

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

REGIONAL

**INTEGRATED ECOSYSTEM MANAGEMENT
IN INDIGENOUS COMMUNITIES**

(RS-X1007)

**PROJECT DOCUMENT
NON-REIMBURSABLE OPERATION FINANCED WITH GEF RESOURCES**

This document was prepared by the project team consisting of: Trond Norheim (RE2/EN2), Project Team Leader; Bente Christensen (RE2/EN2), Carlos Perafan (SDS/IND), Javier Jiménez (LEG/OPR), and Miguel Rosales (COF/CCR). Silvia Echeverría and Eliana Smith (RE2/EN2) were in charge of document production.

CONTENT

I.	FRAME OF REFERENCE.....	5
A.	Indigenous Peoples and Natural Resources Management.....	5
B.	Constraints to Indigenous Ecosystem Management.....	2
C.	Government strategies.....	3
D.	Mesoamerican Biological Corridor.....	3
E.	Experiences of the GEF, IDB, World Bank, and other institutions.....	4
F.	Project strategy and justification for the Banks' participation.....	9
II.	THE PROGRAM.....	10
A.	Objectives.....	10
B.	Structure.....	10
C.	Project design.....	11
1.	Component 1: Cultural and institutional strengthening and capacity development.....	11
2.	Component 2: Promotion of sustainable cultural land use and traditional ecosystem management.....	12
3.	Component 3: Development of culturally appropriate products, markets and services for environmental sustainability in indigenous communities.....	13
4.	Component 4: Participatory project monitoring and evaluation.....	14
D.	Cost and financing.....	14
III.	PROGRAM EXECUTION.....	17
A.	Program execution and administration.....	17
B.	Procurement of goods and services.....	20
C.	Execution and disbursement schedule.....	20
D.	Monitoring and evaluation.....	21
IV.	BENEFITS AND RISKS.....	22
A.	Benefits and target population.....	22
B.	Sustainability.....	23
C.	Financial viability.....	24
D.	Replicability.....	24
E.	Stakeholder involvement.....	25
F.	Environmental impact.....	25
G.	Institutional viability and political support.....	26
H.	Risks.....	27

ANNEXES IN GEF EXECUTIVE SUMMARY

ANNEX A Project Logical Framework

APPENDICES

Proposed Resolution

BASIC SOCIOECONOMIC DATA

For basic socioeconomic data, including public debt information, please refer to the following web page:

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

INFORMATION AVAILABLE IN THE TECHNICAL FILES OF RE2

PREPARATION:

1. Results from the Indigenous Peoples Consultations
2. Reports from the Preparation Project (PDF-B)
3. Incremental Cost Analysis
4. Response to External Reviews
5. Documents in the Project File
6. Social Assessment
7. Environmental Assessment
8. Institutional Arrangements
9. Typology for Classification of Communities
10. IDB Co-financing and; World Bank Co-financing
11. Community Matrix
12. Analysis of traditional products
13. Time table for project activities

ABBREVIATIONS

ACICAFOC	<i>Asociación Coordinadora Indígena y Campesina de Agroforestería Comunitaria Centroamericana</i> (Central American Indigenous and Peasant Coordination Association for Community Agroforestry), also known as CICAFOC.
CAS	Country Assistance Strategy
CBD	Convention on Biological Diversity
CCAD	Central American Commission on Environment and Development
CHM	Clearing House Mechanism
CICA	<i>Consejo Indígena Centroamericano</i>
CLAN	Cultural Land Use Analysis GIS tool
CS	Country Strategy
DFID	Department for International Development of the United Kingdom
GEF	Global Environment Facility
IEM	Integrated Ecosystem Management
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
MBC	Mesoamerican Biological Corridor
LO	Liaison Organizations (Organizaciones de Enlace)
NGO	Nongovernmental Organization
OR	Operative Regulations
PCU	Project Coordination Unit
TEM	Traditional Ecosystem Management
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
WAYIB	Indigenous coordination group for the proposed regional project (part of Project Council)
WB	World Bank

