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

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

II -10. Cost effectiveness

169. The Project was designed to overcome key barriers to optimum PA management in a cost-effective manner. Barrier removal will lead to positive environmental impacts on key ecosystems throughout Costa Rica. This will be done by enhancing the systemic (policy/regulatory) and institutional mechanisms - along with the human resources - to work more effectively, which will significantly leverage resources and reduce duplication. This, in turn, will reduce cost and waste of financial resources. Support for new strategic action plans and instruments will help re-align and enhance the PA System based on a new eco-regional approach. Hence, PAs will be demarcated based on sound scientific data and technical criteria, using a holistic analysis of biodiversity in all the ecosystems/habitat types of the country. The project will also improve the ability of the PA System to secure sufficient, stable and long-term financial resources and allocate them in a timely manner. Hence, PAs can be managed more efficiently and cost-effectively through: **(i)** Adequate legal and policy frameworks created; **(ii)** a strengthened financial management information and tracking system; **(iii)** new revenue options; and **(iv)** new budget reporting procedures.

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

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

II - 11. Linkages with the UNDP Country Programme

172. The Project is fully consistent with the three main strategic lines of action of UNDP Costa Rica's *Country Co-operation Framework* (CCF): **(i)** Human Development and Poverty Alleviation, **(ii)** Decentralization and Governance, and **(iii)** the Environment. While the project will fall within the last category, it will also contribute substantially to the Decentralization and Governance line, as it focuses on developing the systemic and institutional capacity for long-term sustainability of conservation by consolidating Costa Rica's Protected Areas System. The project will also promote decentralization through enhancing SINAC's institutional capacities to better carry out its legally mandated de-

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

concentration process and adapt an eco-regional approach, which will involve integrating the PA System into Costa Rica's overall decentralization planning and development framework. Moreover, it will contribute to UNDP Costa Rica's focus on integration of the private sector in actions that achieve global and local environmental benefits.

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

A. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

173. During the Full-scale Project, SINAC, UNDP, the World Bank, and IADB will carry out a continuous dialogue spearheaded by Costa Rica's GEF Operational Focal Point (OFP) on how to best ensure coordination and synergies between this Project and other identified relevant GEF-funded projects. Close coordination and collaboration will be sought through integrated planning exercises and exchanges of lessons learned from the respective project M&E processes. To initiate this process, a generic coordination plan between project teams will be prepared and agreed upon with SINAC during the planned 3-month Inception Phase of this project. This will include the mutual participation in major project workshops and at least one formal coordination workshop a year to be convened by the GEF OFP. Invitations to the workshop will be extended to all GEF-funded BD-1/BD-2 projects from all GEF IAs. In addition, UNDP will convene quarterly meetings of UNDP/GEF BD-1 projects to exchange information on project progress, be it implementation or design. Another aim will be to provide support on evolving GEF BD guidance and project implementation in a cost-effective and mutually reinforcing manner. Project Coordinators from relevant GEF projects will also be invited to Project Steering Committee sessions to ensure proper project coordination and cross-fertilization.

174. The GoCR will favor an effective coordination between this Project and the following UNDP-GEF-funded initiatives:

(i) On-going initiatives set forth and the scientific baseline left by the completed regional *Consolidation of the Mesoamerican Biological Corridor Project*. At the end of 2005, this project was completed after 5 years of work in increasing the connectivity between PAs and the productive landscape in all 7 Central American Countries (Belize, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica and Panama). This present PA Systems proposal will benefit from the baseline and continuous on-going initiatives established by the former regional GEF project, particularly in Costa Rica where the biological corridors continue to function as local initiatives.

(ii) Collaboration with the regional *CAMBio project - Central American Markets for Biodiversity*. This project seeks to develop new markets for biodiversity-friendly products, with a particular emphasis on Small and Medium Enterprises. CAMBio is a GEF FSP co-financed by the Central American Bank for Economic Integration (CABEI) and combines GEF grants with soft loans to enable small businesses to convert to organic agriculture, beekeeping, community forestry and ecotourism. Technical assistance is being provided by regional partners, such as CATIE, for facilitating access to certification and to fair trade markets. This project will constitute an important strategic project ally concerning the planned work in buffer zone management around key protected areas in Costa Rica.

(iii) Concerning financial issues, during the project design phase of this new PA Systems project, key elements of the global UNDP-GEF *Financial Sustainability for National Systems of Protected Areas* were incorporated to facilitate lessons sharing and replication of methodologies and mechanisms tested and demonstrated in the project countries.

175. UNDP-GEF is also implementing relevant national projects in Costa Rica, especially the **(iv)** *Cocos Island Project*, which is co-financed by the French GEF (FFEM). This project is currently ongoing and SINAC is its main institutional partner. It seeks to improve SINAC's capacity to manage this unique island marine PA, located 500 miles southwest from Costa Rica. It involves the improvement of zoning and planning, capacity development for SINAC staff for both patrolling Cocos island territorial water and for catering to a growing tourist demand. It also includes a component for the eradication of invasive

species in the terrestrial ecosystem of Cocos Island, which is marked by high levels of endemism. This new PA Systems project will be able to draw on lessons learned from the Cocos Island project, especially concerning the PA zoning and planning, along with eco-tourism aspects. SINAC will coordinate this envisioned partnership with the Cocos Island project partners (French Regional Cooperation Office, a bilateral donor, as well as national NGOs such as FAICO (Fundación Amigos de la Isla del Coco).

176. Collaboration could also be established as appropriated with the results of the (v) the *National Capacity for Self-Assessment (NCSA)*, especially concerning the Capacity Needs Assessment carried out by the NCSA to avoid duplicating work and ensure optimal project synergies.

177. Concerning other IA/ExAs, ***kindly note that most of the on-going programs by other GEF IAs have been captured in the baseline analysis*** (Section III: Part I: Incremental Cost Analysis). However, several IAs have been working on environmental valuation and environmental impact assessment issues, in particular the World Bank and IADB through SINAC or FONAFIFO. This PA Systems project will build upon or actively foster partnerships with some of these relevant GEF-funded projects implemented by other IAs. Notably, collaboration will be sought with: **(i)** The *WB-GEF Ecomarkets II Programme*, which will seek to extend and scale up the benefits of environmental service payments beyond Phase I, through established partnerships between MINAE, FONAFIFO, FUNDECOR, *inter alia*. This collaboration will contribute to important potential synergies between in situ conservation and systemic strengthening of SINAC, and the focus of buffer zone management through targeted environmental service payments. **(ii)** The support of the *WB/IADB-GEF Integrated Ecosystem Management (MIE) programme* for Central America to community-based organizations in critical PA buffer zones is also highly relevant for this said project. Concerning collaboration with the IADB, this project has been carefully formulated in conjunction with **(iii)** a planned SINAC-ICT-IADB *Sustainable Tourism Programme* and a **(iv)** *new IADB Cadastral Programme*. Both initiatives are key co-financing sources for this proposed PA Systems Project. Hence, regular work meetings will be held with their project staff and senior IADB staff to agree on Annual Work Plans and common agendas. Beyond these two loan-based Programmes, collaboration will also concern a planned IADB-GEF project in Costa Rica on expanding and consolidating marine and coastal Protected Areas. Finally, coordination with UNEP will be guaranteed through the Resident Coordinator system of UNDP Costa Rica, through periodic consultations and coordination meetings.

