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INTEGRATED SAFEGUARDS DATA SHEET APPRAISAL STAGE

Report No.: ISDSA9228

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I. BASIC INFORMATION

1. Basic Project Data

G 4	D		D : (ID	D1 45 CO1		
Country:	Panama Project ID: P145621 Sustainable Production Systems and Conservation of Biodiversity (P145621)					
Project Name:		<u> </u>	s and Conservat	ion of Biod	iversity (P145621)	
Task Team	Teresa M. R	oncal				
Leader:			1			
Estimated	31-Mar-2014 Estimated 24-Sep-2014			014		
Appraisal Date:			Board Date:			
Managing Unit:	LCSAR		Lending	Investmen	nt Project Financing	
			Instrument:			
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 civi c engagement (10%), Decentralization (10%)					
Is this project pr 8.00 (Rapid Res		·	~ •	overy) or C)P No	
Financing (In U	SD Million)				•	
Total Project Cos	st: 28.97 Total Bank Financing: 0.00			0.00		
Financing Gap:	C	0.00				
Financing Sou	rce				Amount	
Borrower					10.16	
Global Environ	ment Facility	(GEF)			9.59	
Municipalities of Borrowing Country				0.09		
LOCAL BENEFICIARIES				0.63		
Foreign Private	Commercial	Sources (identified	1)		8.50	
Total			<u></u>	28.9		
Environmental Category:	B - Partial A	ssessment				

Is this a	No
Repeater	
project?	

2. Global Environmental Objective(s)

The proposed global environmental objective is to conserve globally significant biodiversity through improved management effectiveness of the project protected areas and biodiversity mainstreaming in their buffer zones.

3. Project Description

The project would be organized into four components:

Component 1 - Sustainable Management of Protected Areas (US\$15.16 million, GEF financing US \$4.68 million). The objective of this component is to improve the management effectiveness and long-term sustainability of selected protected areas with a focus on financial sustainability and the monitoring of biodiversity in the selected PAs. This goal will rest on three interdependent pillars:

- (a) Alliances for participatory management. The proposed project would support ANAM in carrying out of activities to facilitate and promote concessions and co-management with NGOs, municipalities, traditional authorities and other entities, for the administration of PAs. It would also support carrying out of a study of a system of payment for environmental services (PES), including a review of relevant regional experiences of implementation of such a system.
- (b) Identification of a baseline of the existing biodiversity information of project PAs, and monitoring of variations in the biological situation of such areas annually to make available reliable scientific information for decision-making and for substantiating financing from partners and sponsors. As part of the support to the SNIMDB, biological information will be collected for at least eight PAs.
- (c) Endowment fund. Establishment and operation of a unified mechanism for the financing of the implementation of Operational Plans of PAs (the endowment fund) in the first year of the project. Once the endowment fund is established and meets all national and WB requirements, \$1.5 million from the GEF will be allocated as a start-up endowment. The GOP and a private sector company have also committed funds for the start-up of \$2.0 million and 1.5 million. Other groups, including donors, NGOs, and the private sector, have also expressed strong interest in contributing to the endowment. The initial capital will total \$5.0 million. It is expected in the long run that financial returns of the endowment fund would be used for activities of the PA operations plans, reducing the financing gap, as well as for the administration cost of the endowment fund. The design and operating arrangements of the endowment fund are being informed by best practices from GEF and from within and outside the Bank to provide transparency, maximize synergies, and improve social and financial accountability.

Component 2 - Biodiversity and Sustainable Productive Landscapes (US\$6.81 million, GEF financing US\$3.25 million). This component focuses on activities to mainstream biodiversity and sustainable production landscapes in production areas in the buffer zones of selected PAs. It focuses on three areas of intervention:

(a) Biodiversity-friendly production systems. Provision of sub-grants to beneficiary CBOs operating in the buffer zones for the carrying out of activities to scale up their operations and implement biodiversity-friendly and climate-smart production and management practices with a focus on gaining or increasing access to markets for their products so that biodiversity-friendly practices become economically sustainable. Subprojects to be developed may include adoption of

practices for biodiversity-friendly and climate-smart production in agro-forestry and nature-tourism activities. Participation of local communities and citizen engagement and inter-sector alliances will be promoted from the beginning. A detailed list of potential activities is incorporated in the Subproject chapter of the Operational Manual. Subproject grants would range from US\$50,000 to 100,000 for which producer organizations, communities and municipalities will contribute at least 10 percent (in cash or in kind) of total subproject cost.