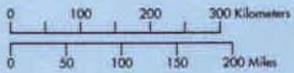
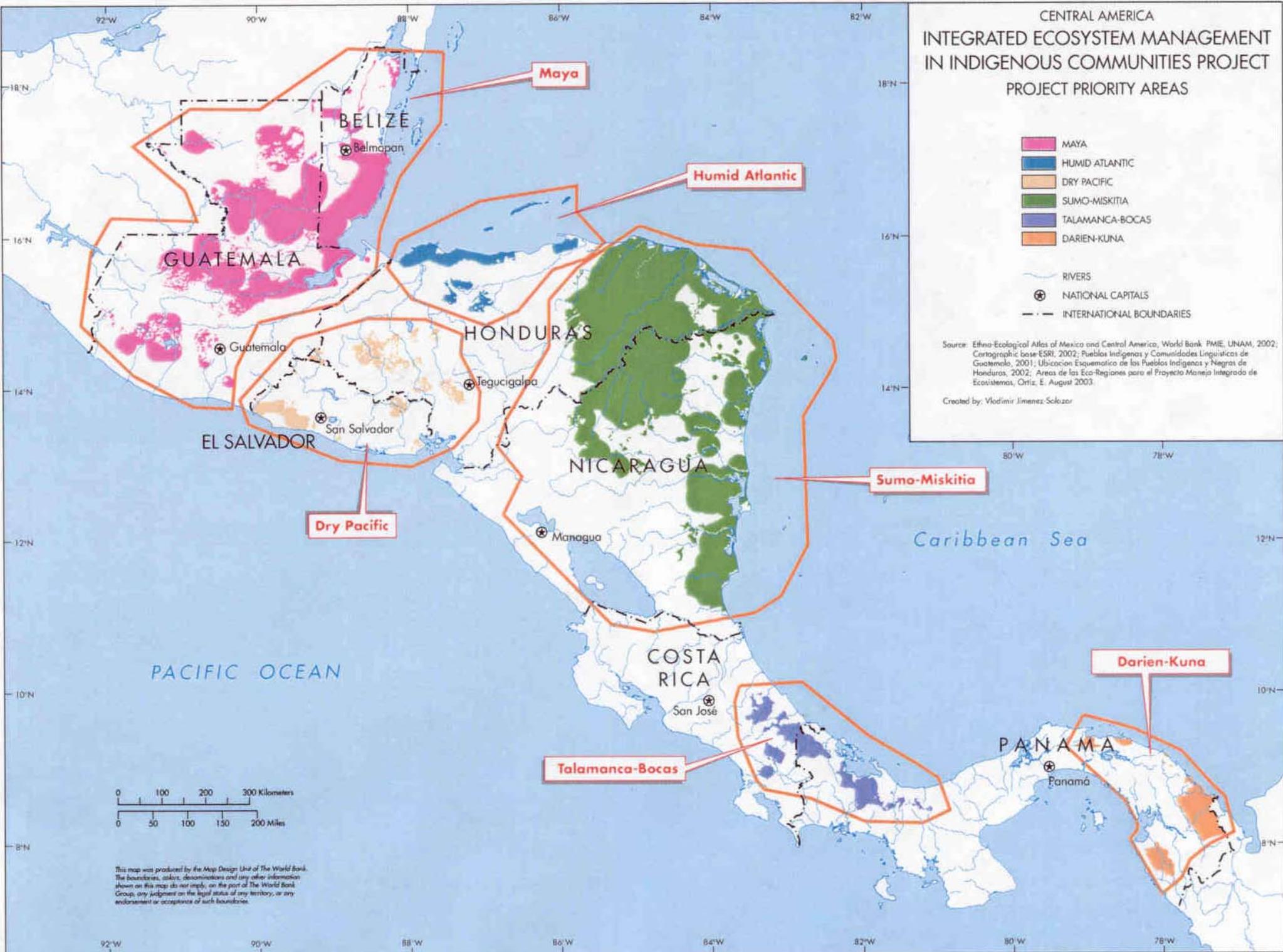
CENTRAL AMERICA INTEGRATED ECOSYSTEM MANAGEMENT IN INDIGENOUS COMMUNITIES PROJECT PROJECT PRIORITY AREAS

- MAYA
- HUMID ATLANTIC
- DRY PACIFIC
- SUMO-MISKITIA
- TALAMANCA-BOCAS
- DARIEN-KUNA

- RIVERS
- NATIONAL CAPITALS
- INTERNATIONAL BOUNDARIES

Source: Ethno-Ecological Atlas of Mexico and Central America, World Bank PMIE, UNAM, 2002; Cartographic base ESRI, 2002; Pueblos Indígenas y Comunidades Lingüísticas de Guatemala, 2001; Ubicación Esquemática de los Pueblos Indígenas y Negros de Honduras, 2002; Áreas de las Eco-Regiones para el Proyecto Manejo Integrado de Ecosistemas, Ortiz, E. August 2003.

