managing natural resources</p>	<p><b>Component D:</b> - Increase of 25% in number of ha under sustainable management (such an indicator has been used with success in the Río Plátano Reserve and will be adapted for more widespread use)</p>	<p><b>Component D:</b> Any unexpected delays in reaching goals of sustainable use of natural resources would require analysis to determine the cause (land titling problems, marketing, organization, etc.) and would allow for fine-tuning of project investments and those of related projects</p>
<p><b>Component E:</b> Monitoring and information management capacity of National Environmental Information Systems strengthened and benefiting management needs of the CTBR</p>	<p><b>Component E:</b> - % of field data from biological and socioeconomic monitoring programs that are integrated into coordinated and accessible database increases from 5% (estimated baseline value) to 90% by end of project</p>	<p><b>Component E:</b> The effectiveness of Corazón monitoring programs will be a measure not only of local monitoring programs but also of the level of integration, nationally and binationally, of the SINIA</p>
<p><b>Component F:</b> Project administered efficiently</p>	<p><b>Component F:</b> - To be measured by output indicators such as audits, disbursement reports, reports, etc.</p>	<p><b>Component F:</b> Any failures in project administration would require coordinated corrective measures taken between CCAD, the World Bank, and the national governments</p>

## ANNEX C: RESPONSE TO PROJECT REVIEWS

### a) STAP expert review and IA/ExA response

The Scientific and Technical Advisory Panel (STAP) External Reviewer was Dr. Sonia Lagos Andino de Witte. She provided these comments on March 12, 2005 on an earlier version of the proposal. Observations/responses of the Project proponent appear in italics.

#### I. SUMMARY

This document provides the World Bank with a Technical Review (Phase I) of the proposed “Corazón Transboundary Biosphere Reserve” GEF Project. The importance of the binational approach of this project can’t be overemphasized, particularly considering that the principal beneficiaries of the project are the indigenous people of the Corazon Reserve. In order to have a complete overview of the planned project the review of the Indigenous Peoples Development Plan (IPDP) is urgently needed.

*Team Response: The Indigenous Peoples Development Plan is being prepared and will be ready by Appraisal, near the end of May 2005.*

#### II. KEY ISSUES

In order to present a logical framework for the Technical Review, the information of the present document follows the questions sent with the TOR’s for this Project review.

##### Scientific and technical soundness of the project

1. Is there sufficient ecological and technical information available to give the project a sound scientific base?
  - The project areas have been identified as having global and/or regional conservation priority by several authoritative assessments. These areas are among the highest priority areas for conservation, based on estimates of biological diversity, endemism, and rate of habitat and species loss. It is recommended to introduce references that can support the information presented in the project document.

*Team Response: This information has been added in Annex 1.*

2. Is there a need to develop indicators to achieve the objectives?
  - It is necessary to introduce indicators referred to social aspects, especially referred to poverty/ income and basic needs development within the project context;
  - Other important aspects are the institutional cooperation and coordination among local, regional and national levels, degree of involvement and consolidation of negotiation mechanisms of local stakeholders, especially indigenous groups, local

*Team Response: This The reviewer received an earlier version of the indicators. The current version addresses these issues. Inter-institutional coordination is measured by the Component A indicator. The Component C indicator specifically measures local participation (through the protected areas scorecard) as does the PDO indicator. We have not included poverty indicators because this has not been stated to be an explicit outcome of the project.*

3. Will appropriate monitoring be put in place?
  - The national policy decision makers in Honduras and Nicaragua should be encouraged to integrate GEF, WWF/ WB protected area scorecard (or some of its essential elements) as national policy instruments with its respective application mechanisms.
  - The monitoring system of the development objectives in general should be a shared system among national and local stakeholders, so that sustainability through appropriation will be more probable.
  - The monitoring systems for the successful project implementation on an operational level could be based on a shared impact monitoring of each of the so-called “change sub-project”, each one of which requires appropriation and endogenous efforts by the local actors.

