PAS. These guidelines will then be applied to the formulation of 10 PA management plans in priority areas, which will be compatible with the PA selected by IADB's Sustainable Tourism Project. The Strategic Action Plan will then be implemented by SINAC with a prior approval of the National Council for Conservation Areas (*Consejo Nacional de Áreas de Conservación CONAC*) and the participation of other key stakeholders, such as local governments, indigenous communities, private reserve network, as appropriated.

OUTCOME 2: SINAC's institutional PA System framework and capacity is enhanced for eco-regional planning and optimal management effectiveness
Total Cost: US$ 3,363,391 (Co-Financing: US$ 2,755,391; GEF Request: US$ 608,000).

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

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

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

85. According to the Biodiversity Law, SINAC is a de-concentrated institution with partial autonomy from MINAE. Yet, legal and organizational barriers have hampered the de-concentration process in SINAC. A full-fledged de-concentration will be the prerequisite for implementation of the new proposed eco-regional approach as outlined in Section IV: Part VI. This Output will focus on developing SINAC's institutional and administrative structure for it to fully comply with its de-concentration mandate and new strategic objectives. This, in turn, will provide the necessary conditions for the eco-regional approach to be adopted in Costa Rica. SINAC also needs to review and officially approve an organigramme, which will be based on an organizational model designed to respond to SINAC's strategy. This internal organization should facilitate the assignment of specific tasks and responsibilities to SINAC's Staff, and reduce redundancy, by locating staff in organizational units that contribute to increasing SINAC effectiveness and the long-term sustainability of the PA system. Additionally, SINAC requires a new strategic human resources program, which can systematically identify gaps in the system's performance

and in staff capacities, in order to guide training efforts and better enhance the human resources which the system relies upon. This will include staff re-profiling, hiring and assigning responsibilities to allow SINAC to implement the Strategic Action Plan. Once the design has been officially sanctioned by political authorities in MINAE, senior SINAC Staff, and the CONAC, it can be submitted to MIDEPLAN for formal approval. This will require close coordination with Outputs 1.1 and 1.2, as these structural reforms will also require legal backing.

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

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

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

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

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

88. The Project will provide targeted training for human resources in SINAC at: (i) the central level; (ii) the Areas of Conservation level; and (iii) the individual PA site level. The Project will support the

[28] Catalyzing the implementation of Uruguay's National Protected Area System (PIMS 3173)

[29] The GoCR has committed to increase staffing complements to achieve the institutional strengthening short-term goals by the end of the project.

development and adoption of training strategies to establish policy and guiding principles for key training and human development issues. The training will also target selective public institutions – such as the municipalities, NGOs and local communities - that have a role in PA management in the Pilot Sites. Another line of activities[30] will be directed at creating sustainable tourism management among key private sector stakeholders. Funding will be provided by the IADB Tourism Programme for training and certification of local tourist guides operating in PAs. These certified tourist guides will provide the technical assistance for SINAC to regulate and oversee effectively the provision of tours within protected areas. Moreover, technical assistance and training will be provided to local entrepreneurs on issues concerning environmental legislation, tourism related regulations.

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

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

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

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

[30] This is part of the IADB sub-comp 2.3.

of data and information in one joint KMS will allow SINAC to carry out enhanced decision making and to account for some of the economic benefits that the PAs are providing to the country.

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

OUTCOME 3: SINAC has the financial sustainability to effectively attain its strategic objectives and provide resources for long-term PA System management needs
Total Cost: US$ 1,928,800 (Co-Financing: US$ 1,116,800; GEF Request: US$ 812,000).