Created by: Vladimir Jimenez-Solozar



This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

INTEGRATED ECOSYSTEM MANAGEMENT IN INDIGENOUS COMMUNITIES
REGIONAL
(RS-X1007)

EXECUTIVE SUMMARY

Requester:	Central American Commission on Environment and Development (CCAD)	
Executing agency:	Asociación Coordinadora Indígena y Campesina de Agroforestería Comunitaria Centroamericana (ACICAFOC) (Central American Indigenous and Peasant Coordination Association for Community Agroforestry)	
Amount and source :	IDB: (GEF ¹ grant)	US\$ 5,000,000
	World Bank: (GEF grant)	US\$ 4,000,000
	Counterpart:	<u>US\$ 2,500,000²</u>
	Total:	US\$11,500,000
Terms:	Execution Period:	5 years (December 2004-2009)
	Disbursement Period:	5.5 years
Introduction:	<p>This project forms part of the IDB/GEF Program, based on the Memorandum of Understanding (MoU) between the Bank and the Global Environment Facility (GEF) dated July 27, 2004. The project has been approved by the GEF council and has GEF CEO endorsement. The present project document has been developed jointly between the teams in the IDB and the World Bank. Although it is based on the IDB format, it also incorporates additional elements required by the World Bank (for example Table IV-1 with respect to risk).</p> <p>The US\$11.5 million financing mentioned above complements parallel financing through approved IDB and WB operations for activities that are closely related to the objectives of this GEF operation. This parallel financing is considered “co-financing” by the GEF and that is the terminology adopted in the rest of this document. The amounts have been discussed with the team leaders of the respective bank operations and will not require any action with regard to the implementation of these operations. The indigenous communities, who will benefit from this GEF operation, will receive information on financing opportunities through the “co-financed operations.”</p>	
Objectives:	<p>The development/global objective of the proposed project is to achieve more effective biodiversity conservation in Central America (Guatemala, Belize, Honduras, El Salvador, Nicaragua, Costa Rica, and Panama) by strengthening the capacity of indigenous communities to protect and manage their natural and cultural resources and by recuperating and promoting the positive cultural values and sustainable traditional land use practices, thereby helping to (a) prevent further land degradation that threatens environmental</p>	

¹ Global Environment Facility.

² Local indigenous communities and CCAD

services, livelihoods, and economic well-being, and (b) conserve the region's high, though increasingly threatened biodiversity resources. The project will build on the positive cultural values and traditional practices that indigenous communities have developed over centuries to manage natural resources and will support and expand the initiatives of indigenous communities that inhabit areas of high biodiversity in six priority project areas within the Mesoamerican Biological Corridor (MBC) and whose livelihoods depend on the conservation and sustainable use of the natural resources.

Description:

The project will finance the following components:

Division of component responsibility. The two banks have agreed that the components 1 and 2 will be implemented by the IDB, while 3 and 4 will be implemented by the World Bank, following the policies and rules of the respective banks.

1. Cultural and institutional strengthening and capacity building (US\$3,873,320). This component will (a) generate and strengthen organizational, technical, and administrative capacities of the indigenous communities regarding the cultural values and the management of their natural resources; (b) systematize standards and criteria for traditional ecosystem management; and (c) strengthen the negotiation empowerment capacities of the indigenous community organizations for traditional ecosystem management.

2. Promotion of sustainable cultural land use and traditional ecosystem management (US\$2,947,620). This component will help communities prepare sustainable cultural land use plans for communal lands. An estimated 45 land use plans for traditional ecosystem management will be developed in the six priority project areas under this component.