*Team Response: The use of appropriate management effectiveness techniques will certainly be promoted by the project. Care has been taken to include community participation in the monitoring process.*

4. Will the approach taken in the project proposal achieve the objectives of conserving biodiversity?
  - If there is not an essential focus on productive sustainable forest use, local population hardly will see the short or medium term socioeconomic benefit needed for the motivation to protect their natural resources. The project proposal still seems weak on this aspect, which could be presented under the perspective of territorial competitiveness, including local public and private – partially external - stakeholders (for instance in the area of ecotourism).

*Team Response: This Greater resources have been allocated to Component D, Community-based natural resource management to better achieve this goal of generating local socioeconomic benefits. \$10.5 million of counterpart financing, the largest amount for any component, is also dedicated to sustainable productive activities under Component D.*

5. Is there any area weakness, gap in the project?
  - The conceptualization and operationalization of the special benefit of the binational project character which is indicated in a general form (chapter B., point 6., p.9), should be more specified.
  - Conflicts between ethnic groups need more attention, particularly in BOSAWAS where the indigenous people has autonomous territorial regulations

- Integration of traditional knowledge of forest use is not sufficient in the project components. Component D focuses on agricultural subsistence activities, while the potential use and commercialization of non-timber forest products could bring economic benefits to local people (medicinal plants, handicrafts, fibers etc.). More information about this issue is needed and it is recommended to incorporate specific aspects on traditional knowledge on non-timber forest products and conservation of endemic species into the component D and E.
- Clarification of benefit sharing
- The project structure is lacking control mechanisms to avoid corruption in the implementation of the project

*Team Response: The project has been modified to explicitly include non-timber forest products as an additional investment area and to better focus on conflict resolution. The project structure control mechanisms will be put in place prior to Appraisal.*

6. Are there any controversial aspects about the project?

- Concession and permission system for natural resource exploitation: it seems still to be highly centralized and should open up to guarantee consideration of local interests and criteria as one of the serious inputs for the final concession decision.

*Team Response: Neither area will have commercial forest concessions; decisions on local resource exploitation are best handled through the process of the local protected area management plans, which the project will support.*

7. How will the drops in revenue as a result of conservation measures be compensated?

- This point has not been mentioned in the project appraisal and should be included in 2 ways: presenting preliminary ideas of what revenue drops are to be expected, and indicating which potential alternatives may be available.

*Team Response: In no area is it expected that there would be revenue drops because the project is on the contrary attempting to maximize income for local stakeholders. However, in the event such were to happen, the project is preparing an involuntary resettlement framework (covering economic displacement) to be ready by Appraisal.*

8. How effective will the proposed model be in the local situation?

- This depends to a high degree on its socioeconomic benefit and on its “structural institutionalization”, both of which should be more emphasized.

*Team Response: We agree with this and have attempted to make it more explicit in the document.*

How does the project fit within the context of the goals of GEF

The project meets the goals of GEF in the context of the OP 4.

*Team Response: We agree that the project responds to OP3 and OP4, as well as SP-1 and SP-2.*

## Regional Context

- The regional implication of this project is well understood in the document. The role of the Binational Technical Committee in the implementation of the project activities is crucial for the coordination of such a complex and extensive area, despite the political changes and new governments of both project countries to be elected in the next months.

*Team Response : We agree that the Binational Technical Committee will play a key coordinating role.*

## Replicability of the project

Refers to the scope for replication of the intervention. If successful, could the intervention be replicated elsewhere on the basis of experience and learning?

- Lessons learned out of this project, specific in the context of direct involvement of indigenous people and reinforcement of Protected Areas System could benefit other regions in Latin America with similar vulnerable ecosystems and ethnic groups, particularly from the perspective of unification of management, coordination and monitoring mechanisms. It is recommended to network on similar experiences in Asia and Africa.
- The CORAZON Reserve Project can be considered an initiative in support of the Global Strategy for Plant Conservation of the Convention on Biological Diversity, and in particular with its Target 13 – *The decline of plant resources, and associated indigenous and local knowledge, innovations and practices that support sustainable livelihoods, local food security and health care, halted (by 2010) – and with Goal 7 of the Millennium Development Goals – Ensure environmental sustainability.*

*Team Response: The dissemination of lessons learned will be very important, and has been emphasized by the project. It is very much in keeping with Convention on Biological Diversity Targets and Goals.*

## Additional issues

### Linkage to other programmes and action plans at the regional or subregional level

Are adequate links established with relevant ongoing regional or subregional programs and action plans? Is there evidence that the GEF intervention will be considered with other ongoing initiatives?

