

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: AB4395

Project Name	Rural Corridors and Biodiversity
Region	LATIN AMERICA AND CARIBBEAN
Sector	Forestry (50%);General agriculture, fishing and forestry sector (50%)
Project ID	P114294
GEF Focal Area	Biodiversity
Borrower(s)	ARGENTINE REPUBLIC
Implementing Agency	Administration of National Parks Argentina
Environment Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
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1. Key development issues and rationale for Bank involvement

Key Development Issues and Sector Background

Argentina, with over 280 million ha of land, is rich in biodiversity and contains vast native landscapes over 18 diverse eco-regions. Yet 20 percent (60 million ha) of the country is considered degraded and the country suffers from high rates of deforestation (200,000 ha annually), most of which is in the *Parque Chaqueño* (Chaco)¹, and the expansion of agriculture and livestock into other ecosystems, especially the *Pampas* and *Patagonian steppe*². The global importance of the *Patagonian Steppe* ecosystem is recognized given that it harbors many endemic and globally threatened species of plants and animals. These include coastal and marine mammals such as the Southern Right Whale (*Eubalaena australis*), birds such as the Ruddy-headed Goose (*Chloephaga rubidiceps*) and land mammals such as the Huemul deer (*Hippocamelus bisculus*) and Guanaco (*Lama guanicoe*).³ The Chaco is the second largest forest ecosystem of South America after the Amazon. In addition, it is an important area for maintaining carbon stocks and possibly more resilient and resistant in the face of changing climate scenarios. The ecoregion includes some 3400 species of plants, around 500 species of birds and 150 species of mammals many endemic including the Chaco Peccary (*Catagonus Wagnerii*).⁴ Less than 1 percent of the Humid Chaco and less than 2 percent of the Dry Chaco is found in protected areas in Argentina.⁵

¹ Over 76% of the country's 33 million ha of forests are located in the Chaco ecoregion, 12% in the sub-tropical Yungas, 4% are in the Upper Parana Atlantic Forests of Misiones Province, and 6% in the Patagonian Andes and Tierra del Fuego, with less than 1% in the north-central Espinal.

² Dinerstein et al., 1995 classifies the Chaco and the Patagonian Steppe ecosystems among the highest priorities for conservation in South America.

³ http://www.worldwildlife.org/wildworld/profiles/terrestrial_nt.html

⁴ The Nature Conservancy (TNC) et al. 2005. Evaluacion Ecorregional del Gran Chaco Americano/Grand Chaco Ecoregional Assessment. Buenos Aires. FVSA.

⁵ FVSA. 2005. Situacion Ambiental de Argentina.

Whereas native forests and grasslands once covered most of the country, human activities now dominate or fragment much of the natural environment. As disturbances increase, the native ecosystem's internal connectivity is diminished, with distances between remnant patches of native vegetation increasing and patches becoming smaller. This process, called fragmentation, leads to habitat destruction and, consequently, the loss of biodiversity. To confront this threat, the Argentine Administration of National Parks (APN) has adopted a "corridor approach" to conservation, to lend more continuity and connectivity throughout the country's ecosystems, as well as increased coherence in the protection of biodiversity through national parks' system. This poses a sizeable challenge for a federal agency, whose official scope of protected areas covers a mere 1.3% of the country's terrestrial ecosystems⁶; and underscores the need to bring other agencies and stakeholders, particularly provinces, together in a concerted effort to conserve biodiversity.

While APN's protected areas' coverage is only a fraction of what is needed for effective corridor management, provinces; along with private, local and community stakeholders; may hold the key to bridging that gap⁷. Provinces alone contribute over 21 million ha to the protected areas system, and, though not numerous, private protected areas complement biodiversity conservation in corridors as well. Participation of rural communities and private land holders could also be mobilized outside the protected areas, to help bring their practices in line with conservation objectives. Models for such conservation-compatible activities with rural producers were successfully piloted by APN in the *AR GEF Biodiversity Conservation Project*, TF 028372, and provide important lessons learned for scaling them up to the demands of corridors.

Although the spectrum of potential contributors for a corridor conservation initiative has been identified, most are not yet up to the task. Moreover, the effort is ambitious, encompasses large areas of land, and requires the coordination and commitment of federal and provincial authorities, as well as private landholders and producers to make it work. The provinces, in particular, need assistance; about 50 percent of their protected areas have no management, another 30 percent lack sufficient funding and staffing, and only the remaining 20 percent are considered fully operational. The regulatory framework for private protected areas is unclear, and presently there are no incentives to encourage their development. Community and local involvement in biodiversity conservation is almost totally lacking, except in buffer zones near some national parks.