3. Development of culturally appropriate products, markets and services for environmental sustainability in indigenous communities (US\$3,525,428). This component will help communities consolidate and market a regional supply of products and environmental services derived from traditional land use practices in indigenous communities. The component could provide long-term benefits to communities, strengthen the foundations of social sustainability, and create a stimulus for conservation.

4. Participatory Project Monitoring and Evaluation (US\$1,153,632). This component will support training and capacity building for monitoring and evaluation of project activities impacts, conservation, and sustainable use of biological diversity. It will finance scientifically sound monitoring and evaluation of biodiversity to follow project implementation and biodiversity changes over time.

Administration and Audit. Project administration and audits are incorporated in each component above. There will be a small regional Project Coordination Unit (PCU) within ACICAFOC based in Costa Rica that will consist of six people responsible for coordination, accounting and

financial reporting, and providing accurate and timely information regarding project resources and expenditures.

**Environmental/
social review:**

The project will have an overall positive social and environmental impact by fostering (a) increased local capacity for environmental management; (b) reduced deforestation due to introduction of sustainable forest management that; (c) improved soil and water conservation; and (d) improved biodiversity conservation. The program will not result in significant or foreseeable negative environmental or social impacts. Screening of local activities during implementation will follow IDB policies and safeguards for component 1 and 2, WB policies and safeguards for component 3 and 4. Any possible adverse impacts detected will be analyzed through an environmental assessment, and mitigated (see paragraphs 4.15-4.18).

Risks:

Main risks and mitigation measures include (a) weaknesses of ACICAFOC as implementing agency, which will be mitigated through training, advisors within the organization, as well as continuous monitoring and follow-up; (b) the possibility of challenges to the legitimacy of the indigenous coordination group *Wayib*, part of the Project Council, which has been partly mitigated through extensive participation by regional, national, and local indigenous leaders in the preparation process and which will continue during project implementation; (c) lack of mechanisms for the coordination between national and local governments and indigenous organizations and communities will be addressed through collaboration with CCAD and provision of project funds to facilitate this coordination; (d) Variable political support in the different countries may give variable project progress from country to country, which will be mitigated through continuous relations and information exchange with government institutions, partly through CCAD; and (e) problems with land tenure and ownership will be mitigated through WB and IDB cadastre, titling and land management programs in the region (see Section IV H, paragraphs 4.23-4.23).

**Coordination
with other
official
development
finance
institutions:**

The IDB and World Bank developed the project through a joint preparation project (PDF-B) financed by the GEF and an indigenous regional consultation financed through the Japan Special Fund in the IDB. The joint preparation and implementation of this project between the two banks was a clear requirement from the regional indigenous organizations that were not interested in working with parallel initiatives. During project implementation the IDB and the WB will be responsible for different components (see Description above).

**Relation to the
Banks'
strategies:**

The project is consistent with the *Poverty Reduction Strategies*, the *IDB Strategies with the Countries (CSs)* and *WB Country Assistance Strategies (CASs)* for each of the seven countries in Central America. The CS and CAS documents address strategies to reduce poverty among vulnerable populations, including indigenous peoples or ethnic minorities; recognize the value of a regional approach to environmental sustainability; and give importance to incorporating indigenous development and natural resources

management into poverty reduction strategies (see paragraph 1.28).

Special contractual conditions:

Before the first disbursement, ACICAFOC must (a) establish the PCU and select its staff in conformity with the criteria agreed with the two Banks; (b) present evidence that the Project Council has been created ; (c) sign an agreement with each of the Liaison Organizations regarding their responsibilities and the activities that they will execute regarding the project; and (d) officially adopt the Operative Regulations.

Once all the general conditions established in the general norms have been met, the Bank may disburse up to US\$150,000, to initiate activities under the Program.

Procurement:

The procurement of goods, works and consulting services to be financed with project resources in each component will be carried out following the procurement policies and procedures of the Bank responsible for that component. The project will use international public bidding for the procurement of consulting services that exceed the thresholds set according to the policy of the respective Bank. (paragraph 3.12).

Exceptions to Bank policy:

No exceptions to Bank policy are foreseen for the operation.