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

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

95. To improve negotiation skills, financial and business planning must be undertaken on a regular and systematic basis in SINAC. Moreover, at present, SINAC's limited institutional capacities for financial management results in chronic under-spending of its annual budget, which further weakens its negotiating position with the Ministry of Finance (*Ministerio de Hacienda*). Specific training on financial management to SINAC staff will therefore be provided through Output 3.6 and a Procedures Manual on the revised financial management system will be compiled. Effective financial planning requires accurate knowledge of the amounts of revenue, expenditure levels, patterns and requirements. This requires new accounting practices and adapted technology for online controls. Good financial planning enables PA managers to make strategic financial decisions, such as re-allocating spending to match management

[31] PDF B Study: Analysis and Evaluation of the financial sustainability of Costa Rica's system of Protected Areas, CIESA, 2006.

priorities, and identifying appropriate cost reductions and potential cash flow problems. An accurate assessment of costs across the PA System would be an opportunity for project intervention and would enable informed decisions on funding needs, priorities and opportunities for savings. Financial management information and tracking systems will be strengthened and budget reporting procedures revised and implemented to measure performance against indicators (Output 3.5).

Output 3.1: A PA System Financing Strategy adopted and operational

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

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

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

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

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

level Business Plans, for instance, as the source of financial reporting from PA sites feeding into system-level reporting. Reporting on expenditure and results of investments in PAs will be important to show the cost-effectiveness of PA management and the value in budget allocations to improve PA management. Finally, the Plan will provide the foundation for the financing mechanisms to be developed and implemented through Outputs 3.3 and 3.4.

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

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

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

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

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

102. In addition, to gradually address the aspect of privately owned lands for conservation purposes, the Project will explore and define financial needs and possible funding sources for different scenarios and mechanisms, including conservation leases, easements, and the development of incentives for private PAs. Mechanisms will include both direct incentives (whether monetary or in-kind) and indirect

[33] For details, see Section IV: Part VII.

incentives (fiscal instruments and service incentives). Among direct incentives the possibility and feasibility of promoting subsidies, soft credits, etc. will be explored. The project will support economic valuation and evaluation studies to determine the values of resources provided by PAs and the opportunity costs for different types of landowners that may wish to implement private reserves. These will enable the definition of criteria and procedures to provide incentives for encouraging private parties in the establishment and management of PAs.

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

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

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

Output 3.6: Training Programme for SINAC financial administrators at all levels[34] to set up, consolidate and operate financial planning, management and other business systems

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

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

106. Initially, training will take place at the central level for SINAC's financial managers and in PA Pilot Sites and later extended to the rest of the system during the life of the Project. In the Pilot Sites (Outcome 4), PA practitioners will receive guidance and support to supplement PA management plans with long-term financial and business planning and the ability to implement these plans in a participatory manner. These plans will act as models for PA managers across the system and, later on, will feed into the system-wide Business Plan to be developed in Output 1.6. In addition, PA practitioners in Pilot Sites will be trained to start developing some of the funding strategies and innovative revenue generation mechanisms identified in their new Business Plans.

OUTCOME 4: SINAC tests new and innovative conservation approaches at the Conservation Area and PA Level
Total Cost: US$ 13,518.452 (Co-Financing: US$ 12,541.092; GEF Request: US$ 977,360).

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

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

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

110. The Project will provide an opportunity for ground testing and for sharing Best Practices for a variety of PA governance models and management types, as part of the strategy to develop a multi-stakeholder PA System. Another aim is to demonstrate how to share the responsibilities and costs of PA management across a broad spectrum of institutions, organizations and individuals. The pilot activities have been specifically designed to enhance the effectiveness of management responses to threats, and

thus to threat remediation. The Project will also support the systematization of these experiences in order to draw lessons that could be useful for similar situations in other areas (in terms of land tenure structures, threat scenarios, etc.). The results attained in each site will be made available for other practitioners through the Knowledge Management System (see Output 2.5).

