

**INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE**

Report No.: ISDSC5096

Date ISDS Prepared/Updated: 26-Aug-2013

Date ISDS Approved/Disclosed: 28-Aug-2013

I. BASIC INFORMATION

A. Basic Project Data

Country:	Panama	Project ID:	P145621
Project Name:	Sustainable Production Systems and Conservation of Biodiversity (P145621)		
Task Team Leader:	Teresa M. Roncal		
Estimated Appraisal Date:	09-Dec-2013	Estimated Board Date:	28-Feb-2014
Managing Unit:	LCSAR	Lending Instrument:	Investment Project Financing
GEF Focal Area:	Biodiversity		
Sector(s):	General agriculture, fishing and forestry sector (70%), Public administration-Agriculture, fishing and forestry (30%)		
Theme(s):	Biodiversity (40%), Rural non-farm income generation (20%), Micro, Small and Medium Enterprise support (20%), Participation and civic engagement (10%), Decentralization (10%)		
Financing (In USD Million)			
Total Project Cost:	39.96	Total Bank Financing:	0.00
Total Cofinancing:		Financing Gap:	3.00
Financing Source		Amount	
BORROWER/RECIPIENT		7.63	
Global Environment Facility (GEF)		9.59	
International Fund for Agriculture Development		5.71	
Municipalities of Borrowing Country		0.10	
LOCAL BENEFICIARIES		1.00	
Non-Government Organization (NGO) of Borrowing Country		0.94	
Foreign Private Commercial Sources (identified)		12.00	
Total		36.96	
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The proposed global environmental objective is to conserve globally significant biodiversity and enhance local livelihoods in Panama through improved management effectiveness of protected areas and mainstreaming biodiversity-friendly management practices in their buffer zones.

C. Project Description

The project would be organized into four components:

Component 1 - Participatory Management of Protected Areas (US\$3.6 million estimated for GEF financing)-- would support ANAM's efforts to strengthen the management of the selected PAs,

promote partnerships with local government, communities, NGOS, and the private sector to achieve financial sustainability of PAs. It would test alternative financial mechanisms, such as trust funds, cost-sharing arrangements, co-management arrangements with local government and communities, and administration contracts. . The component would continue to support some activities carried out under CBMAP II, particularly for implementation of municipal environmental plans and for the establishment of the NPAS Trust Fund. A contribution of at least US\$1.0 million to the endowment of this trust fund will be financed, and some expenses for the operational manual and investment policy of the fund.

Component 2 - Biodiversity and Sustainable Productive Landscapes (US\$3.3 million estimated for GEF financing)-- would focus on activities to mainstream biodiversity and sustainable production landscapes in production areas in the buffer zones of selected PAs. The project will support producer groups or producer associations that live in the buffer zones, and that have implemented successful subprojects with financing of CBMAP II, to scale up their operations and implement biodiversity-friendly production and management practices with a focus on gaining or increasing access to markets for their products so that biodiversity-friendly practices become economically sustainable. Subprojects to be developed under this component may include adoption of practices for biodiversity-friendly production, such as use of organic compost and living fences, use of native species, as well as exploring ways of including adaptation to climate change elements associated with the diversification of products, soil erosion control, and resilience to climatic pressures. A detailed list of potential activities will be developed during preparation. Training and technical assistance will be provided to producers for implementation of subprojects and improvement of their technical and business management skills.