PART III: PROJECT MANAGEMENT ARRANGEMENTS

178. The project will be executed by the National System of Conservation Areas (SINAC), following UNDP guidelines for National Execution (NEX). The Executing Agency will sign the grant agreement with UNDP and will be accountable to UNDP for the disbursement of funds and the achievement of the project goals, according to the approved work plan. As the government executing agency, SINAC will be responsible for the coordination and management of the Project and will monitor compliance with Work Plans as the basis for Project execution. As the two key partners in this project, UNDP and SINAC will establish a **Project Steering Committee** (*Comité Director*), which will be composed of the **National Project Director** - in the person of SINAC's Executive Director - and UNDP Costa Rica's Resident Representative. This Project Steering Committee (PSC) will ensure the political oversight of the Project, and will be ultimately responsible for the compliance with the project work plan. Among its attributions the PSC will approve Annual Work Plans and budgets, as well as substantial changes to these project management tools. The PSC will also be responsible for the approval of the project's National Coordinator and sign off on conventions and other formal agreements between the project and other institutions and donors. Also there will be an **Inter-institutional Advisory Committee** (IAC) will be composed by a group of key stakeholders related to the management of protected areas in Costa Rica. This Committee will help with the coordination of other institutions and organizations related to protected

areas and provide technical feedback to the project. A preliminary list of potential members of the Inter-institutional Advisory Committee would include: (i) the National Project Coordinator; (ii) SINAC's Protected Areas Director (iii) the principal co-financial stakeholders. In addition, **Project coordinators from other projects** related with management of protected areas could be invited to participate in sessions to ensure proper project coordination and cross-fertilization. The IAC will meet at least three times each year during the project implementation period.

There will also be a **SINAC Technical Advisory Committee** (TAC) will be set up, which will be composed of SINAC Directors (ASP, MRN) and Directors from the Conservation Areas, where the project will be working (ACT, ACTo, ACCVC, ACOSA), as well as UNDP Costa Rica's Programme Officer for Energy and Environment. The TAC could integrate permanently other SINAC's units as appropriated. In addition, other SINAC's staff could be invited to participate in sessions whenever consider to be related to a specific theme. In this Committee, all key project technical decisions will be discussed, including the review of TORs proposed by the PMU, the hiring of specialists, the adjudication of contracts and the revision of Annual Work Plans and Annual Budgets. This Committee will be a critical link between the PMU and the rest of SINAC staff, both in central offices and in the field. It will have the responsibility to solve in the first instance coordination problems encountered by the project.

The **Project Management Unit** (PMU) will be based in SINAC. The PMU will be responsible for the day-to-day conduct of project activities, and among its main functions it will be required to draft the project's Annual Work Plan and Annual Budget, coordinate project implementation with key partners, draft TORs for project team and other consultancies commissioned by the project. In addition, the PMU will provide technical supervision of consultancy reports, request missions and periodic audits. It will also convene both the Project Steering and Inter-institutional Advisory Committees when needed, and act as their Secretariat.

The PMU will be composed of the following staff: A **Project Coordinator**, **a National Coordinator**, a **Project Administrator**, an **Administrative/Finance Assistant and Coordination/Operations Assistant.** The technical assistance will provide by a team of specialists including among others, a PA Management Specialist, a Administration/Institutional Change Specialist, a Community Development/Livelihoods Specialist, and a Capacity Development Specialist/Trainer. Moreover, the Project Coordinator will be an International Consultant posting. Project Management will be conducted under UNDP rules and procedures, as hiring of staff and consultants will be done through UNDP.

An important and common part of the staff ToRs will be to identify measures on how to sustain the capacity development activities and results beyond the Project duration. The initial part of these measures will be integrated into the project work plans. Notably, the intent is that the planned Specialist positions will become fixed Government-funded positions after the end of project. A Strategic Action Plan Task Force will be established to elaborate the Plan. A 3-month Inception Phase will be used to carefully plan the whole project implementation process, culminating in the Inception Workshop. In addition, the necessary communication structures will be established between the main project components and partners to ensure optimal coordination and that key stakeholders are in full agreement with project objectives and hence committed towards the outcomes to be achieved.

"In order to accord proper acknowledgement to GEF for providing funding, a GEF logo should appear on all relevant GEF project publications, including among others, project hardware and vehicles purchased with GEF funds. Any citation on publications regarding projects funded by GEF should also accord proper acknowledgment to GEF. The UNDP logo should be more prominent -- and separated from the GEF logo if possible, as UN visibility is important for security purposes."

PART IV: MONITORING AND EVALUATION

179. Project monitoring and evaluation will be conducted in accordance with established UNDP and

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

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

PART V: LEGAL CONTEXT

181. The present Project Document will be the instrument referred to under Article 1 of the Basic Agreement for Technical Assistance between the Government of the Republic of Costa Rica and the United Nations Development Program (UNDP), signed by both parties on August 7, 1973, and ratified by nation law No. 5878. For purposes of the Basic Agreement for Technical Assistance, where the term "Government Executing Agency" is mentioned, it is understood to mean the host country's executing organization as described in said Agreement.

182. Any substantial revision of the Project Document that has significant implications for the contents of the Project, as well as the use of the allocated resources, will require the approval of the Project Steering Committee, the signature of the National Project Director, in representation of the Public Ministry, and the signature of the Executive Director of SINAC, who will accompany the direction and guidance of the Project, and finally the signature of the UNDP Resident Representative.

183. The following budgetary revisions will require only the approval and signature of the Resident Representative UNDP:

- Compulsory annual revisions, reflecting the real expenses of the previous year, duly certified by the national counterpart, and the reprogramming of unused funds for subsequent years, based on the delivery of inputs as agreed upon in this Project Document.

- Revisions that do not entail significant changes in the immediate objectives, the project's activities or its outputs, but that result from a redistribution of the inputs agreed upon, or are due to increased expenses caused by inflation.