I. FRAME OF REFERENCE

A. Indigenous Peoples and Natural Resources Management

- 1.1 Central America has a broad natural richness and high biodiversity, with a distinctly heterogeneous mix of terrains and climate, and high vulnerability to natural disasters. From Guatemala to Panama there are at least 10 main ecological zones of importance for biodiversity conservation within the Mesoamerican Biological Corridor, including the Moist Forests of Tehuantepec, Central American Atlantic Moist Forests, Central American Pine and Oak Forests, Central American Pacific Dry Forests, Isthmian Pacific Moist Forests, Miskito Pine Forests, Central American Montane Forests, Talamanca Montane Forests, and Eastern Panamanian Montane Forests.
- 1.2 Central America is also rich in culture and tradition. The region is pluricultural and multilingual, with 14 distinct indigenous ethnic groups speaking 39 languages, totaling about 6.7 million people (24 percent of the total population of the region). Guatemala has the largest concentration of indigenous peoples (66 percent), mainly of Mayan descent, followed by Belize (20 percent), and Honduras (15 percent) (ILO). Outside of Guatemala, indigenous peoples are concentrated in areas that are less populated, including the areas that still have intact natural forests and ecosystems; about 85 percent of the region's national protected areas overlap with indigenous populations.
- 1.3 The areas of Central America where indigenous people live cover an estimated 170,000 square kilometers, or about 33 percent of the area of the seven countries. Eighty percent of this area is covered by forest and approximately 23 percent overlaps with established protected areas. The strong overlap between indigenous peoples and natural resources is not coincidental. The ecosystems of many areas of high biodiversity have been shaped by human management practices related to subsistence agriculture, home gardens, forest extraction, hunting or gathering practices, and the use of forests as a refuge from mainstream society and as sacred sites. Although social research has not developed an agreed understanding of the complex population–nature relationships, it is known that under certain circumstances greater population density combined with appropriate land and resource practices can preserve biological diversity rather than destroying it. This is the case, for example, in parts of Sri Lanka and the Indo-Burma region. Some interdisciplinary approaches suggest that traditional community governance mechanisms may help develop sustainable systems. Even in parts of Central America with supposedly “assimilated” Mayan populations, a study of municipal forest management comparing communities in historically Mayan and non-Mayan areas of western Honduras document significantly better managed forests in Mayan areas.³
- 1.4 Historically, the economic and development model for rural areas was based on individual, private land tenure as a means to foster efficient resource use. The communal systems of indigenous peoples and the cultural values underpinning land use were actively undermined through (a) private land acquisition on the agricultural frontier;

³ Tucker, C. 1999. “Private Versus Common Property Forests: Forest Conditions and Tenure in a Honduran Community.” *Human Ecology* (27) 201-230.

(b) rural development and trade policies; (c) the legal implications of land registration systems; and (d) educational policies. Most of the countries in the region initiated ambitious land reform and land redistribution programs, but with the implicit goal of creating private holdings on nongovernmental lands and with a bias against preserving communal or municipal forest management systems, which were seen as more risky than state or individual tenure. However, over the past two decades there has been a continually evolving shift in the policy mindset on the relationship between individual land holdings and economic progress, and on the role of government in managing natural resources.

- 1.5 More recently, land regularization and registration initiatives have been shaped by environmental policy dialogue and are more respectful of common property regimes and co-management schemes that maintain the environmental value of upper watersheds and priority coastal and inland ecozones through local action. However, none of the countries in the region have created an adequate legal framework for establishing, based on customary law, the tenure rights of indigenous peoples over their remaining traditional territories. There is growing recognition that viable ecosystem management systems can be found in existing indigenous lands based on traditional land tenure, inheritance, and normative frameworks for specific categories of land use, without the environmental community having to “create” them.
- 1.6 In parallel, indigenous communities have themselves become more aware of their constitutional rights and international political space, including ILO Convention 169 and Article 8(j) of the Convention on Biological Diversity. They have begun to take a public stance on the value of community management of resources and the need to secure tenure and control over those resources. From an indigenous peoples’ perspective, the persistence of healthy and diverse ecosystems within their territories or areas of influence is due precisely to the fundamental maintenance role and relationship of indigenous peoples to those ecosystems. In areas where they have maintained access and control over these ecosystems, indigenous peoples have usually sought to be environmental stewards rather than enforcers of environmental policies.