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

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

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

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

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

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

115. SINAC's PAs are notoriously under-staffed and even more under-equipped. SINAC has recently partnered with ICT to invest in communications facilities and infrastructure to improve the services provided to tourists inside PAs. Based on a market analysis, this project has selected 10 highly visited SINAC PAs, in which it will develop their Management Plans in conjunction with tourism development

plans. It will also enhance communications between SINAC and the PAs, accessibility through improved roads and paths, and improve the public services and facilities provided to park visitors. This sample of SINAC PAs will be fully equipped and staff will be trained to better service tourists, while also managing conservation goals set by SINAC and GRUAS II. Moreover, the IADB Sustainable Tourism Programme will channel US$12.8 million in infrastructure investments inside 10 selected PAs. This sub-program will fund investments, such as access roads, parks paths, entrance booths and visitors centers. It will also fund transport vehicles for each of the 10 PAs, and a boat in 5 PAs; and Pre-feasibility and Feasibility Studies (including Environmental Impact Assessments) for the planned investments in infrastructure. So far, investment needs have been calculated for three pilot areas (Manuel Antonio, Corcovado y Braulio Carrillo), and the needs of the rest of the PAs will take place during the onset of the program.

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

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

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

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

118. Field Demonstration Site: The **Tempisque Conservation Area** (ACT - *Area de Conservación Tempisque*) covers most of the Nicoya Peninsula in Northwestern Costa Rica. Table 33 in Section IV: Part IX provides an overview of this pilot. It harbours important samples of Costa Rica's tropical Dry Forest and Seasonal Moist Forest. It also boasts some of the most important Sea Turtle nesting grounds in the Pacific (Las Baulas, Ostional), as well as three Ramsar Sites for wetlands of international importance. ACT is moreover characterized by a large number of relatively small Pas.[35] These PAs cover a total of 108,807 ha, of which only 12,351 ha of the terrestrial portions of the PAs are under public administration.

[35] A total of 25, of which 17 have institutional SINAC presence.

Notably, most of the PAs (27,817 ha) in this Conservation Area are in private hands. The Pacific Coast of the Nicoya Peninsula is also one of Costa Rica's fastest growing tourism destinations, which has made tourism the main driver of Guanacaste's economic development. As a result, ACT has pioneered partnerships with the private sector to secure adequate governance of its PA system at the local level. More specifically, ACT works with 8 municipalities in an area where a booming tourism industry and land markets exert increasing pressure on PAs. Hence, ACT presents considerable opportunities for harnessing linkages with the tourism industry, through innovative partnerships and joint management arrangements with the private sector. These new arrangements require the strengthening of the management and negotiation capacities of ACT staff vis-a-vis a booming tourism industry.

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

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

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

121. With the Tortuguero Conservation Area (ACTo), this Output will hence pilot approaches for land use planning with municipal authorities and community based organizations. New management approaches and local land use planning tools will be tested in selected municipalities (Guácimo) and communities (Tortuguero) in order to align them with eco-regional conservation goals. In partnership with the IADB-SINAC-ICT Sustainable Tourism Programme, SINAC PA staff in Tortuguero National Park will be supported to engage with local municipal and community governments to apply land use planning approaches in order to prioritize investments in tourism infrastructure while guaranteeing land uses compatible with long-term conservation goals. This land use planning approach will also serve as a

key conflict avoiding strategy to further ACTo effort for the long term partnerships with local authorities to pursue common development and conservation goals. This Output will also seek to strengthen local partner organizations, particularly those active in buffer zone management, ecotourism and other activities linked to PA management and conservation. In particular, the project will build on the experience developed by Community-Based Management Program in Acto (*Programa de Gestión Comunitaria PGC-ACTo*), which works with buffer zone communities around Tortuguero National Park, through the promotion of sustainable livelihoods and ecotourism. Moreover, this pilot will centre on strengthening CORACTo seeking to promote innovative participation mechanisms, collective action approaches and long-term sustainability.

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

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

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

OUTCOME 5: Successful PA System management models are scaled-up and replicated at the systemic level through strategic partnerships with key stakeholders.
Total Cost: US$ 1,929,356 (Co-Financing: US$ 1,069,156; GEF Request: US$ 860,200).

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

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

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

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

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

129. IADB will help fund the strengthening of consultative bodies, especially Local and Regional PA Management Councils (Output 5.1), and the tendering and bidding of concessions and other use permits (Output 5.3). Moreover, the three partners in the SINAC-ICT-IADB Tourism Program plan to design and

jointly fund a Marketing and Communications Strategy to promote the sustainable management of tourism in PA through an innovative approach. This Strategy will aim to stimulate PA visitation and other complementary activities, which are compatible with conservation goals, by working with the private sector. These activities will also include the publication of guidebooks, prospecti and other promotional material, complementary to ICT's regular promotion of sustainable tourism at the local, national and international level.