APN will be responsible for the implementation of the project with broad participation from other federal, provincial, private sector, and NGO stakeholders. The institution has committed to dedicating its significant human, technical, and financial capacity to mentoring other parts of the conservation system in Argentina to increase the impacts at local levels with global conservation impacts. It seeks at the same time to provide a platform to pilot conservation mainstreaming in the productive landscape through the establishment of corridors; a relatively new conservation approach for Argentina.

Government Commitment

The GOA's commitment to sustainable and equitable development of conservation has been demonstrated during the implementation of several projects under implementation and preparation, as well as a range of legislative and policy initiatives. Specifically, the project is consistent with and supported by Argentina's National Biodiversity Strategy (Resolution 91/03), The Institutional Management Plan for National Parks

⁶ The national protected areas system, managed by the National Parks Administration (APN) covers 3.5 million hectares and includes 36 protected areas and 4 "natural monuments".

⁷ Federal and provincial protected areas, private reserves, biosphere reserves, military reserves, and areas belonging under other jurisdictions are loosely assimilated under the Federal Protected Areas System (SIFAP). Created in 2003, SIFAP is coordinated by the Secretary of Environment and Sustainable Development (SAyDS) and APN at the Federal level. The area under protection of the SIFAP includes 435 protected areas covering 21.5 million hectares (7.7% of the country). Marine protected areas represent only 3.6% of the SIFAP.

(2001), the Native Forests Protection Law (N° 26.331 of 2007), and the Territorial Strategic Plan of the Federal Planning Ministry, Public Investment and Services (2007).

Rationale for Bank Involvement in the Sector

The Government's interest in a project in the conservation and rural sector has been confirmed on a number of occasions and priorities which emerged from those discussions have been incorporated into the current CAS and the present proposal. The current Argentina CAS refers to promoting agricultural growth, reducing rural poverty, and *improving environmental management*. In addition, the CAS highlighted that "Argentina's growth has long been, and will continue to be, based in significant part on its tremendous natural comparative advantages".⁸

The Bank has gained considerable experience in all the various NRM sectors. Examples are the recently closed *Forestry Development Project*, *Native Forests/Protected Area Project*, the GEF *Biodiversity Conservation Project*, and various agriculture-sector projects with elements closely tied to land and water conservation. The project would be partially blended with the recently approved IBRD *Sustainable Natural Resource Management Project*, which has as an objective to advance the design of the Chaco conservation corridor. Investments through this project in the overall national protected areas system will provide co-financing to this GEF operation through strengthening several core areas of the corridor ecosystems as well as improving national capacities and infrastructure to provide services, conserving biodiversity, and increasing sustainable economic development primarily through the tourism sector. Given these links to other technical and infrastructure investments, the Bank has a comparative advantage as an Implementing Agency for this proposed GEF project.

The APN Corridors project is complementary to, but does not overlap with, the recently approved GEF project, *Ar Biodiversity Conservation in Productive Forestry Landscapes*, implemented by SAGPyA. The project would work with provinces through their forestry sector agencies rather than the conservation agencies targeted by this proposal. The proposed APN project focuses on the Patagonian Steppe and Chaco Ecosystems, whereas the SAGPyA project focuses on Mesopotamia and the Patagonian Andes. Another GEF project, *Sustainable Forest Management in Transboundary Ecosystems of the Gran Chaco*, is under preparation by Argentina with UNDP in the Chaco. However that project is a regional tri-national initiative with Paraguay and Bolivia focusing on land use and degradation primarily while incorporating biodiversity and climate change in the productive landscape. The proposed project will be closely coordinated with the other Chaco project under preparation.

The project is complementary to other government efforts and donor investments

The proposed project will also be consistent with the initiatives by the GoA in regard to the implementation of the *Ley de Bosques Nativos*. This law would generate a system of payments for conservation that would link closely to the proposed corridors. The areas defined as corridors would require financial incentives for conservation (given that it would involve primarily private lands) that would potentially be provided for under the new law. This link will be designed and implemented as part of the project incremental investments.

Consistency with GEF Priorities

This project registers with the GEF Strategic Priorities for Biodiversity and Climate Change, and contributes to the GEO Operational Program goals relating to arid and semi-arid, marine and forests ecosystems. Specifically, it is underpinned by four independent GEF priorities including BD SP1 - Sustainable financing of the zone Systems of protected Areas Systems at the National level, BD SP2 - Increasing Representation of the Effectively Managed Marine Protected Areas in Protected Areas System, BD SP 3 Strengthening of the Terrestrial Protected Area Networks, and CC SP6 - Management of Land

⁸Argentina Country Assistance Strategy, May 4, 2006, Report No. 34015-AR, pg. 146.