Component 3 - Knowledge Management and Communication (US\$1.8 million estimated for GEF financing)-- would promote awareness and offer training to key project stakeholders of both genders (e.g., producers, indigenous peoples, local government, and private sector) on good practices and knowledge management at local and regional levels to support biodiversity mainstreaming and promote the consumption of bio-labeled goods. This component includes the development of a strong communication and outreach strategy for dissemination of information, and support to capacity-building activities to both technical assistance providers and producers. This component will support strengthening the capacity of the recently established economic unit in ANAM to lead the authority's efforts to carry out environmental economic analysis that could demonstrate clearly the economic value of biodiversity to decision-makers in Panama. This will support ANAM as it seeks to enhance the financial sustainability of Panama's protected area system. A subcomponent for promoting partnerships and South-South cooperation is also included in this component. This will allow ANAM to work together with the National Commission for the Knowledge and Use of Biodiversity, CONABIO, in Mexico in the implementation of a regional program for training and technology transfer related to sustainable production, and the development of biodiversity standards and/or market labels, and certification. In particular, this project will seek to learn from the progress being made under the GEF-financed, World Bank implemented "Sustainable Production Systems and Biodiversity Project" in Mexico.

Component 4 - Project Management and Monitoring and Evaluation (US\$0.9 million estimated for GEF financing)- would support the technical and administrative coordination, supervision, monitoring, and evaluation of the project.

The project implementation period will be five years. The Recipient will be the Republic of Panama represented by the Ministry of Economy and Finance (MEF), and the implementing agency will be

ANAM, in particular the Department of Protected Areas and Wildlife (DAPVS), in charge of the NPAS.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The proposed project will be implemented in approximately 10 selected PAs including their buffer zones geographically located in the central-eastern part of the country within the Panamanian MBC. The PAs will be selected based on the following criteria that will be further refined during preparation: (a) relative value in protecting biodiversity of national and global importance, (b) density of indigenous and non-indigenous populations in poverty/extreme poverty in their buffer zones, (c) production processes incubated by the CBMAP II, which require additional support to become sustainable green businesses, (d) sufficient organizational capacity among producers that will help streamline the project implementation, and (e) level of market integration or marginalization. The area proposed is expected to cover between 500,000 and 700,000 hectares (approximately 20-25 percent of the total land area protected), and be stretched over six provinces, two comarcas (i.e., Ngabe-Bugle and Kuna) and the Naso-Teribe Indigenous Territory in part of the Changuinola District, Bocas del Toro Province.

E. Borrowers Institutional Capacity for Safeguard Policies

ANAM, as implementing agency, has experience handling social and environmental safeguard issues, most recently in the Rural Productivity Project (Loan 7439-PA), which is being implemented partially blended with a GEF Project for Rural Productivity and Consolidation of the Atlantic Mesoamerican Biological Project (TF056628). The Project has a social specialist and environmental specialist. These projects were successful in developing organizational, administrative and technical capacity in rural and indigenous communities in extreme poverty, in which both social and environmental safeguards policies have been successfully applied. While the national team has a good grasp of safeguard policies and their respective disciplines, there will be a need for training and collaboration with the Bank's specialists.

F. Environmental and Social Safeguards Specialists on the Team

Mary Lisbeth Gonzalez (LCSSO)

Angel Alberto Yanosky (LCSSEN)

Abdelaziz Lagnaoui (LCSSEN)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	The proposed project is expected to generate overall positive environmental impacts given its objective to mainstream biodiversity management into commercially viable production systems in buffer zones and to promote participatory management of Panama's protected areas. OP/BP 4.01 is triggered due to the sensitive social and biological context of the interventions, and to avoid and manage risks and mitigate any potential environmental impacts that may result from the investments in productive activities and construction or