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

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

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

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

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

133. Strengthening the Councils in Output 5.1 will constitute an important step in increasing participation in the day-to-day management of the PA System. Yet, there is also a need to incorporate participatory methodologies into official SINAC policy at the central and regional level. For instance, SINAC has had limited success in dealing with indigenous territories located in and around PAs. In order to engage with indigenous organizations in a meaningful manner, SINAC will need to develop capacities to address complex issues related to traditional rights to biodiversity, sacred sites, traditional knowledge and access rights. This Output will provide training opportunities to existing SINAC field staff to improve their outreach capacities and adapt management tools that can enhance public participation in PA management. Project-supported Livelihood Specialists will develop guidelines for PA management staff on how to engage with indigenous communities, local stakeholders and to solve problems and conflicts. Through on-the-job training of SINAC field staff, PA management effectiveness will improve over time. In partnership with specialized technical partners (i.e. CATIE, UCI-ELAP), PA managers will be assisted in development of delivery mechanisms to help small rural enterprises and local service providers. These improved outreach capacities will be complemented by the provision of accessible and understandable information to local stakeholders on the different modalities of participation in PA management.

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

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

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

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

136. Costa Rica still needs to adopt a formal legal figure of collaborative management, which could set down clear rules for participation in the management of State-run PAs. Yet, SINAC has recently published a national policy on collaborative management of PAs. This paves the way for adjusting the

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

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

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

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

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

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

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

II - 3. Project Indicators, Risks and Assumptions

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

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

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

143. The 15 ***Outcome Indicators*** are:

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

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

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

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

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

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

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

II - 4. Expected global, national and local benefits

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

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

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

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

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

II - 5. Country Ownership, Eligibility and Driveness

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

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

Programme Element 1	- Strengthening a national system of protected areas. - Integrating PAs into the broader land- and seascapes and sectors so as to maintain ecological structures and functions. - Substantially improving site-based PA planning and management. - Preventing and mitigating the negative impacts of key threats to PAs.
Programme Element 2	- Establishing mechanisms for the equitable sharing of both costs and benefits arising from the establishment and management of PAs. - Enhancing and securing the involvement of local communities and relevant stakeholders.
Programme Element 3	- Providing an enabling legal, policy and institutional environment for Pas. - Building capacity for the planning, establishment and management of PAs. - Contributing to long-term financial sustainability of Pas and the national PA System. - Strengthening communication, education and public awareness.
Programme Element 4	- Developing and adopting minimum standards and best practices for the national PA system. - Developing and adopting frameworks for monitoring, evaluating and reporting PA management effectiveness at the site and system level. - Promoting the dissemination of, and facilitation access to, scientific and technical information from and on PAs.

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

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

II - 6. Sustainability

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

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

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

[38] PDF B Study: Analysis and Evaluation of the financial sustainability of Costa Rica's system of Protected Areas, CIESA, 2006.

adjustments needed to satisfy the demand for visitation to PAs in Group A (through IADB investments in PA infrastructure) (Output 4.2); and (v) build the needed capacity and structures to help the System control spending (particularly on staff salaries) (Outcomes 2 and 3). **According to the PDF B study projections, if the combination of these actions are taken, then the PA System is quite capable of generating enough resources even to pay the salaries of its employees to varying degrees** (for more financial details, see Section IV: Part VIII).