Use, Land-Use Change and Forestry (LULUCF) as a Means to Protect Carbon Stocks and Reduce GHG Emissions.

Incremental Reasoning

The proposed incremental investment would strengthen the government's capacity for inter-agency and multi-stakeholder efforts for biodiversity conservation using landscape ecology principles (i.e. conservation corridors). Under the project, the country's multi-stakeholder protected area unit, SIFAP, would develop a strategic plan, financing mechanisms, along with specific capacity building and strengthening activities with decentralized entities, principally provincial, NGOs and private actors. Investments would lead to an increase in the protected areas and associated capacities in a systemic way that would not otherwise be financed (or would be done over a very long period) without incremental funding. The investments in conservation corridors takes conservation outside the traditional realm of protected areas management for the country and requires incremental funding so as to advance this innovative initiative. Without incremental investments through GEF funding, the system will not develop in a strategic and objective way in order to conserve the globally important biodiversity found in most, if not all ecosystems of Argentina

Lessons Learned

Lessons would be applied from the recently closed and highly successful AR Biodiversity Conservation Project carried out by APN.

Lesson One: Development is not a linear process, and processes need to be sufficiently flexible to adapt to changes on the ground. Although the Biodiversity Conservation Project experienced some setbacks, including delays and difficulties during implementation, it managed to produce highly relevant impacts for the protected area sector by closing. The Bank, as an institution, should ensure that its instruments, philosophy and approaches to development are flexible enough to adapt to the changing country conditions, while maintaining focus on the project development objectives.

Lesson Two: The creation of a protected area is a complex process that involves diverse actors and requires substantial coordination. In future projects, sufficient time should be allocated according to the complexity of participatory processes, taking into account the number of actors and decision makers involved. This is especially important in situations where a diverse spectrum of stakeholders are concerned (private land holders, intermediary agents, stakeholders, federal and provincial governments). Participation is critical at all levels, yet it is time consuming and the outcomes are often unpredictable.

Lesson Three: Monitoring and evaluation of biodiversity should be carried out at ecosystem levels. Biodiversity can be assessed at either the ecosystem, species or genetic levels. Because of the operational nature of GEF- and IBRD-financed projects, the use of highly detailed scientific studies is not always feasible. The use of ecosystem evaluations, through, for example, remote sensing surveys, can help to determine the extent to which habitats for key species are being protected. This can be a more practical approach than, for example, monitoring indicator species themselves, which entails costly and difficult field surveys.

2. Proposed objective(s)

The Global Environmental objectives of the project are *to conserve biodiversity of global and national importance, protect vital bio-carbon assets, and develop and implement a strategy for ecosystem-based adaptation measures to climate change*. Through improved collaboration with stakeholders in the

conservation community, especially provinces, the project will coordinate efforts and execute the conservation of biodiversity of global importance in select corridors of the *Parque Chaqueño* and the *Patagonian Steppe*. In addition, working through a corridors approach, the project will carry out measures to mitigate climate change through the protection of carbon sinks and develop ecosystem-based adaptive measures to climate change to ensure corridors protect habitats and biodiversity as the planet warms. Specifically, the project aims to (i) strengthen the Federal System of Protected Areas (SIFAP), so as to bring a wider range of conservation initiatives to focus on priority conservation issues; (ii) promote ecosystem connectivity through conservation corridors with multiple stakeholders; and (iii) expand the protected areas systems through new PAs within select corridors.

The proposed project would aim for the following impacts: (i) Federal Protected Areas System operational with strategic plan, regulatory framework, and capacities strengthening the federal, provincial, and private areas; (ii) conservation corridor(s) established in the northern Chaco with management committees and regulatory framework operational; (iii) Patagonian Steppe and southern Chaco conservation corridors planned through a broad participatory process and recognized/adopted by SIFAP; (iv) six new areas established and strengthened showing increased management effectiveness and ecosystem representation within the SIFAP; (v) X hectares/percent increase in protection of ecosystems of SIFAP; and (vi) at least 3 provinces increase their provincial conservation capacities as measured by (increased budgets/provincial system planning/increase in conservation personnel).

3. Preliminary description

The project's total costs of US\$ 22.30 million consist of a GEF donation of US\$ 7.0 million and US\$ 15.30 in co-financing to be implemented over a five year period. As required by GEF policy, the Agency Fee would be an estimated \$0.7 million. The proposed project would aim to increase the protection of vulnerable natural areas and the conservation of biological diversity at a systemic level through the strengthening of the SIFAP, the increase in provincial and private sector conservation capacities, as well as through on the ground interventions to create model corridors in the Argentine Patagonian Steppe and the Argentine Chaco.