184. The substantial or budgetary revisions will be prepared by UNDP/PMU, in accordance with the requirements of the Project itself.

185. Furthermore, in case there are adjustments to the immediate objectives, the outputs or the activities proposed in the UNDP Project Document, substantial revisions will need to be made in advance, and must receive the signed approval of both UNDP and the Executing Agency.

186. In contracts for goods and services granted by UNDP upon request of the National Executing Agency or by the latter in compliance with this Project Document, the UNDP standards and procedures in force shall apply in accordance with its Manuals on Programming, Finance and Administration, as well as in terms of provisions established by mutual agreement between the Director of the Planning and Budget Office and the UNDP Resident Representative, within the framework of such UNDP standards and procedures.

187. Unless otherwise expressed in this Project Document, the following standards shall apply:

a) The Project Coordinator shall have the responsibility of managing the activities set forth in the Project Document, and shall attain the expected outcomes in conformity with the schedule established. During the execution the Project Coordinator shall have sufficient power to act on behalf of the National Executing Agency. To this effect, the Project Coordinator shall apply the UNDP standards and procedures in force relative to national execution and the subsequent modifications notified to the Planning and Budget Office.

188. The Project shall be supervised, evaluated and audited in conformity with standards, procedures and regulations established by UNDP. Such standards are applicable regardless of whether the audit is conducted by the competent public authorities themselves or by independent auditors hired to that end. Accountability relative to advanced funds, as well as that relative to the application of funds to be borne by the Project, will be affected pursuant to modalities established by UNDP.

189. The following types of reviews to the present Project Document may be carried out only with the signature of the UNDP Resident Representative, given the representative is assured that other signatories of the Project Document have no objections to the changes proposed:

a) Revision of any of the Annexes to the Project Document or any other additions to them.

b) Revisions that do not imply significant changes to the immediate objectives, outputs or project activities, which are due to a redistribution of inputs already agreed on or to increased costs.

c) Annual revisions through which a budget for a given year is adjusted to reflect real expenses incurred and commitments taken up by the Project during that calendar year and the resources are transferred to future years to fund already agreed expenses without substantially modifying the total amount budgeted in the Project.

d) Inclusion of additional annexes and attachments only as set out here in this Project Document.

SECTION II: STRATEGIC RESULTS FRAMEWORK AND GEF INCREMENT

PART I: INCREMENTAL COST ANALYSIS

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

190. Despite accounting for a mere 0.03% of the world's total terrestrial surface, Costa Rica harbours the equivalent to 4.4% of all globally known biodiversity. Worldwide, Costa Rica ranks among the 20 most

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

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

Part I.B. Incremental Cost Assessment

System Boundary

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

- Outcome 1 will address the major systemic barriers to PA sustainability, by reforming and fine-tuning Costa Rica's legal and policy framework to provide the enabling environment for the systemic approach to succeed. This Outcome will help define SINAC's strategic planning and will propose a Business Plan for long-term management of Costa Rica's public held PA system.
- Outcome 2 proposes a review of SINAC's structure and function in order to comply with its strategic objectives set forth in Outcome 1. As a result, SINAC's institutional PA System framework will be clarified and its capacity enhanced. The project will also develop institutional and individual capacities through staff training programs geared to increase management effectiveness, private sector engagement and community outreach.

- Outcome 3 centres on the financial barriers, which currently stifle SINAC's effectiveness. Through the project, SINAC will aspire to greater financial sustainability, in order to have the means to effectively run the PA system by providing resources for long-term PA System management needs.
- Outcome 4 proposes a series of on-the-ground interventions through PA-level improvements in demarcation, accessibility and connectivity. It will also develop pilot activities in four different Conservation Areas of SINAC, in order to test innovative PA management approaches.
- Finally, Outcome 5 will build on these systemic, institutional and financial arrangements, and scale up and replicate best practices in PA management, through a system-wide sharing of innovation and the setting of new rules and regulations. These Best Practices will refer to strengthening consultative bodies for improved participation in PA affairs, the support to alternative livelihoods in PA buffer zone management, as well as clear rules for the handing out of concessions and other use permits. It is anticipated that this Outcome will refer back to Outcome 1, as it also addresses systemic changes through the scaling up of new approaches and PA management figures.

Baseline Scenario

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

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

195. **Inputs for building an institutional framework for SINAC that is oriented towards sustainable PA management in an eco-regional context.** Projects and actions underway for related baseline activities during the period 2004-2010 amounts to approximately US**$1,691,000.** SINAC and TNC are jointly strengthening SINAC's administrative structure to further its deconcentration. SINAC is also monitoring PA administrative performance, producing budget execution reports and building and maintaining infrastructure outside of PAs with resources from FPN. TNC, for its part, supports SINAC through its analysis of the deconcentration process of SINAC and by defining priority actions. It is also working with its CAs on the definition of roles and responsibilities and updating staff on legal matters,

such as current legal provisions that define legal powers. TNC's contribution has been oriented towards: designing a national strategy for monitoring biodiversity in Costa Rica's PAs and biological corridors to improve the implementation of the country's conservation strategies; managing information on the State's Natural Heritage, by designing a proposal that includes a conceptual framework and information requirements for the implementation of an information management system. It also is making progress in defining roles and responsibilities and updating staff on current legal provisions related to legal powers, jointly with the CAs such as ACA-HN, ACCVC, ACOPAC, ACA-T and ACLA-P.

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

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

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

199. With its own resources, SINAC has been implementing an Income and Expenditure Control System in PAs, seeking to give the Conservation Areas an automated platform to register, store and control the different types of revenue that are generated in PAs and sub-regional offices. This will ultimately lead to the availability of reliable, timely financial information. Accompanying this work, TNC is working on establishing a statistical database and methodology to forecast SINAC income; implementing a database and web application of the SINAC Financial Strategy and of the SINAC Purchasing Module; and supporting the collection of financial information and analyses to improve financial information systems for intelligent decision making and revenue projection on a web page format. To enable these advances, the SINAC-TNC partnership is supporting a training program for SINAC staff is being implemented, starting with a Training Plan for administrative and financial subjects in all CAs, accompanied by the

development of instruments for the SINAC Budget Plan. In addition it also has advanced in the provision of financial information and analyses and improvements in financial information systems for intelligent decision making with the Budget Plan.