- According to page 39, at the bottom, and page 40, on the top, the Corazon Project will have limited activities in the Río Plátano area, because it is already attended by GTZ and KfW. The fact that the coordination among both projects will be limited to “day to day activities, planning and likely to project implementation arrangements”, presents the risk that both projects could manage a different conceptual approach, which could be rather dangerous and confusing for the local development actors in this area.

*Team Response: This is an important observation and we will discuss this further with the Government of Honduras and German representatives in the work leading up to Appraisal.*

#### Degree of involvement of stakeholders in the project

##### 1. Are the participatory schemes adequate?

- The role and territorial responsibility of local governments for facilitating the local planning processes, as a regulatory instance for land use conflicts and local basic infrastructure procurement should be especially focused to improve the sustainability perspective. If local governments together with local indigenous and other local interest groups do not appropriate themselves of the project and Biosphere protection mechanisms on local level and sustain and continue them, then the project impact will finish after its termination. The “integration” of project mechanisms into the local cooperation processes supported by the other projects - not only by IDA, but also by the Social Funds FISE (Nicaragua) and FISH (Honduras) and other programs active in the Corazon Biosphere Reserve will be essential.
- On the other hand, the great distances between local communities and municipalities in the very extensive “municipio” territories, often make the presence of the local government in these communities nearly invisible. But, as there is no alternative to legitimate public institutionality on local level, the project should try to support the installation of visible municipal presence within its territory (for instance in form of “Oficinas de Enlace Comunitarias”).
- In this sense, it is recommended that on the local and possibly ‘intermunicipal’ level, local actors constitute their own coordination committee under the municipal government as the (legally) territorial lead agency which procures that local implementation of the different local plans integrates the supported local investment and other projects, and that a local development planning process under the guidance of local government will be the basis or reference point for all projects which aim at the local development promotion.

*Team Response: The above points have been noted. Creating new local coordination “instancias” has generally failed but the Project will have to make a more concerted effort during implementation to work within existing local structures.*

##### 2. Have conflict issues been dealt with?

- Interest conflicts which originate from historically grown domination structures between the ethnic groups must be always present in the project mechanisms.

*Team Response: This is quite valid. The implementation of conflict resolution mechanisms has been incorporated into Component D.*

## Capacity building aspects

One of the activities GEF is funding is supporting capacity building efforts that promote the preservation and maintenance of indigenous and local communities, knowledge, innovation, and practices relevant to conservation of biodiversity with their prior informed consent and participation.

One of the outputs of GEF projects should be stronger institutions and well-trained staff to address these issues.

1) Has adequate attention been paid to capacity building aspects?

- Training activities are enclosed in Components C,D and E, but indicators for those activities are missing in the document

*Team Response: Indicators for local capacity are included in the “umbrella” indicators used at the PDO level and in the protected area scorecard. Additional information specific to capacity will be “extractable” from the indicator reports.*

2) Is there sufficient human capacity to tackle the issues addressed in the project?

- The Corazon Project will be executed through CCAD and this might guarantee that the project staff will have the required capacity and skills to implement the project activities at all levels, despite de changes in the Governments of Honduras and Nicaragua during the project period. A review of the qualification of the staff already in place for the project is not possible at this stage, since this information is not provided by the project appraisal.

*Team Response: Project staff have a high level of capacity and strong experience in implementing similar projects. Some degree of turnover is inevitable; however it is expected that the project will continue to attract highly-qualified staff.*

## Innovativeness of the projects

In which respect are the approaches of the project innovative?

- The unification of project approach towards 4 different, until now independently treated Reserves, is an important innovation (although its specific benefits on the conceptual and operational level should still be stated more clearly).
- On the other hand, the appraisal should resume the basic relevant results of the other project experiences mentioned (especially previous GEF projects, as well as current GTZ, USAID, IDA projects), and indicate that the approach really takes into account the lessons learned by those projects. Chapter B, point 5 (p. 7 and 8) seems to be rather general in this aspect.