Project Components

The project's three specific objectives are complementary and correspond to the first three project components:

Component 1. Corridors and Core Protected Areas. The aim of this component is the creation and operational startup of six new protected areas mainly within the priority corridors, based on a gap analysis and feasibility assessment conducted during preparation. Marine PAs (Atlantic) will be included in the Patagonian Corridors initiative. Factors such as biodiversity value, costs, disposition of provincial authorities to cooperate in the formation of the protected areas, etc. will be considered in their selection. The new PAs will serve as major focal points along the corridors, and as carbon sinks. Infrastructure, training, operating costs and buffer zone subprojects with local communities and producers will be carried out under the component. Buffer zone projects will key on filling gaps in the corridors to provide continuity at the landscape level. By project completion, the 6 new protected areas will be fully operational and financed by both federal agencies and corridor actions underway between them with a variety of stakeholders, including support to provincial protected areas.

Component 2. Conservation Corridors (CC) in the Grand Chaco and the Patagonian Steppe. The component aims to develop and implement a multi-stakeholder process for corridors conservation in two

high-priority target ecosystems to develop a Strategic Management Plan (SMP). APN will lead the process, working closely with the provinces of Chaco, Formosa, and Santiago del Estero in the Chaco. Given the immense size of the Chaco ecosystem, over 1 million square kilometers in Argentina alone, APN will also engage with a number of other provinces in the ecosystem in planning and strategy development, though they are not envisioned to take place in implementation through the project. The proposed SMP will include aspects such as territorial management; development of draft legislation and a financing plan, the establishment of management committees and a monitoring system for tracking and guiding the corridors' development and effectiveness. The financing plan will include specific tie-ins to the new Forestry Legislation, Ar. law no 26.331 approved in 2007, which will help provide means to bridge the corridors in productive areas. In the Patagonia Steppe, the component approach is similar to that of the Chaco, where it will develop a SMP with provinces and other stakeholders to determine best options for a corridor approach, and how to achieve the connectivity of the ecosystem in an operational manner, along with ecosystem-based adaptive strategies to protect biodiversity from climate change. Final outputs for the component are Operational and Strategic Management Plans developed for corridors conservation in both ecosystems, along with supporting studies; and formal agreements with provinces and other stakeholders for operational implementation of the OMPs/ SMPs.

Component 3. Collaboration for Corridors' Conservation. The component aims to strengthen the Federal System of Protected Areas (SIFAP) to ensure it has the capacity, mandate, funding and authority to coordinate multi-stakeholder participation for all aspects of biodiversity conservation, and particularly through a corridor's approach. Under the component, a new draft policy and blueprint for the SIFAP would be developed, financing mechanisms secured, personnel trained and assigned, work programs developed and implemented. By mid-term, the system would be incrementally absorbed by the institution members, who would take over the financing and management from the project.

Component 4. Management, monitoring and evaluation of the project. Component 4 provides the technical and fiduciary support elements to ensure efficient execution of the project through administration, monitoring and evaluation plan and coordination. The executing unit of the Project will be financed by APN, with support from the semi-blended IBRD project and the GEF project.

Beneficiaries

The main project beneficiaries will be: (i) the rural poor whose livelihoods depend on the natural resource base, particularly in the Argentine Steppe and Chaco; (ii) the total supply-chain involved in Argentina's nature-based tourism; and (iii) civil society as beneficiaries of the project and (iv) the flora and fauna to be protected under the project. In addition, the project would aim to bolster the technical capacity and outreach of federal and provincial organizations working in natural resource issues to provide technical, policy and regulatory leadership within the field of natural resource management and fostering inter-institutional coordination and collaboration between many of the agencies involved in environmental and natural resources management.

4. Safeguard policies that might apply

The project triggers the Bank safeguards regarding Environmental Assessment, Natural Habitats, Forests, Indigenous Peoples, Physical Cultural Resources and Involuntary Resettlement. The project seeks to enhance biodiversity conservation through the expansion of the protected areas system, as well as increase the capacities to manage these areas at national, decentralized, community, and private-sector levels. Draft terms of reference have been prepared for an Environmental Assessment (based on a category B-type project) and this study will be prepared by APN during the course of project preparation. A Bank Social Specialist will provide advice regarding the Social Assessment and indigenous community issues. Consultations will be held as part of the process of social and environmental assessments.

5. Tentative financing

Source:	(\$m.)
BORROWER/RECIPIENT	15.30
Global Environment Facility (GEF)	7.0
Total	22.3

6. Contact point

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