B. Constraints to Indigenous Ecosystem Management

- 1.7 Despite the positive developments mentioned, there are a number of constraints to the promotion of human-managed ecosystems in indigenous landscapes, including:
 - a. *Poverty-Induced Degradation of Natural Resources.* Poverty and the need for immediate income streams leads to shorter rotation cycles and continued clearing of agricultural plots by indigenous people and results in less diversification of crops, plants, and forest products. It also frequently leads communities to sell their timber resources to outsiders for negligible sums as a way to generate cash. Outside settlers move into areas of traditional rotating agriculture and permanently clear lands for pasture and agro-pasture, further displacing indigenous systems. Cleared lands are being farmed unsustainably for longer periods and there are no resources to restore degraded soils.

- b. *Lack of Attention to Indigenous Cultural Ties to Traditional Lands.* Many rural development programs are based on a strategic framework focused on identifying areas of global competitiveness and increasing overall efficiency in the economy. While there is growing emphasis on asset creation in rural areas, particularly on rural infrastructure, human capital formation, and access to land and financial credit, greater resources should still be allocated to expand the scope of existing programs aimed at increasing the viability of farming systems and economic frameworks in areas where indigenous populations are concentrated. There is also little or no strategic response to the expressed desire of indigenous peoples in many rural areas to maintain their links to traditional areas and to use cultural land practices in assuring sustainability while improving quality of life. Agricultural programs are more commonly linked to food security and human capital formation rather than to economic activities that improve livelihoods while maintaining indigenous ties to traditional lands.
- c. *Lack of Resources for Exchange of Experiences.* While there are numerous positive initiatives at the national level for specific formal protected areas and priority regions, and there is support for creating a network among communities to exchange experiences across countries and to share culturally driven standards for sustainable and culturally appropriate land use, resources for setting up such a network have not yet been available. Some indigenous land use models are vastly different from prevailing national models, which are developed mostly for non indigenous areas and often emphasize modern, technology-oriented approaches with little or no consideration of traditional practices. Analysis of existing land use practices in the project area is given in the community matrix (appendix 7). In addition, relevant experiences evolving in similar ecosystems in indigenous communities in Mexico could be incorporated into the management practices of communities in Central America.

C. Government strategies

- 1.8 The broad development goals of the seven participating Central American countries focus on poverty alleviation, natural resource management, and reduction of social and economic inequalities, particularly in rural areas. These Central American countries are all parties to the main international environmental conventions, including the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change (UNFCCC). Regional agreements on biodiversity conservation and climate change have also been signed between the Central American countries. Three countries in Central America (Costa Rica, Guatemala, and Honduras) have ratified ILO Convention 169 on Indigenous and Tribal Peoples. Costa Rica has specific legislation regarding payment for environmental services, but there is a notable interest in all countries. Legislation is under discussion in Honduras and Guatemala.

D. Mesoamerican Biological Corridor

- 1.9 The governments of Central America value the Mesoamerican Biological Corridor (MBC) as a tool for environmental stability and recognize the importance of

incorporating indigenous development and natural resource management into poverty reduction strategies. In 1995, the heads of state of Guatemala, Belize, Honduras, El Salvador, Nicaragua, Costa Rica, and Panama resolved to collaborate in the protection and sustainable use of the MBC, demonstrating their recognition that international cooperation in managing these valuable resources and the wide range of environmental products and services they provide is essential for the economic competitiveness and social stability of the region.

- 1.10 The Central American Commission on Environment and Development (CCAD), composed of the region's environment ministers, was charged with implementation responsibility. Bilateral and multilateral donors and technical cooperation agencies began to support regional and national projects to monitor and manage the environmental resources of the MBC and to promote education and participatory processes that give communities within the corridor a better understanding of the importance and value those resources. At the December 2002 donor meetings in Paris CCAD presented a comprehensive MBC Business Plan, developed through a participatory process, which is now accepted as the guiding framework for all MBC-related projects and initiatives.