*Team Response: The section on Lessons Learned in the main text is subject to severe length restrictions in the Bank’s format so it was not possible to go into this level of*

*detail. However the point is well taken that the document needs to better take into account the lessons learned in similar projects. This will be reflected in detail in the Recipient's PIP. Note that draft reviews of lessons learned have been completed for both the Bank's previous GEF projects in this area: the Nicaragua Atlantic Biological Corridor Project and the Honduras Biodiversity in Priority Areas Project.*

**b) GEF Secretariat and other Agencies' comments and IA/ExA response**

The following comments from the GEF Secretariat were expected to be addressed at Work Program entry. Task team responses are in italics. Comments provided by the GEF Secretariat on April 4, and the responses to these questions, are in **bold**.

**Program Designation and Conformity**

- 1) The project should seek to estimate and indicate the level of resources (especially GEF resources) associated with SP# 1, and SP#2.

*Team Response: Most of the work of the Corazón project is aimed at Strategic Priority 1 (Catalyzing the Sustainability of Protected Areas), and Strategic Priority 2 (Mainstreaming Biodiversity in Production Landscapes and Sectors). Approximately \$7.3 million of GEF funding benefits SP 1 (Components A, B, C, and part of E), while \$4.7 million benefits SP 2 (Component D and part of E). Project administration funds are considered divided between these strategic priorities. Of the total project funding, approximately \$16.7 million is dedicated to SP 1 activities, while \$16.3 goes to SP 2 activities.*

**Project Design**

- 1) The relationship and contribution in concrete terms of this project to the MBC. Achievements of previous support, and rationale for continued support provided. Please indicate clearly the rationale for continuity of support, and ensure that the GEF is not providing support for aspects which have been supported through its earlier support.

*Team Response: While previous World Bank GEF-financed MBC projects in Honduras (PROBAP) and Nicaragua (ABC) have made valuable contributions to biodiversity conservation, much of area included in these projects (about 40% in Honduras and 75% in Nicaragua) falls outside of the current project area. While building on the successes of these projects, the Corazón project will i) work in previously excluded areas of the Corazón Reserve; ii) bring an innovative binational approach to the conservation of a border region; iii) harmonize management of protected areas that were previously isolated under different projects; and iv) address remaining issues in the consolidation of the NPAS. Continued support for these countries will help ensure the conservation of the heart of the MBC.*

- 2) The evaluations of the GEF Biodiversity in Protected Areas Project (Honduras) and Atlantic Biological Corridor (Nicaragua) should be made available. In addition lesson learnt should be fully reflected.

*Team Response: PROBAP and ABC consultants played important roles in the preparation of the Corazón Project to ensure continuity and the incorporation of lessons learned. The IA's Task Manager of the previous Nicaragua and Honduras GEF Projects is also the TM of the Corazón Project. The formal evaluations of the PROBAP and ABC Projects are being finalized; draft copies, which helped in the design of the Corazón Project, are available in project files.*

- 3) Provide the long-term vision to PA management in the two countries, and how the BR contributes to that vision. Confirm if the area has been accorded B.R. status.

*Team Response: Both countries have prepared protected area strategies (available in project files). In Honduras, the protected areas fund (FHAP), facilitating direct financing of local non-governmental protected area managers, is a cornerstone of the policy. The Corazón Project will be the government's principal support over the next five years to implement their policy. The Nicaragua strategy also seeks to gradually decentralize protected area management and seeks GEF support to implement the policy, first through this Corazón Project and then through a UNDP-implemented project to support the SINAP, now under preparation. A proposal to establish the Biosphere Reserve was submitted jointly by the Honduras and Nicaragua to UNESCO in August 2004, and may be approved as early as June 2005. Section C4 of the PAD addresses this question in more detail; approval or not by UNESCO is not considered essential to achieving the objectives of the project.*

- 5) Project should explain how the B.R. will be managed as a single unit in conservation terms.

*Team Response: Component C is dedicated to the harmonization and implementation of management plans for the four protected areas (PAs) which comprise the Corazón Reserve. A strategic decision has been made by the two governments not to subsume the four PAs under a single management plan, but rather to harmonize the management plans for the individual areas by coordinating their updating, modifications, implementation, and monitoring. Component A is dedicated to strengthening the concerted cross-border, and cross-PA, management effort between the two countries.*

- 6) The links with the forestry loans (\$40 million) should be clear, in particular how biodiversity considerations will be mainstreamed. Specific indicators to track the mainstreaming should be provided.