		<p>rehabilitation of small infrastructure.</p> <p>Based on the potential impacts and experience with previous two projects, the team is suggesting a Category-B for this project. Preliminary project preparation consultations have been carried out in all proposed provinces of the project, while specific social and environmental consultations will take place during project preparation.</p> <p>As specific sites are not known at this stage, an environmental and social management framework (ESMF) will be prepared to screen, assess, and mitigate environmental impacts related to proposed subprojects and a detailed list of potential activities will be developed during preparation. The ESMF also will outline the process to prepare the necessary Environmental Assessment and Environmental Management Plans (EMPs) for each investment activity that may be in an environmentally sensitive area and provide specific guidelines to avoid or minimize risks and manage potential environmental impacts. Any subprojects considered as Category A will not be eligible for funding by the project.</p> <p>For preparing the ESMF, the client is preparing an Environmental Assessment of the entire project and guidelines will be clarified for screening out Cat A activities.</p>
Natural Habitats OP/BP 4.04	Yes	<p>The proposed project protected areas, including their buffer zones or influence areas, are all important critical natural habitats within high priority ecosystems for Panama.</p> <p>The project will not finance any activity that could potentially cause significant conversion or degradation of natural habitats. The project activities will also promote sound practices in protected areas, which may include payment for environmental services, and other innovative ideas to protect environmentally sensitive habitats. Human activity in the buffer zones induced by the project may indirectly impact natural habitats. The ESMF will include criteria</p>

		<p>and procedures to avoid and minimize these risks and manage potential negative impacts on natural habitat.</p> <p>Subprojects contemplating significant degradation or conversion of natural habitats will not be eligible for financing. A screening mechanism would be used in the case of exotic plants/shrubs and exotic animal species and a simplified protocol would be developed to identify and monitor impacts on local habitats as well as a negative list of activities that will be included in the Project Operations Manual that would not be eligible for financing. The ESMF will establish procedures and mechanisms (including content) for screening activities against Policy on Natural Habitats.</p>
Forests OP/BP 4.36	Yes	<p>The proposed project will be developed in natural forest areas of importance for biodiversity. Yet it is too early to know at this stage whether interventions could affect the rights and welfare of people dependent on forests and if this would bring changes in the management, protection, and utilization of natural forests. Further details as appropriate will be included in ESMF and Social Assessment. OP/BP 4.36 is triggered as a precautionary measure, and also to improve forest conservation. Certification or eco-labeling, if appropriate, will be promoted and an increase in areas under improved management or certification is expected by completion. Eligible activities would be identified for specific eco-regions, along with a negative list of activities.</p> <p>The proposed negative lists and screening tool be incorporated into the ESMF as well as the Operational Manual for the project.</p>
Pest Management OP 4.09	Yes	<p>The work on a production system may involve pest management and the use of agro-chemicals in subproject activities. The ESMF will include screening procedures for pest management and pesticide use. A Pest Management Plan will be prepared for subprojects likely to procure pesticides or envisage changes in pest management practices. The risks associated with pesticide use will be described in the</p>

		ESMF and recommended measures and procedures proposed for managing those risks will be included.
Physical Cultural Resources OP/ BP 4.11	Yes	This project is not expected to have any negative impact on physical cultural resources, and these have not been identified in relation to potential project activities. However, some project areas may potentially have cultural resources; the policy is triggered as precautionary to handle any potential “chance finds” during project implementation. The ESMF will include provisions for the treatment of physical cultural resources discovered during project implementation (chance finds) and identify forests and protected areas that may be considered as sacred lands and/or cultural resources as defined under the policy (i.e. sites identified with religious, aesthetic or cultural significance).
Indigenous Peoples OP/BP 4.10	Yes	<p>A Social Assessment (SA) will be carried out in order to gather the socio-economic profile of the wide-range of stakeholders that will help design differentiated mechanisms and services to meet the specific characteristics of different local contexts and beneficiaries. The Social Assessment will also include a proposal for developing a grievance redress mechanism, including a conflict resolution strategy, for the project.</p> <p>An Indigenous Peoples Plan (IPP) will be prepared to ensure that indigenous peoples are informed and consulted and their participation is encouraged and promoted during the life of the project. The project builds upon the experience of CBMAP-II and it will continue working with indigenous authorities to ensure that Congress and governance structures are respected, consulted and participate in the decision-making process related to the project that might concern or affect their interests. The project will continue promoting culturally adequate, free, prior, and informed consultations with indigenous peoples.</p> <p>The CBMAP-II has successfully engaged indigenous peoples Congresses and authorities</p>