Table 3. – Overview of SINAC's Financial Situation

PERIOD	COSTS	GOVERNMENT BUDGET		REVENUES	FUNDING GAP
2006	35,940	A. ORDINARY BUDGET (FISCAL) SUB-TOTAL	8,062	CURRENTLY THE REVENUES GAINED ARE NOT INVESTED INTO THE PA SYSTEM	
		B. BUDGET FOR SPECIAL FUNDS (NON-FISCAL) SUB-TOTAL	13,034		
		TOTAL A	21,096		A: 14,844
		C. BUDGET FROM COOPERATION (AGREEMENTS AND PROJECTS) SUB-TOTAL	3,023		
	35,940	TOTAL B	24,119	0	B: 11,821
2012 (END OF PROJECT)				**916.9 (FROM WATER TAX) ADDITIONAL INCOME FROM INTRODUCTION OF AN OPTIMUM SLIDING AND DIVERSIFIED PA ENTRY FEE POLICY AS PER BELOW SCENARIOS.**	THE DECREASE IN USS IN THE CURRENT FUNDING GAP WILL ALL DEPEND ON WHICH PROJECTION SCENARIO IS DECIDED UPON BY THE GOCR.

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

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

[39] The PDF B Study provides more details in Section IV. 4.2.

159. ***Institutional sustainability.*** For PA practitioners to best apply their skills and knowledge, the Project will address the need to improve the enabling environment for effective in situ conservation in Costa Rica. In this sense, through Outcome 1, the Project will support capacity building activities and other initiatives aimed at creating the appropriate institutional environment for effectively managing PAs at the System and site levels. Systematic strengthening of the skills and knowledge base will aim at both the national-level bureaucrats and the staff/people involved in PA management at the regional local operational levels. Institutional sustainability elements include developing occupational standards for PA positions; restructuring SINAC, re-aligning and training its staff for new/revised functions and mandates; setting up inter-institutional coordination and cooperation mechanisms; promoting agency training strategies; piloting of public-private collaborative management models as part of the PA System institutional framework; developing a positive institutional image for the PA System, around which to generate public interest and support.

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

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

II - 7. Replicability

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

163. At the site-level, pilot demonstrations (Outcome 4) will provide laboratories for testing different governance approaches and management types, suitable to different scenarios (in terms of different land tenure, threats to biodiversity, socio-economic and institutional contexts, opportunity costs of consolidating/de-marcating PAs, and different management categories), and innovative funding mechanisms. These pilots will allow for the identification of best practices, and in turn will inform future

adjustments of policy frameworks to further facilitate replication of these lessons throughout the system. Notably, the pilot sites were carefully selected based on their replication potential.

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

II - 8. Stakeholder Involvement

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

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

II - 9. Financial Modality and Cost Effectiveness

167. The total cost of the project is **US$ 25,850,941** GEF funding of **US$ 4,800,000**, excluding preparatory assistance is requested. Significant co-financing has been mobilized, totalling **US$ 21,059,671** including funds from the Government of Costa Rica, the Inter-American Development Bank (IADB), NGOs (TNC), Government of Spain (AECI), and private sector contributions. The breakdown of the co-finances is provided in the following tables. The GEF to co-funding ratio for the entire project is **1:5** (co-financing amounts to 81% of total project funds), while a significantly higher ratio **(1:10)** has been leveraged for Outcome 4 that includes on-site demonstrations generating specific local benefits.

Table 4. – Co-financing Sources

Name of Co-financier	Classification	Type	Amount (US$)	Status
SINAC	**Government**	**Cash**	**2,960,376**	**Confirmed**
		In-kind	**1,374,160**	**Confirmed**

INTER-AMERICAN DEVELOPMENT BANK (IADB) (PROYECTO TURISMO SOSTENIBLE)	MULTILATERAL DONOR	IN-KIND	13,253,900	CONFIRMED
THE NATURE CONSERVANCY (TNC)	NON-GOVERNMENTAL ORGANIZATION	IN-KIND	1,861,800	CONFIRMED
INTER-AMERICA DEVELOPMENT BANK (IADB)- PROYECTO CATASTRO	MULTILATERAL DONOR	IN-KIND	1,191,112.50	CONFIRMED
GOVERNMENT OF SPAIN (AECI)	DONOR GOVERNMENT	IN-KIND	133,323	CONFIRMED
PRO-PARQUES	PRIVATE SECTOR	IN-KIND	92,000	CONFIRMED
PRIVATE SECTOR CONTRIBUTIONS (VARIOUS)	PRIVATE BUSINESSES	IN-KIND	193,000	CONFIRMED
SUB-TOTAL CO-FINANCING			21,059,671.50	