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

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

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

203. **Successful PA management experiences based on the development of strategic alliances that are replicable in other protected areas of the country.** Total baseline activities are estimated to US$4,073,686. These initiatives especially emphasize the development of mechanisms for sharing PA conservation and management responsibilities with other actors and in consolidating biological corridors for conservation. One example is SINAC's initiative to strengthen Regional CA and PA Councils by developing methodologies for multi-stakeholder participation and consolidating biological corridors. At the CA-level, SINAC, assisted by GTZ-Germany, also carried out actions towards the sustainable management of natural resources in this ACOSA, with a view to helping to satisfy the economic and social needs of the local population. This was accomplished by assigning responsibilities to civil society organizations, municipalities and local governments of ACOSA, as well as central government authorities, in the protection and sustainable management of natural resources. SINAC and TNC also

[43] Specifically the Corcovado and Piedras Blancas National Parks, the Golfo Dulce Forestry Reserve, the Golfito National Wildlife Refuge and offices in Golfito and Puerto Jiménez.

jointly undertaken to strengthen management capacities in La Amistad International Park through coordination of the PA with nearby PAs and buffer zones, by building alliances between government institutions (ANAM/ SINAC) and grassroots community organizations.

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

GEF Alternative to Generate Global Benefits

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

206. **Costa Rica's legal and policy framework reformed and enhanced to ensure effective management and long-term financial and ecological sustainability of the PA System.** This Outcome will provide the legal and policy support - along with the strategic vision - for the institutional re-alignment and strengthening process of SINAC. Total incremental funding will amount to **US$2,017,544,** of which GEF will contribute **US$552,080** and co-financers will contribute **US$1,465,464.** A Strategic Plan for the overall National Conservation Areas System (SINAC) will be developed, supported by TNC. GEF funds will complement this effort by financing a National Policy and a Strategic Action Plan for the national-level Protected Area System within SINAC. The combination of these systemic tools will provide the blueprint for the enhancement and consolidation of Costa Rica's PAs. At the same time, a planned legal review will provide the basis for strengthening of the existing regulatory and legal framework to sustain the PA System. Costs associated with adoption of new legal framework and policies will be covered by the GoCR. In combination with IADB, TNC and French Government funds and efforts, GEF funds will contribute to the technical assistance required for developing proposals for the legal reforms. To enable the above, a marketing and communications strategy on PA values, vulnerabilities and contributions to development will be supported by IDB, which will focus its analysis on sustainable tourism as an economic and revenue-generating strategy for pilot PAs. SINAC will hire staff, purchase equipment and ensure maintenance.

207. **SINAC's institutional PA System framework and capacity is enhanced for eco-regional planning and optimal management effectiveness.** This outcome will develop institutional capacities to set up, re-align and consolidate appropriate arrangements for conducting the planning and effective management of the PA System and its individual PAs from an eco-regional approach, in line with the

Law of Biodiversity. Total incremental funding will amount to **US$3,363,391**, of which **US$608,000** correspond to the GEF contribution and the remaining **US$2,755,391** to co-financing. Combined funds from GEF, TNC and IADB will support the re-structuring of SINAC's institutional structure within its Central offices and within each Conservation Area. Specific attention will be paid to institutional coordination mechanisms so as to maximize administrative efficiency in SINAC and to facilitate better communication and data flow. The combination of these funds will also assist in enhancing appropriate institutional procedures in SINAC, the Conservation Areas and PA site-levels to strengthened human resource management. Staffing tables will be re-aligned with updated functions and competences to enable the staff in these organizations to fulfil their respective roles at different levels. Moreover, GEF resources will support the development of a training program for PA staff at all levels, in the administrative, technical and practical functions necessary for effective PA management. Finally, GEF, TNC, SINAC and IADB will jointly support the development of knowledge management, evaluation and adaptation systems for the PA System and the Project to ensure harmonized approaches to natural, financial and human resource management.

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

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

210. **SINAC tests new and innovative conservation approaches at the Conservation Area and PA levels.** A total incremental funding of **US$13,518.452** will fund a series of on-the-ground interventions through PA-level improvements in demarcation, accessibility and connectivity. It will also develop pilot activities in four different Conservation Areas of SINAC, in order to test innovative PA management approaches. Of this amount, GEF will contribute **US$977,360**, while co-financing partners (SINAC, TNC, the French Government, IDB, and the private sector) will jointly contribute **US$12,541.092**. GEF, SINAC, TNC and IDB will jointly finance that a key sampling of PAs will be defined, demarcated and the farms situated within them registered as Natural Heritage of the State. Then SINAC, TNC, the French Government, IDB and Aso Parques, will arrange resources to strengthen accessibility and infrastructure in 10 of the most visited PAs of the System through the consolidation or building of access and service

infrastructure in the PAs. In the Central Volcanic Range CAs (ACCVC) and Tempisque CA (ACT), GEF will assist SINAC and the respective CAs in a joint initiative aimed at implementing new cooperation models between SINAC and local communities. Moreover, funds will cover the strengthening of SINAC's regional administration capacities through a new model of adaptive management and innovative funding mechanisms in ACT, in partnership with local businesses and municipalities. This project will receive contributions of staff and logistics, mainly.

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

212. **Successful PA System management models are scaled-up and replicated at the systemic level through strategic partnerships with key stakeholders.** A total incremental cost of **US$1,929,356** will be applied towards building these systemic, institutional and financial arrangements and scale up and replicate best practices in PA management, through a system-wide sharing of innovation and the setting of new rules and regulations. These Best Practices will refer to strengthening consultative bodies for improved participation in PA affairs, the support to alternative livelihoods in PA buffer zone management, as well as clear rules for the handing out of concessions and other use permits. It is anticipated that this Outcome will refer back to Outcome 1, as it also addresses systemic changes through the scaling up of new approaches and PA management figures. To achieve these goals, SINAC, together with TNC and IDB, will contribute co-financing funds amounting to **US$1,069,156,** for the hiring of staff, consultancies and experts on related aspects and for the development of technical content and reports. With the requested **US$860,200,** GEF funds will enable the hiring of experts and consultants, the implementation of workshops and training sessions, publications and dissemination, as well as the exchange of experiences.

Summary of Incremental Costs and Benefits

213. The incremental cost matrix included below summarizes the local and global benefits associated with the five proposed outcomes of the project. The baseline cost, oriented specifically towards generating domestic benefits, amounts to **US$15.779.358.** The cost of incremental activities required to contribute to global benefits is estimated at **US$25,427,671,** of which GEF will finance **US$4.368.000** and the different co-financers will contribute **US$21,059,671.** The latter group has indicated its commitment in the form of written letters duly signed by the appropriate legal representatives. The co-financing does not include elements that are essential as baseline for reaching the proposed outcomes. The project preparation (PDF B) amounted to **US$567,500** of which GEF financed **US$335,000.**

214. The alternative has a total cost of **US$41,207,029,** of which GEF resources (excluding the PDF B) represent 11,6%.