*Team Response: During the preparation phase of the project, the orientation of the project's role in community-based natural resource management in and near the parks evolved from a focus on forestry to one that is more inclusive and based on demands and needs of the communities. Although the project will support community forestry activities,*

*these will likely be no more important than other activities intended to mainstream biodiversity into productive activities. The links between the Corazón Project and the two partially blended operations are explained in detail in the PAD; the latter in both countries support forestry activities as well as productive activities in the agricultural sector. The indicator on number of hectares under sustainable management is intended to capture the mainstreaming of biodiversity concerns into forestry work in the area; it will be designed and measured in such a way to also allow specific monitoring of project-supported forestry activities.*

- 8) The links of this project to projects under preparation should be addressed where relevant (CEPF, Regional Mesoamerican GEF project for Indigenous Mgmt of Natural Areas?)

*Team Response: Section C1 and Annex 2 address the linkage of the Corazón Project to other projects that are active or under preparation, including the Regional Integrated Ecosystem Management Project and the UNDP project on strengthening the NPAS in Nicaragua. There are no investments under the Critical Ecosystems Partnership Fund (CPEF) in the area of the project.*

#### Sustainability (Including Financial Sustainability)

- 1) The project should outline the longterm sustainability needs of the area, and spell out what is anticipated to be achieved through this project. Specific benchmarks and indicators should be developed to track this progress.

*Team Response: This guidance is reflected in the overall project design and particularly in the indicators.*

#### Replicability

- 1) Project needs to demonstrate what it has learnt from ongoing/related projects and what is being applied in this project in terms of replication.

*Team Response: The Corazón Project is fortunate to have a body of experience to draw from, including lessons learned from the ABC and PROBAP projects. A summary of lessons learned which informed project design can be found in section B5 of the PAD.*

- 2) The scope for this project to inform other interventions in the MBC.

*Team Response: There is substantial potential for the experiences of this project to inform other activities in the MBC. One area, that of cross-boundary protected areas, is especially important in Central America, and the possibility of replicating innovations made under this project is high. The potential for disseminating lessons learned about incorporating biodiversity conservation into other productive sectors is also good. This issue is addressed in section C4.*

#### Stakeholder Involvement

- 1) Clear description of the processes used to engage and involve the indigenous communities during preparation and for the implementation of the project.

*Team Response: Participation of local communities has been key at all stages of project design, and will continue to be an integral part of the project through implementation. This is especially true in the drafting and implementation of management plans and support of productive activities. Communities will also be instrumental in carrying out social and biological monitoring. Please see Annex 4 for more information on community-based activities. The stand-alone Social Assessment and Indigenous Peoples Development Plan (IPDP) of the Recipient describe the role of indigenous peoples in more detail.*

#### Monitoring and Evaluation

- 1) There should be clearly defined indicators to monitor and track the achievements and impact of the project, including its contribution to the MBC.

*Team Response: Please see the Results Framework in Annex 2 of this document for project indicators which monitor project achievement and impact. There is no specific indicator that tracks the contribution to the MBC, as the MBC's success falls beyond the scope of the project, but it could be argued that the overall project goal of consolidating the heart of the MBC is a fundamental contribution to the long-term survival of the Mesoamerican Biological Corridor.*

- 2) Specific indicator to track the mainstreaming of biodiversity into the forestry sectors should be provided.

*Team Response: This point is addressed in the comment above under links with the partially blended loans.*

- 3) Specific indicators should be developed to track the progress towards long-term sustainability.

*Team Response: Please see the Results Framework in Annex 2 of this document for details on project indicators. All indicators, and especially the outcome indicators for the project development objective, are designed to track progress towards the long-term sustainability of the Corazón Reserve and of the SINAPs.*

#### Financing

- 1) GEF funding should be incremental in nature and for harnessing global environmental benefits only.

*Team Response: Please see the incremental cost analysis in Annex 1 of this document for a discussion of incremental costs. As per this guidance, GEF funding is being requested only for incremental activities aimed at securing global environmental benefits.*

#### Core Commitments and Linkages

- 1) These should be clearly defined for the B.R. as a whole, especially those relating to the collaborative elements in the two countries.