*** Does not include PDF-B co-financing of US$232,500

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

Outcomes and Outputs[40]	Total (US$)	GEF (US$)	Co-funding (US$000)	
OUTCOME 1: Costa Rica's legal and policy framework reformed and enhanced to ensure effective management and long-term financial and ecological sustainability of the PA System.				
	2,017,544	552,080		1,465,464
Output 1.1: A National Policy for a consolidated terrestrial and marine PA System is approved and in force. 2009	375,763	103,000	SINAC	97,440
			AECI	50,323
			TNC	125,000
			Subtotal	**272,763**
Output 1.2: Prerequisite legal reforms and a re-categorization of PAs defined and applied through local and regional planning instruments. 2010	674,341	117,200	SINAC	85,120
			TNC	35,800
			IADB-Catastro	436,221
			Subtotal	**557,141**
Output 1.3: A SINAC Strategic Plan (*Plan Estrategico*) officially approved and operational. 2009	268,600	153,000	SINAC	75,600
			TNC	40,000
			Subtotal	**115,600**
Output 1.4: A PA System Strategic Action Plan (*Plan Director Nacional*) officially approved and operational. 2009	698,840	178,880	SINAC	236,960
			AECI	83,000
			IADB	200,000
			Subtotal	**519,960**
OUTCOME 2: SINAC's institutional PA System framework and capacity is enhanced for eco-regional planning and optimal management effectiveness.				
	3,363,391	608,000		2,755,391
Output 2.1: SINAC's institutional and administrative structure and organization re-aligned and enhanced. 2009	378,000	73,000	SINAC	5,000
			TNC	300,000
			Subtotal	**305,000**
Output 2.2: SINAC's intra-institutional coordination mechanisms for effective PA System management developed and operational. 2010	250,300	93,000	SINAC	157,500
			Subtotal	**157,500**

[40] The cost of the Project Management Unit was pro-rated and included in the GEF amounts under each Project Output.

Outcomes and Outputs[41]	Total (US$)	GEF (US$)	Co-funding (US$000)	
Output 2.3: Staff profiles, responsibilities and occupational standards for enhanced PA System management defined, clarified or re-aligned. 2011	243,000	98,000	SINAC	145,000
			Subtotal	**145,000**
Output 2.4: Training Programme for practitioners at all levels on administrative, technical and practical skills necessary for optimal PA management effectiveness. 2009	1,304,000	263,000	SINAC	875,000
			TNC	65,000
			IADB	101,000
			Subtotal	**1,041,000**
Output 2.5: Knowledge management, evaluation and adaptation systems developed for the PA System and the Project. 2009	1,187,891	81,000	SINAC	806,891
			TNC	300,000
			Subtotal	**1,106,891**
OUTCOME 3: SINAC has the financial sustainability to effectively attain its strategic objectives and provide resources for long-term PA System management needs.				
	1,928,800	**812,000**		**1,116,800**
Output 3.1: A PA Financing Strategy adopted and operational. Revisión de la estrategia actual. 2009	305,560	152,800	SINAC	102,760
			TNC	30,000
			IADB	20,000
			Subtotal	**152,760**
Output 3.2: A PA System Financing Business Plan prepared and operational. 2010	381,250	202,800	SINAC	128,450
			TNC	50,000
			Subtotal	**178,450**
Output 3.3: The creation and retention of new revenue sources for PAs enabled by national policies. 2009	319,870	127,800	SINAC	77,070
			TNC	35,000
			IADB	80,000
			Subtotal	**192,070**
Output 3.4: System-wide funding mechanisms developed and implemented in the PA System and its constituent PA units. 2009 2010	304,870	102,800	SINAC	77,070
			TNC	5,000
			IADB	120,000
			Subtotal	**202,070**
Output 3.5: An online PA System financial information system and fee collection mechanisms designed and established within SINAC. 2009	239,870	97,800	SINAC	77,070
			TNC	35,000
			IADB	30,000
			Subtotal	**142,070**
Output 3.6: Training Programme for SINAC financial administrators at central, regional and PA levels[41] to set up, consolidate and operate financial planning, management and other business systems 2009 2010	377,380	128,000	SINAC	51,380
			TNC	5,000
			IADB	193,000
			Subtotal	**249,380**
OUTCOME 4: SINAC tests new and innovative conservation approaches at the Conservation Area and PA levels.				
	13,518,452	**977,360**		**12,541,092**
Output 4.1: PA boundaries legally registered and demarcated for a representative sample of PA units within PA System. 2009	913,680	178,560	SINAC	211,120
			TNC	24,000
			IADB	500,000
			Subtotal	**735,120**
Output 4.2: Infrastructure and accessibility of 10 most visited PAs within PA System improved. 2010	11,136,012	79,760	SINAC	281,120
			TNC	257,000
			IADB	10,426,132