TABLE 6. - INCREMENTAL BENEFITS MATRIX

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

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

Cost	Baseline (B)		Alternative (A)		Increment (A-B)	
OUTCOME 1: Costa Rica's legal and policy framework is reformed and enhanced to ensure effective management and long-term financial and ecological sustainability of the PA System.	**Baseline:**	**2,302,198**	**a) Baseline:**	**2,302,198**	**GEF:**	**552,080**
	SINAC	577,500	**b) GEF:**	**552,080**	**Co-financing:**	**1,465,464**
	TNC	320,362	**c) Total Co-financing:**	**1,465,464**	**Total:**	**2,017,544**
	French Govt	654,336	SINAC	495,120		
	Spanish Govt (AECI)	750,000	Spanish Govt (AECI)	133,323		
			TNC	200,800		
			IADB (Turismo)	200,000		
			IADB (Catastro)	436,221		
			d) Total Alternative:	**4,319,742**		
OUTCOME 2: SINAC's institutional PA System framework and capacity is enhanced for eco-regional planning and optimal management effectiveness.	**Baseline:**	**1,691,000**	**a) Baseline:**	**1,691,000**	**GEF:**	**608,000**
	SINAC	833,200	**b) GEF:**	**608,000**	**Co-financing:**	**2,755,391**
	Municipal funds	89,800	**c) Co-financing:**	**2,755,391**	**Total:**	**3,363,391**
	TNC	18,000	SINAC	1,989,391		
	Spanish Govt (AECI)	750,000	TNC	665,000		
			IADB	101,000		
			d) Total Alternative:	**5,054,391**		
OUTCOME 3: SINAC has the financial sustainability to effectively attain its strategic objectives and provide resources for long-term PA System management needs.	**Baseline:**	**604,890**	**a) Baseline:**	**604,890**	**GEF:**	**812,000**
	SINAC	456,120	**b) GEF:**	**812,000**	**Co-financing:**	**1,116,800**
	TNC	148,770	**c) Co-financing**	**1,116,800**	**Total:**	**1,928,800**
			SINAC	513,800		
			TNC	160,000		
			IADB	443,000		
			d) Total Alternative:	**2,533,690**		

Cost	Baseline (B)		Alternative (A)		Increment (A-B)	
OUTCOME 4: SINAC tests new and innovative conservation approaches at the Conservation Area and PA levels.	**Baseline:**	**7,107,584**	**a) Baseline:**	**7,107,584**	**GEF:**	**977,360**
	Private Sector	416,000	**b) GEF:**	**977,360**	**Co-financing**	**12,541.092**
	CI	150,000	**c) Co-financing:**	**12,541.092**	**Total:**	**13,518.452**
	TNC	400,000	SINAC	598,960		
	Pro-Parques	46,000	TNC	631,000		
	IADB	300,000	IADB	11,026.132		
	French Govt	163,584	Pro-Parques (private sector)	92,000		
	European Union	5.632,000	Smaller private sector contributions (FUNDECODES)	193,000		
			d) Total Alternative:	**20,626.036**		
OUTCOME 5: Successful PA System management models are scaled-up and replicated at the systemic level through strategic partnerships with key stakeholders.	**Baseline:**	**4,073,686**	**a) Baseline:**	**4,073,686**	**GEF:**	**860,200**
	SINAC	405,825	**b) GEF:**	**860,200**	**Co-financing:**	**1,069,156**
	CI	960,000	**c) Co-financing:**	**1,069,156**	**Total:**	**1,929,356**
	IUCN	140,000	SINAC	639,156		
	GTZ	67,861	TNC	205,000		
	CCAD	1,000,000	IADB	225,000		
	Spanish Govt (AECI)	1,500,000				
			d) Total Alternative:	**6,003,042**		
TOTAL COSTS:	**Total Baseline:**	**15,779,358**	**Total Baseline:**	**15,779,358**	**Total GEF:**	**4,368,000**
	SINAC	2,272,645	**Total GEF outcomes:**	**3,809.640**	**Total Co-financing:**	**21,059,671**
	TNC	887,132	**Total GEF PMU:**	**418,920**	**Total Increment:**	**25,427,671**
	French Govt	817,920	**Total GEF Monitoring:**	**139,440**		
	Spanish Govt	3,000,000	**Total GEF:**	**4,368.000**		
	Municipal funds	89,800	**Total co-financing outcomes:**	**18,947.903**		
	Private Sector	416,000	**Total co-financing PMU (SINAC):**	**98,109**		
	CI	1,110,000	**Total co-financing PMU (IADB):**	**1,902.559**		
	Pro-Parques	46,000	**Total co-financing Monitoring:**	**111,.100**		

Cost	Baseline (B)		Alternative (A)		Increment (A-B)
	IADB	300,000	**Total Co-financing:**	**21,059,671**	
	European Union	5,632,000	**Total Alternative:**	**41,207,029**	
	IUCN	140,000	**PDF B**	335,000	
	GTZ	67,861	**Co-financing, PDF B**	232,500	
	CCAD	1,000,000	**TOTAL, PDF B**	**567,500**	
			GRAND TOTAL	**41,774,529**	

PART II: STRATEGIC RESULTS FRAMEWORK

TABLE 7.

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

	2. Level of SINAC's operational and management effectiveness.	The METT baseline for the 25 sample PAs were: - 8 High - 8 Medium - 9 Low	• *By end of Project:* METT scores for the 25 sample PAs will have moved to a higher METT category as follows[44]: - 10 High - 10 Medium - 5 Low	BD-1 Tracking Tools based on periodic application of the Management Efficiency Tracking Tool (METT) as per Project Work Plan.	approved by the Finance Ministry and ratified by the Legislative Assembly.
	3. Adoption of instruments which enable the incorporation of the eco-regional approach into the planning of the PA system, particularly through the existing legal framework provided by the Framework Law on the Environment, the Law on Biodiversity, the National Parks Law and the Forestry Law.	• National and Regional Councils for Conservation Areas, Network of Biological Corridors, Inter-disciplinary Commission on the Exclusive Economic Zone of Costa Rica, are already-established mechanisms, which can help to operationalize cross-cutting environmental policies into other sectors.	• Eco-regional management plans are defined by Year 2; • They are incorporated into other planning processes by Year 3.	• Internal SINAC policy approved and implemented.	
OUTCOME 1: Costa Rica's legal and policy framework is reformed and enhanced to ensure effective management and long-term financial and ecological sustainability of the PA System.	1. Degree of adoption of a National PA System Policy, which 1) defines the PA System; 2) is based on the GRUAS II-promoted eco-regional approach; 3) defines a new sub-system for marine and coastal areas; and 4) defines how to integrate ecosystem functions into Costa Rica's territorial planning.	Currently, there is no official definition of the PA System; There is no national PA System Policy; There is only an incipient eco-regional approach; There is no sub-system for marine and coastal areas; Ecosystem functions are not integrated into Costa Rica's territorial planning.	• A National PA System Policy has been prepared by Year 2; • Approved by Year 3; • In force by Year 4.	Official gazette and territorial planning documents.	• Sustained window of opportunity and political support to incorporate eco-regional approach into land use and regional planning. • Recognition of MINAE as promoter and driver of regional territorial planning. • Recognition by different sectors of the