- (b) Strengthening of CBOs. Development and implementation of a capacity building and training strategy to strengthen the technical and business management skills of CBOs, including customized training to indigenous communities in their native languages.
- (c) Municipal environmental subprojects. Provision of sub-grants to municipalities for priority activities identified in environmental municipal plans developed under CBMAP II.
- Component 3 Knowledge Management and Communications (US\$5.17 million, GEF financing US \$1.19 million). Development and implementation of a communication and outreach strategy for dissemination of information on the project and promotion of partnerships for the management of PAs; an awareness and fundraising campaign for the endowment fund; and an educational campaign addressed to consumers on biodiversity-friendly products and the economic value of biodiversity. It will focus on the following three areas of intervention:
- (a) Knowledge management. Activities include (i) capacity-building activities with key project stakeholders of both genders on good practices and knowledge management at local and regional levels to support biodiversity mainstreaming and develop ownership for the realization of long-term goals and sustainability; (ii) promotion of citizen engagement to ensure effective conservation (iii) on-the-ground training and professional certification of park guards by qualified universities; (iv) strengthening ANAM's capacity to carry out environmental economic analysis as needed to inform decision and policy makers in Panama of the economic value of biodiversity; (v) dissemination of information and promotion of PAs biodiversity; and (vi) carrying out of a communications and fundraising strategy for the endowment fund.
- (b) South-South cooperation and promotion of partnerships. Implementation of a regional program for training and technology transfer related to sustainable production in coordination with the National Commission for the Knowledge and Use of Biodiversity (CONABIO) in Mexico, the development of biodiversity standards and/or market labels, and certification of biodiversity-friendly products and sharing of experiences on private reserves and the connectivity of biological corridors. Actions will be oriented to have an impact on capacity building in Panama.
- (c) Strategic communication and outreach. Development and implementation of communications and educational campaigns to raise awareness among citizens, businesses, and producers to influence production and consumption of bio-labeled goods and to promote fundraising and contributions from private companies, donors, government agencies and citizens. Communications and sharing knowledge through networks and communities is perceived as a catalyst for change across the NPAS.

Component 4 - Project Management (US\$1.83 million, GEF financing US\$0.47 million). TThis component will strengthen ANAM's capacity for project implementation by supporting the technical and administrative coordination of the project. Consulting services, office equipment, and operational costs for activities to be undertaken by the Project Implementing Unit (PIU) for project management and supervision will be financed.

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.

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

The proposed project will be implemented in twelve protected areas (PA) and respective buffer zones geographically located in the Atlantic and central-eastern part of the country within the Panamanian MBC. Ten of these twelve PAs correspond to the ones that have been supported under the CBMAP II, and two are new. Project activities will take place in seven provinces: Bocas del Toro, Coclé, Colón, Chiriquí, Los Santos, Panamá and Veraguas; two comarcas: Guna Yala and Ngäbe-Buglé; and two indigenous peoples territories: Bribri and Naso-Teribe. Environmental and socio-economic criteria were applied in targeting these areas.

5. Environmental and Social Safeguards Specialists

Mary Lisbeth Gonzalez (LCSSO) Abdelaziz Lagnaoui (LCSEN)

6. 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 protectedareas. OP/BP 4.01 is triggered and the project has been categorized as B, requiring a partial assessment considering the social and Environmental context of the interventions. As specific sites and exact activities are not known at this stage, an environmental and social management framework (ESMF) was prepared to screen, assess, and mitigate environmental impacts related to proposed subprojects that may involve investments in productive activities and construction or rehabilitation of small infrastructure. The ESMF outlines the process to prepare the necessary Environmental and social safeguards instruments for each investment activity that may be required to mitigate and manage potential environmental impacts. The ESMF also provides specific guidelines to avoid or minimize risks and manage potential environmental environmental impacts. Any subprojects considered as Category A will not be eligible for funding by the project.
Natural Habitats OP/BP 4.04	Yes	The proposed project is on protected areas, including their buffer zones or influence areas, which are all important critical natural habitats within high priority ecosystems in Panama.