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

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Outcomes and Outputs[41]	Total (US$)	GEF (US$)	Co-funding (US$000)	
			Private Sector (Pro-Parques)	92,000
			Subtotal	**11,056,252**
Output 4.3: PA management authority support to community-based businesses tested and institutionalized. 2009	402,720	279,760	IADB	100,000
			SINAC	22,960
			Subtotal	**122,960**
Output 4.4: Partnerships between a Conservation Area and the tourism industry for financing PA management tested. 2010	398,520	179,760	Private Sector Contributions	193,000
			SINAC	25,760
			Subtotal	**218,760**
Output 4.5: New management approaches and local land use planning tools compatible with eco-regional conservation goals tested with local municipal governments and community-based organizations. 2009	173,760	129,760		
			SINAC	44,000
			Subtotal	**44,000**
Output 4.6: New approaches to eco-regional planning and PA management tested through TNC-Osa Conservation Area Partnership. 2010	493,760	129,760	TNC	350,000
			SINAC	14,000
			Subtotal	**364,000**
OUTCOME 5: Successful PA System management models are scaled-up and replicated at the systemic level through strategic partnerships with key stakeholders.				
	1,929,356	**860,200**		**1,069,156**
Output 5.1: Local and regional PA Management Councils function with an integrated and inter-sectoral vision through flexible and inclusive management arrangements. 2009	571,000	228,000	SINAC	288,000
			TNC	5,000
			IADB	50,000
			Subtotal	**343,000**
Output 5.2: SINAC has institutional capacity for engaging with indigenous communities and for providing alternative livelihood support to communities located in and around Pas. 2010	259,800	137,000	TNC	85,000
			SINAC	37,800
			Subtotal	**122,800**
Output 5.3: Institutional mechanisms are put in place through clear rules for the tendering and bidding of concessions, other use permits and opportunities to local entrepreneurs. 2009	260,000	146,000	SINAC	24,000
			TNC	15,000
			IADB	75,000
			Subtotal	**114,000**
Output 5.4: Models for multi-stakeholder PA management boards are institutionalized and replicated in a variety of ecological and socio-economic contexts. 2010	226,056	153,000	SINAC	73,056
			Subtotal	**73,056**
Output 5.5: SINAC PA system is connected through biological corridors which operate under innovative public-private partnership models. 2010	373,700	102,200	SINAC	171,500
			TNC	100,000
			Subtotal	**271,500**
Output 5.6: Marketing and communication strategy on PA values, vulnerabilities and revenue mechanisms formulated and implemented at the national level. 2009 inician	238,800	94,000	IADB	100,000
			SINAC	44,800
			Subtotal	**144,800**
Subtotal Outcomes	22,757,543	3,809,640		18,947,903
Monitoring, learning adaptative feedback & evaluation	250,340	139,440	IADB Tourism	111,100
Project Management	2,419,588	418,920	SINAC	98,169
			IADB	1,902,559
Total Cost (M US$)	25,427,671	4,368,000		21,059,671