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

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

(See Annex X Table X)

	2. Degree of adoption of priority sites for re-classification and demarcation to achieve 10% coverage of each ecosystem/vegetation type to ensure conservation of globally significant ecosystem biodiversity.	Of the 52 major ecosystem/ vegetation types only 12 are adequately (20%) covered by PAs in the PA System.	• Re-classification of priorities and concrete proposal based on GRUAS II identified by Year 1; • Integrated into SINAC Strategic Plan by Year 1; • Integrated into PA System Action Plan by Year 2.	Official Government records, Project Mid-term Reviews and Final Evaluation.	value of marine and coastal resources in the development of the country through their conservation and sustainable use. • Leadership in SINAC to obtain support in Legislative Assembly and Executive.
	3. Degree of preparation and implementation of project-supported SINAC Strategic Planning Tools (SINAC Strategic Plan and related PA System Action Plan).	The SINAC Strategic Plan is being prepared based on an old version from 2000; There is no PA System Strategic Action Plan	• SINAC Strategic Plan endorsed and operational by Year 2; • Preliminary Short-term PA System Action Plan (will cover initial period of 5 years) formulated by Year 2; • Long-term PA System Action Plan (15 years) prepared, which include (i) lessons and experience from pilot demonstrations (Outcome 4) and (ii) new regulatory frameworks and policies (Outputs 1.1 and 3.3) by Year 4; • Long-term Action Plan operational by Year 5.	Official Government records, Project Mid-term Reviews and Final Evaluation.	
OUTCOME 2: SINAC's institutional PA System framework and capacity is enhanced for eco-regional planning and optimal management effectiveness.	1. Degree of institutional re-profiling process of SINAC personnel at central and regional levels as per new SINAC Strategic Plan and PA System Action Plan.	The Strategic Plan is not finalized and a PA System Action Plan does not exist; Existing SINAC staffing profiles are generally vague, lacking clear ToRs and do not respond to legally mandated de-concentration.	• By Year 3, roles and functions of SINAC personnel at central and regional levels have been re-defined/re-aligned as per new SINAC Strategic Plan and preliminary Short-term PA System Action Plan.	SINAC official records, Project Progress Reports, Mid-term Reviews and Final Evaluation.	• Key partners from civil society and private sector show continued interest in in situ conservation and sustainable use of biodiversity. • IADB tourism and

	2. Degree of implementation of an Integrated Knowledge Management System (KMS) and its level of integration of financial, ecological and sustainable tourism data.	The SINAC Financial Strategy is being formulated; There is no integrated Knowledge Management System in SINAC.	• A KMS established by Year 2; • By Year 5, the KMS responds to the priorities and the needs of the PA System based on the new eco-regional approach and provides the needed data for the Annual Operational Plans, budget formulation and management.	SINAC financial records, Project Mid-term and Final Evaluation.	cadastre partner projects have been approved and votes in Legislative Assembly • Internal communications strategy successfully addresses resistance to change within SINAC
OUTCOME 3: SINAC has the financial sustainability to effectively attain its strategic objectives and provide resources for	1. An Optimum Visitors Fee Policy, introducing a sliding scale for park entry fees with differentiated rates for nationals and foreign visitors.	There is currently no Visitors Fee Policy.	• By Year 1, the new Policy is drafted; • By Year 2 it is approved and implemented.	Official documents of Comptroller General's Office.	• Structural changes in the budget of SINAC have been authorized by the Ministry of Finance and are supported by a formal agreement with

long-term PA System management needs.	2. Percentage increase of the UNDP-GEF Financial Scorecard (see below).	In 2006, the SINAC revenue was US$ 21.09 million from regular budget sources, leaving a funding gap of US$ 14.84 million; The Executive Decree on the Water Use Fee creates a new source of revenues for SINAC. In 2006, however, SINAC will not yet receive any funds from the new Water Tax *(Canon de Agua)*. Income from total visitation reported in 2005 reached US$ 5 million and the average annual growth rate for the past 10 years is 11%. SINAC's incipient Financial Information Management System does not allow for sufficient financial coordination and tracking between central, CAs and PA levels.	• By Year 1, tangible % project-specific targets for Year 3 and 5 have been included in the Scorecard; By *End of Project*,(Year 5): • SINAC staffing composition has changed to reflect the re-profiling process. • The Financial Scorecard will show a 50% improvement. • SINAC will receive 0.91 million/year in new revenue from the Water Tax and at least US$ 6.9 million in visitors fees (See Base Scenario in Financial Sustainability Annex, Section IV: Part VIII). • By *End of Project*, under-spending is reduced by 50% to avoid a continuous decrease in SINAC's future annual budget. • Central government transfers to the SINAC annual budget increase at a rate comparable to the rate of revenue increase due to visitation, fees and other fiscal revenues.	The Project-supported Capacity Assessment; Official documents of Comptroller General's Office; SINAC official financial records; UNDP-GEF Financial Scorecard ratings carried out as part of Project Mid-term and Final Evaluations. Annual Report of the National Park Foundation and Annual Operational Plans (POA) of the priority PAs.	MINAE to strengthen the financial and fiscal autonomy of SINAC. • The re-structuring of MINAE under the current administration is consistent and compatible with a greater degree of financial autonomy by SINAC.
OUTCOME 4: SINAC tests new and innovative conservation approaches at the Conservation Area and PA levels.	1. Amount of unresolved land tenure conflicts within PA System.	A high number of unresolved land tenure conflicts within PA System, primarily related to the lack of legal land titling of some PAs.	• 8 SINAC PAs legally registered and demarcated by Year 3; this process replicated to at least 12 other PAs by Year 5. • By End of Project, all unresolved land tenure conflicts resolved in at least 8 of the 12 demarcated PAs.	• Legal PA land titling documents; • IADB Cadastral and FSP Project progress reports.	• There is an enabling environment for reforming the legal framework in order to permit collaborative management of PA, through alliances and consortium organized around the long-term