		The project activities will
		The project activities will promote environmentally sound agricultural 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. But the project will not finance any activity that could potentially cause significant conversion or degradation of natural habitats. The ESMF outlines the procedures and mechanisms for screening out activities that may cause degradation or contemplate any significant conversion of natural habitats. The ESMF also includes criteria and procedures to avoid and minimize these risks and manage potential negative impacts on natural habitat. The ESMF includes provisions to assess possible impacts prior to any actions being undertaken on the ground. Monitoring activities will be established during implementation to ensure that critical natural habitats are not adversely affected.
Forests OP/BP 4.36	Yes	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. OP/BP 4.36 is triggered as a precautionary measure, and also to improve forest conservation.
Pest Management OP 4.09	Yes	The work on a production system may involve pest management and the use of agro-chemicals in subproject activities. The ESMF includes 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 ESMF adequately describes the risks associated with pesticide use and the proposed measures for managing these risks.
Physical Cultural Resources OP/BP 4.11	Yes	The policy on Physical Cultural Resources (OP 4.11) applies given the uncertainty regarding the exact locations of activities to be carried out under the project. Some forests or landscapes

Indigenous Paoples OP/PD 4.10	Yes	concerned by the project might be considered to have historical or cultural significance such as spirit forests, sacred valleys or other features of the natural landscape. The ESMF includes specific provisions to assess the potential impacts on forests, sacred valleys or landscapes considered to have historical or cultural significance prior to any activities being undertaken on the ground. The ESMF also includes provisions for the treatment of physical cultural resources that may be discovered during project implementation (chance finds).
Indigenous Peoples OP/BP 4.10	Tes	A Social Assessment (SA) was carried out and will be updated during the life of the Project to gather the cultural characteristics and socioeconomic profile of the wide-range of stakeholders. The objective was to help design and implement differentiated mechanisms and services to meet the specific characteristics of different local contexts and beneficiaries by ethnic and socioeconomic groups. Grievance redress mechanism and conflict resolution strategies were included.
		An Indigenous Peoples Plan (IPP) was 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. It continued working with indigenous authorities to ensure that Congress and governance structures are respected, consulted and have the opportunity to actively participate in the decision-making process that might concern or affect their interests. Action Plan details activities to ensure that IP of both genders will have access to the economic benefits of the Project. This operation promoted culturally adequate, free, prior, and informed consultations with indigenous peoples.
		The CBMAP-II has successfully engaged indigenous peoples Congresses and authorities in the identification, preparation and implementation of subprojects, with their broad participation in biodiversity conservation. The Project build up on the lessons learned from CBMAP-II and other

Involuntary Resettlement OP/BP

4.12

projects to improve indigenous peoples'
participation and it also improved the consultation
mechanisms to obtain broad community support.
Based on the experience of the previous projects,
this operation will have 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 benefit from its development
objective. The ultimate objective of the
communication strategy is to ensure indigenous
peoples and stakeholders engagement project took
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.
The IPDP also identified specific actions to
support and mainstream biodiversity and
sustainable production in production units of the
buffer zones of selected PAs seeking to balance
peoples' livelihood with conservation. This
component will enable producers to implement
management systems to improve profitability
while addressing sustainability challenges and
biodiversity conservation.
A Process Framework (PF) was 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 identified a clear
protocol to ensure that activities supported by the
project within indigenous territories have broad
participation and consultation and will not incur

Yes

		in any type of restriction of access to resources. 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 and peasants—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. This operation is not supporting the expansion of protected areas or expropriation of land for productive projects.
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.

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The proposed project builds on the experience and lessons learned from the CBMAP I and II. This, combined with the activities under the proposed project, should have a strong overall positive environmental impact and advance global biodiversity goals by (i) strengthening management of Protected Areas and natural habitats and (ii) fostering environmentally sustainable productive activities in rural areas that encourage preservation of natural resources. Potential negative environmental impacts from productive activities and small public works are expected to be minimal and are adequately addressed through a solid identification, evaluation, and mitigation framework. No potential large scale, significant and/or irreversible impacts are expected. Considering the minimal environmental impacts, the project was assigned a category B requiring a partial assessment.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

Considering the nature of the activities proposed by the project, no potential and/or indirect impacts are anticipated in the project area.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Since the proposed project activities relate to conservation, they should have a strong overall positive environmental impact and advance global biodiversity goals, no alternatives were contemplated.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The preparation of safeguard-related instruments adopted a phased approach. As specific sites and exact activities are not known at this stage, an environmental and social management framework (ESMF as Volume 1) was prepared to screen, assess environmental and social impacts related to the proposed project. The ESMF outlines the process to prepare the necessary environmental and social safeguards instruments for each investment activity. An environmental management framework (EMF as Volume 2) was prepared to provide specific guidelines to avoid or minimize risks and to assess and manage potential environmental impacts associated with subproject activities. An Indigenous Peoples Plan (IPP as Volume 3) was prepared to ensure that indigenous peoples have been informed and consulted and their participation has been encouraged and promoted during the life of the project. A Process Framework (PF as Volume 4) was 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.