*Team Response: Details on institutional arrangements, including binational coordination mechanisms, can be found in Annex 6 of the Project Brief. Component A of the project also seeks to consolidate the established binational coordination mechanisms and other institutional arrangements for the Reserve.*

- 2) The capacity and absorptive capacity of the countries to deal with the growing portfolio needs to be addressed.

*Team Response: Although often under difficult political, fiscal, and institutional constraints, both Nicaragua and Honduras are implementing successfully all their ongoing GEF projects. In addition, Component B of the Project focuses on institutional and systematic strengthening and sustainability, which will help the two countries absorb any future portfolio growth.*

**Consultation, Coordination, Collaboration between IAs, and IAs and EAs, if appropriate**

- 1) **TNC (MOPAWI) is doing extensive work in the Rio Platano B.R. in Honduras and Bosawas B.R. in Nicaragua. In these areas TNC and partners are supporting indigenous communities as they establish legal claim to their lands. The Conservancy is also working on transboundary initiatives in the mosquitia which will be an area covered by the proposed Corazon transboundary initiative. These activities have not been described in the document. Please provide an explanation for the lack of mentioning of TNC's work and explain the relation between this work and this proposed project.**

*Team Response: Annex 2 of the Project Brief contains information on major projects under preparation or implementation in the project area, including the Regional Integrated Ecosystem Management in Indigenous Communities Project, which is being executed by MOPAWI and the TNC Parques en Peligro Project. Conversations have been held with both TNC and MOPAWI throughout project preparation, and have informed the design of the project. MOPAWI participated in workshops with CCAD, the national preparation teams, and several consultants involved in project preparation, and conversations on the coordination of activities are ongoing. A former TNC staff member who had been intimately involved in discussions with the Corazón Project team throughout preparations served as a peer reviewer for the project.*

**Further Processing**

**Please clarify the issues outlined in project review for WP inclusion. Mainly;**

- 1) Please provide an explanation of whether or not the Corazon project might be duplicating the efforts of others in the Mosquita and if the IA has considered possible collaboration with TNC.

*Team Response: As mentioned above, the project team has taken great care to coordinate with other institutions working in the project area, and these discussions have informed the project design. Conversations have been held with USAID, DANIDA, TNC, MOPAWI, German Cooperation, and the European Union, among others. The idea is to compliment, rather than duplicate, existing efforts in the Corazón Reserve area. Extensive discussions have been held with TNC and, while no formal agreement has been signed to date, there is the possibility that the relationship will be formalized in the near future.*

- 2) Please provide complete GEF tracking tools for this project.

*Team Response: The project team understands that the at the GEF Executive Coordinators Meeting on February 23, 2005:*

*It was agreed that the Biodiversity tracking tool would be used in a voluntary manner by the agencies until such time as there was firm agreement on any additional monitoring tools to be used by the agencies. In this regard, it was suggested that it might be useful to see if the tracking tool could be incorporated into the log frame for biodiversity projects.*

*However, the project had already planned to incorporate the Tracking Tool into the project as a means of evaluating protected area management effectiveness. A baseline is being established during project preparation, and the Tracking Tool will be put into use once implementation begins, with regular updates to track progress throughout the life of the project.*

- 3) Reviewing manager(S.Tambi Matambo) will recommend CEO approval for Work program entry once issues highlighted above are addressed and highlighted in a revised draft to be submitted at the agreed time.

c) CBD Secretariat Comment and IA/ExA response

- 1) We could not see clearly from the Executive Summary how the project will address guidance from the COP to CBD (see the guidance: <http://www.biodiv.org/financial/guidance.shtml>)

*Team Response: We appreciate your comment. The team feels that this project addresses biodiversity conservation and protected areas management in a manner that is entirely consistent with the guidance provided by the COP to the CBD. The project addresses a number of programme priorities, including protected areas and in-situ conservation, traditional knowledge and local and indigenous communities, sustainable use, biological diversity of mountain ecosystems, and forest biological*

*diversity. If there is a specific issue raised by COP guidance about which the CBD Secretariat would like more detailed information, we would be very happy to provide it.*