	2. Level of service provision to tourists, condition of the infrastructure within and accessibility of the 10 most visited PAs within the PA System.	Poor and insufficient infrastructure within and poor accessibility to 10 most visited PAs in PA System. Today, investment in infrastructure and improvement of facilities in PA accounts for 14% of SINAC's annual budget.	• At least XX* Works in tourism infrastructure and facilities have been improved or developed in at least 6 PA by Year 3; • At least XX* Works in tourism infrastructure and facilities have been improved or developed in at least 10 PA by End of Project. (*No.s to be jointly defined with co-funding IADB Tourism Programme during Inception Phase)	Project M&E System; Project Mid-term and Final Report.	management of PA. • New alliances and partnerships between SINAC and local stakeholders involved in PA management. SINAC staff work in close collaboration with networks of private reserves, NGOs, Municipalities, indigenous communities and community based organizations to improve their capacities and management effectiveness.
	3. The number of public-private Concession agreements for provision of non-essential services developed and functioning within the pilot PAs and buffer zones in priority areas for biodiversity conservation.	Sporadic, non-systematized pilot experiences of joint work with local stakeholders for the operation of Non-essential Services and PA management. Most of the PAs within the Tempisque Conservation Area are privately owned. The Pacific Coast of the Nicoya Peninsula is one of Costa Rica's fastest-growing tourism destinations. Hence, there is a significant, yet unexplored potential for fostering public-private partnerships for provision of non-essential services in PAs between local municipalities, private landowners and private sector.	• 3 of public-private Concession Agreements organized for the provision of non-essential services to PAs have been created in the Tempisque Conservation Area by Year 3; • Approach replicated through at least 6 new Agreements in other PAs within the Conservation Area by Year 5.	SINACs operational records, Operational Reports for the PAs; Financial plans and Project reports	

	4. No. of Co-management Arrangements operating effectively and level of capacity of PA staff in Pilot Sites to involve and work together with local stakeholders, such as local entrepreneurs, municipalities and indigenous organizations.	There is no official co-management arrangements between SINAC and local stakeholders for matters such as joint patrolling; There is limited capacity within SINAC to collaborate with municipalities and local stakeholders, and especially with indigenous communities.	• Up to 10 Collaborative Management agreements of PA have been passed with municipalities, NGOs and indigenous communities in pilot areas by Year 3. • A legal framework for Collaborative management of PA has been designed and approved by End of Project.	Proceedings of the Network of Private Reserves, mid-term evaluations and Project reports by Year 2 and Year 4, Final Project Evaluation.	
OUTCOME 5: Successful PA System management models are scaled-up and replicated at the systemic level through partnerships with key stakeholders.	1. Level of multi-stakeholder consultation and coordination carried out through PA System bodies in all 11 Conservation Areas (CAs).	Legal mechanism established and 9 Regional Councils officially formed, but inactive; There are no Local Councils established yet.	• 11 Regional Councils (1 per CA) re-activated/established, realigned and operational by Year 3; • At least 1 pilot Local PA Council within each Conservation Area formed and operational by Year 3 (11 total); • Local PA Council approach and process replicated at least twice within each Conservation Area (i.e. 22 more) by Year 5.	Decrees and SINAC administrative resolutions	• Acceptance and support of political authorities for collaborative PA management relationships • Collaborative PA management relationships between PAS and social stakeholders are established and maintained. • Willingness of social

	2. Development of a model for public-private Concession agreements for provision of non-essential services and degree of its up-scaling throughout the whole PA System in priority areas for biodiversity conservation.	Sporadic, non-systematized pilot experiences of joint work with local stakeholders for the operation of Non-essential Services and PA management; Based on Pilot Demonstrations in Outcome 4, there is a strong potential for creating a useful model for public-private Concession Agreements to be promoted throughout the whole PA System.	• By Year 3, a Model generated based on the initial 3 Pilot Demonstrations of public-private Concession Agreements organized for the provision of non-essential services to PAs in the Tempisque Conservation Area (OUTCOME 4); • The Model replicated through at least 15 new Agreements in PAs in other Conservation Areas by Year 5; • The model is fully incorporated into official SINAC policies by End of Project.	SINACs operational records, Operational Reports for the PAs; Project Mid-term and Final Evaluations.	actors and institutions to participate in and share PA management responsibilities.
	3. Development of a model for public-private partnerships established between municipalities and eco-tourism operators for building and maintaining biological corridors and degree to which it is up-scaled throughout the whole PA System in priority areas for biodiversity conservation.	GRUAS II stresses the importance of incorporating key biological corridors into the new eco-regional vision for the PA System; Biological corridors are already a part of SINAC in the Conservation Areas. Yet, much more work is needed for the recommendations of GRUAS II to be adequately implemented; Municipalities are not involved in the preparation of local Land Use Plans, which could provide a foundation for linking eco-tourism and conservation goals; The Araucaria XXI Programme of the Spanish Cooperation will assist initiatives in the Río Frío watershed.	• By Year 3, at least 4 public-private partnerships (municipalities-Eco-tourism operators) within Pilot Conservation Area to coordinate and integrate resource assignments to local biological corridor initiatives according to conservation priorities established by GRUAS II signed; • By Year 4, a Model has been created based on the initial Pilot Demonstrations and each new partnership has formulated a new local Land Use Plan for designated biological corridor; • By Year 5, these partnerships and Land Use Plans have been replicated elsewhere through at least 4 additional agreements.	Signed public-private agreements and new local Land Use Plans.	