	<p>in the identification, preparation and implementation of subprojects and Management Plans, with their broad participation in biodiversity conservation. The IPP will identify additional lessons learned from CBMAP-II and other projects to improve indigenous peoples participation and it will also improve the consultation mechanisms to obtain broad community support.</p> <p>Based on the experience of the previous projects, this operation will develop a detailed communication strategy to ensure that indigenous peoples, mainly those who are monolingual are well-informed and consulted about the objectives and activities of the project, and can benefit from its development objective. The ultimate objective of the communication strategy is to ensure indigenous peoples engagement. To promote this engagement the project will take into account the following principles: (a) cultural heritage and identity as assets; (b) free, prior and informed consultation and participation process; (c) community-driven development; (d) land assessment and biodiversity conservation; (e) indigenous peoples' knowledge in natural resources management; (f) environmental issues and indigenous peoples views on climate change; (g) access to markets; and (h) gender equality particularly promoting participation of women in subprojects, strategic alliances and in community-based innovation processes. This later issue will be supported by the preparation of an action plan, as part of the IPDP that will specify clear mechanisms to promote the inclusion of women and youth.</p> <p>The IPDP would also identify specific actions to support and mainstream biodiversity and sustainable production in production units of the buffer zones of selected PAs. This component will enable producers to implement management systems to improve profitability while addressing sustainability challenges and biodiversity conservation.</p>
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Involuntary Resettlement OP/BP 4.12	Yes	<p>A Process Framework (PF) will be prepared to ensure that procedures are in place to mitigate any potential restrictions in access to protected areas and ensure consultations with potential beneficiaries on resource management activities in and around protected areas as part of the management plans. The PF will identify a clear protocol to ensure that activities supported by the project within indigenous territories have broad participation and consultation and will not incur in any type of restriction of access to resources. The protocol will be detailed enough that it will systematize the information, consultation and participation process.</p> <p>One of the main objectives of the PF is to identify, together with indigenous peoples, the planning process to design and implement protected areas management plans to ensure that there is a balance between the social and livelihood demands and needs of indigenous peoples with the promotion of biodiversity conservation. One of the main lessons learned from CBMAP-II is the integration of biodiversity conservation and livelihoods with local governance. The CBMAP-II worked to harmonize social issues with biodiversity conservation. The goal is to achieve a better integration of rural communities—including indigenous peoples—to harmonize people’s livelihoods, biodiversity conservation and local governance to develop more sustainable conservation practices, including agriculture that will facilitate access to markets for the producers.</p> <p>Any activity (subprojects and management plans) that could lead to involuntary acquisition of land, displacement or resettlement will be ineligible. This operation is not supporting the expansion of protected areas or expropriation of land for productive projects.</p>
Safety of Dams OP/BP 4.37	No	This policy is not triggered as the project will not support the construction or rehabilitation of dams nor will it support other investments which rely on the services of existing dams.

Projects on International Waterways OP/BP 7.50	No	This policy is not triggered as any subproject activities that may affect International Waterways will not be eligible.
Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered as there will be no subprojects in disputed areas.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 14-Nov-2013

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

The preparation of safeguard-related instruments will include an Environmental and Social Management Framework for which the terms of reference for the Environmental Assessment are currently under development. Considering the similarities with the Rural Productivity Project (Loan 7439-PA), partially blended with a GEF project for Rural Productivity and Consolidation of the Atlantic Mesoamerican Biological Project (TF056628), and ANAM's experience, it is expected that the preparation of the Environmental and Social Management Framework, IPP, and PF will be straight forward as project team will use the lessons learned from these projects. Preparation of these instruments will start shortly after the PCN decision meeting. The instruments will be publicly consulted and disclosed before appraisal.

IV. APPROVALS

Task Team Leader:	Name: Teresa M. Roncal	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name:	Date:
Sector Manager:	Name: Renato Nardello (SM)	Date: 28-Aug-2013

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.