Preparation of these instruments has been done in close collaboration with the respective Bank's specialists; have been adequately consulted, duly reviewed and cleared for disclosure. ANAM, as implementing agency, has gained experience addressing 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 an environmental specialist. These projects were successful in developing organizational, administrative and technical capacity in rural and indigenous communities in extreme poverty. Both projects complied with all social and environmental safeguards policies in a satisfactory manner. While the national team has a good grasp of safeguard policies and their respective disciplines, there is a need for training on social and environmental issues at the various implementation sites. The Bank's respective specialists will facilitate the delivery and monitoring of these training activities.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

During the process of preparing the Environmental and Social Safeguards documents, public Consultation workshops were conducted with community leaders, representatives of civil society, field staff of CBMAP and ANAM in the regions of Kuna Yala, Campana National Park, Azuero Peninsula , Santiago , Cocle , Chiriquí, Ngöbe Buglé and Bocas del Toro. The workshops were held in Rio Hato CEDESAM (Cocle) , in the City of Santiago (Veraguas) and the City of David (Chiriquí). Using a participatory methodology, participants assessed the current environmental situation in the areas of interventions of the proposed project and the priorities of the new project intervention within the framework of national environmental policies and social and environmental safeguards of the World Bank.

In the case of the Environmental Management Framework, preparation work included extensive consultations with community leaders from all geographic areas of the project, with experts in the

field of environmental conservation and sustainable development. In all consultations, participants identified the lack of management capacity of local and national efforts to safeguard ecosystems and the goods and services provided by authorities.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	07-Dec-2013
Date of submission to InfoShop	14-Jan-2014
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	•
Panama	06-Dec-2013
Comments:	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	05-Dec-2013
Date of submission to InfoShop	14-Jan-2014
"In country" Disclosure	•
Panama	06-Dec-2013
Comments:	
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	10-Dec-2013
Date of submission to InfoShop	14-Jan-2014
"In country" Disclosure	
Panama	18-Dec-2013
Comments:	
Pest Management Plan	
Was the document disclosed prior to appraisal?	NA
Date of receipt by the Bank	NA
Date of submission to InfoShop	NA
'In country" Disclosure	•
Comments:	·
If the project triggers the Pest Management and/or Physical respective issues are to be addressed and disclosed as part of Audit/or EMP.	<u>-</u>
If in-country disclosure of any of the above documents is not	t expected, please explain why:
N/A	
Compliance Manitorina Indicators at the Company L.	7

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment					
Does the project require a stand-alone EA (including EMP)	Yes [×]	No []	NA []
report?					

If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes [×]	No []	NA[]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [×]	No []	NA[]
OP/BP 4.04 - Natural Habitats			
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes []	No [×]	NA[]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes []	No []	NA [×]
OP 4.09 - Pest Management			
Does the EA adequately address the pest management issues?	Yes [×]	No []	NA[]
Is a separate PMP required?	Yes []	No [×]	NA[]
If yes, has the PMP been reviewed and approved by a safeguards specialist or SM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes []	No []	NA [×]
OP/BP 4.11 - Physical Cultural Resources			
Does the EA include adequate measures related to cultural property?	Yes [×]	No []	NA []
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [×]	No []	NA[]
OP/BP 4.10 - Indigenous Peoples			
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [×]	No []	NA[]
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes [×]	No []	NA[]
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Sector Manager?	Yes [×]	No []	NA[]
OP/BP 4.12 - Involuntary Resettlement			
Has a resettlement plan/abbreviated plan/policy framework/ process framework (as appropriate) been prepared?	Yes [×]	No []	NA[]
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes [×]	No []	NA[]
OP/BP 4.36 - Forests	•		
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes []	No [×]	NA[]
Does the project design include satisfactory measures to overcome these constraints?	Yes []	No []	NA[×]

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes []	No [×]	NA []
The World Bank Policy on Disclosure of Information			
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [×]	No []	NA[]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [×]	No []	NA[]
All Safeguard Policies			
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [×]	No []	NA[]
Have costs related to safeguard policy measures been included in the project cost?	Yes [×]	No []	NA[]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [×]	No []	NA[]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [×]	No []	NA[]

III. APPROVALS

Task Team Leader:	Name: Teresa M. Roncal		
Approved By			
Sector Manager:	Name: Holger A. Kray (SM)	Date: 02-Jun-2014	