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

OUTCOME 1: Costa Rica's legal and policy framework is reformed and enhanced to ensure effective management and long-term financial and ecological sustainability of the PA System.	**OUTCOME 2:** SINAC's institutional PA System framework and capacity is enhanced for eco-regional planning and optimal management effectiveness.	**OUTCOME 3:** SINAC has the financial sustainability to effectively attain its strategic objectives and provide resources for long-term PA System management needs.	**OUTCOME 4:** SINAC tests new and innovative conservation approaches at the Conservation Area and PA levels.	**OUTCOME 5:** Successful PA System management models are scaled-up and replicated at the systemic level through strategic partnerships with key stakeholders.
Output 1.1: A National Policy for a consolidated terrestrial and marine PA System is approved and in force.	**Output 2.1:** SINAC's institutional and administrative structure and organization re-aligned and enhanced.	**Output 3.1:** A PA Financing Strategy adopted and operational.	**Output 4.1:** PA boundaries legally registered and demarcated for a representative sample of PA units within the PA System.	**Output 5.1:** Local and regional PA Management Councils function with an integrated and inter-sectoral vision through flexible and inclusive management arrangements.
Output 1.2: Prerequisite legal reforms and a re-categorization of PAs defined and applied through local and regional planning instruments.	**Output 2.2:** SINAC's intra-institutional coordination mechanisms for effective PA System management developed and operational.	**Output 3.2:** A PA System Financing Business Plan prepared and operational	**Output 4.2:** Infrastructure and accessibility of 10 most visited PAs within PA System improved.	**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.
Output 1.3: A SINAC Strategic Plan (*Plan Estrategico*) officially approved and operational.	**Output 2.3:** Staff profiles, responsibilities and occupational standards for enhanced PA System management defined, clarified or re-aligned.	**Output 3.3**: The creation and retention of new revenue sources for PAs enabled by national policies.	**Output 4.3:** PA management authority support to community-based businesses tested and institutionalized.	**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.
Output 1.4: A PA System Strategic Action Plan *(Plan Director Nacional)* officially approved and operational.	**Output 2.4:** Training Programme for practitioners at all levels on administrative, technical and practical skills necessary for optimal PA management effectiveness.	**Output 3.4:** System-wide funding mechanisms developed and implemented in the PA System and its constituent PA units.	**Output 4.4:** Partnerships between a Conservation Area and the tourism industry for financing PA management tested.	**Output 5.4:** Models for multi-stakeholder PA management boards are institutionalized and replicated in a variety of ecological and socio-economic contexts.
	Output 2.5: Knowledge management, evaluation and adaptation systems developed for the PA System and the Project.	**Output 3.5:** An online PA System financial information system and fee collection mechanisms designed and established within SINAC.	**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.	**Output 5.5:** SINAC PA System is connected through biological corridors which operate under innovative public-private partnership models.
		Output 3.6: Training Programme for SINAC financial administrators at all levels[45] to set up, consolidate and operate financial planning, management and other business systems.	**Output 4.6:** New approaches to eco-regional planning and PA management tested through TNC-Osa Conservation Area Partnership.	**Output 5.6:** Marketing and communication strategy on PA values, vulnerabilities and revenue mechanisms formulated and implemented at the national level.

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

SECTION III: TOTAL BUDGET AND WORKPLAN

Table 9. – Total Workplan and Budget

Award ID:	00046871 Project ID: 00056040
Award Title:	PIMS 3423 Overcoming Barriers to Sustainability of Costa Rica's Protected Areas System
Business Unit:	CRI10
Project Title:	PIMS 3423 Overcoming Barriers to Sustainability of Costa Rica's Protected Areas System
Implementing Partner (Executing Agency)	UNDP

GEF Outcome/Atlas Activity	Responsible Party/ Implementing Agent	Fund ID	Donor Name	Atlas Budgetary Account Code	ATLAS Budget Description	Amount Year 2008 (USD)	Amount Year 2009 (USD)	Amount Year 2010 (USD)	Amount Year 2011 (USD)	Amount Year 2012 (USD)	Total (USD)	See Budget Note:
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.	SINAC	62000	GEF	71200	International Consultants	16,500	27,500	11,000	-	-	**55,000**	1
				71300	Local Consultants	23,357	39,214	15,857	15,000	-	**93,428**	2
				71600	Travel	10,000	26,000	8,000	5,000	3,000	**52,000**	3
				72100	Contractual Services - Companies	20,000	56,714	36,714	22,000	-	**135,428**	4
				72200	Equipment and Furniture	22,000	22,000	16,000	14,000	8,000	**82,000**	5
				72300	Materials and Goods	7,000	11,000	8,000	6,000	6,000	**38,000**	
				73100	Rental & Maintenance	7,000	10,000	12,000	10,000	6,000	**45,000**	6
				74100	Professional Services	-	-	-	-	-	-	
				74200	Audio Visual and Printing production costs	2,000	3,000	3,000	3,000	3,000	**14,000**	
				74500	Miscellaneous Expenses	8,000	9,000	8,000	6,000	6,224	**37,224**	
					Sub-total GEF	**115,857**	**204,428**	**118,571**	**81,000**	**32,224**	**552,080**	
					Total Outcome 1	**115,857**	**204,428**	**118,571**	**81,000**	**32,224**	**552,080**	

1,1
1,3
1,4 } 2009

1,2 2010 = 117,200

103 + 153 178,880

GEF Outcome/Atlas Activity	Responsible Party/ Implementing Agent	Fund ID	Donor Name	Atlas Budgetary Account Code	ATLAS Budget Description	Amount Year 2008 (USD)	Amount Year 2009 (USD)	Amount Year 2010 (USD)	Amount Year 2011 (USD)	Amount Year 2012 (USD)	Total (USD)	See Budget Note:
OUTCOME 2: SINAC's institutional PA System framework and capacity is enhanced for eco-regional planning and optimal management effectiveness.	**SINAC**	**62000**	**GEF**	71200	International Consultants	8,250	8,250	8,250	8,250	8,250	**41,250**	**7**
				71300	Local Consultants	55,400	50,400	50,400	42,900	42,900	**242,000**	**8**
				71600	Travel	3,000	4,500	4,500	3,000	1,086	**16,086**	**9**
				72100	Contractual Services - Companies	35,000	50,000	50,000	35,000	-	**170,000**	**10**
				72200	Equipment and Furniture	-	-	-	-	-	-	
				72300	Materials and Goods	5,000	15,000	15,000	15,000	-	**50,000**	**11**
				73100	Rental & Maintenance	2,000	8,000	8,000	6,000	-	**24,000**	**12**
				74100	Professional Services	10,000	15,000	15,000	5,000	-	**45,000**	**13**
				74200	Audio Visual and Printing production costs	1,000	2,500	2,500	1,000	-	**7,000**	
				74500	Miscellaneous Expenses	2,000	2,000	2,000	2,000	4,664	**12,664**	
					Sub-total GEF	**121,650**	**155,650**	**155,650**	**118,150**	**56,900**	**608,000**	
					Total Outcome 2	**121,650**	**155,650**	**155,650**	**118,150**	**56,900**	**608,000**	
OUTCOME 3: SINAC has the financial sustainability to effectively attain its strategic objectives and provide resources for long-term PA System management needs.	**SINAC**	**62000**	**GEF**	71200	International Consultants	40,000	36,000	36,000	-	-	**112,000**	**14**
				71300	Local Consultants	35,000	35,000	35,000	15,000	12,000	**132,000**	**15**
				71600	Travel	10,000	10,000	10,000	4,700	4,700	**39,400**	
				72100	Contractual Services - Companies	65,000	65,000	65,000	35,000	30,000	**260,000**	**16**
				72200	Equipment and Furniture	45,000	35,000	-	-	-	**80,000**	**17**
				72300	Materials and Goods	13,000	15,000	15,000	12,000	-	**55,000**	**18**