E. Experiences of the GEF, IDB, World Bank, and other institutions

- 1.11 This proposed regional project has been informed by many lessons learned from activities associated with the GEF-supported Mesoamerican Biological Corridor program (World Bank and UNDP), World Bank and IDB-financed investment projects in the rural sector, the Latin America and Caribbean Indigenous Capacity Building Program (carried out with World Bank Institutional Development Fund grants), and the Indigenous Peoples Profiles studies carried out by the World Bank and RUTA.
- 1.12 There has been a concentrated effort in Central America to support biodiversity conservation through GEF-supported projects within the region. These countries have initiated a strategic approach to biodiversity conservation by beginning to coordinate development and conservation initiatives within the framework of the Mesoamerican Biological Corridor (MBC). The GEF-assisted MBC projects have concentrated on consolidating the protected areas system in Honduras, Panama, Guatemala, and Nicaragua. They have focused on implementing a people-oriented approach to conservation in the national parks and biosphere reserves and on developing sustainable use activities in the buffer zones that are culturally viable and recognize indigenous land and resource rights. The GEF portfolio also includes a regional World Bank Mesoamerican Barrier Reef project and a Belize Barrier Reef project executed by UNDP.
- 1.13 *Sustainable Natural Resources.* IDB projects that focus on community conservation and sustainable use include the Darién Sustainable Development Program and Bocas del Toro Sustainable Development Program in Panama, the Socio-Environmental and Forestry Program in Nicaragua, the Rio Lempa Trinational Watershed Program in El Salvador, Guatemala, and Honduras, and the Land Management Program in Belize. World Bank/GEF-MSP projects that focus on community conservation and sustainable use include the Guatemala Bio-Itza Maya Indigenous Grassroots Community Management Project, El Salvador Coffee and Biodiversity Project, Costa Rica Organic Cacao

Production Project, Costa Rica Ecomarkets Project, and the Central America Indigenous Peoples Sustainable Development Project (TF ESSD). These provide good practice examples that can be replicated and shared between indigenous communities outside of the formal national protected areas. One of the lessons learned from these projects is that sustainability in rural development can only be obtained if the local people have the rights and means to manage the renewable natural resources.

- 1.14 *Indigenous Peoples*. IDB projects: Natural Resource Management Project in priority Watersheds and Indigenous and Black Peoples Support Program (PAPIN) in Honduras, Social Environment for Forestry Development (POSAF) II in Nicaragua, the regional Ecotourism Projects (FONEMA), the Highland Watershed Program in Guatemala, and the Sustainable Development Program for the Darien in Panama. World Bank projects: Guatemala Bio-Itza Indigenous Biodiversity Conservation, Integrated Natural Resources Management in the Highlands in Guatemala, Indigenous Agroforestry Cocoa Biodiversity Conservation in Costa Rica, Sarstoon Temash Indigenous Biodiversity Conservation in Belize, and at the regional level the Indigenous Peoples Country Profiles Sector Work Analysis and the IDF Training Program for Strengthening Afro-Descendants Organizations.
- 1.15 One of the most important lessons learned is the importance of involving local populations and institutions (such as NGOs, local government, and community and sectoral organizations) in the design, implementation and distribution of benefits of the project to ensure the long-term conservation of biodiversity, and viewing the “biological corridor” concept also as a “cultural corridor” within the broader context of sociocultural sustainable development in the region. These experiences have shown that conservation of natural resources is only possible through integration of the local users of these resources and support for their sustainable resource management. Any pure conservation programs that do not consider and assure the participation of the local population will give limited results and could even have negative environmental impacts due to adverse reactions from this population. For this reason both the indigenous peoples and the farmers living in the MBC are essential for the success of both this operation and other projects currently under implementation and preparation in the region. To reach sustainable management of the natural resources in the MBC, the subprojects and activities to be supported within this framework must consider sustainability in a broader sense, which means integrating environmental, sociocultural, economic, and institutional sustainability. This proposed project is an initiative that will be managed by the indigenous communities themselves and will allow them to pursue their own vision of biodiversity conservation and natural resources management.
- 1.16 *Importance of Communal Areas to Sustainability*. Communal areas tend to achieve a higher level of sustainability than areas that have been created through federal decrees, because communities can use their customary legal framework to establish long-term, legally binding conservation areas supported by community sanctions. This community conservation strategy is being fostered within the integrated forest management strategy in the World Bank-financed Community Forestry Project in Mexico, which has shown the effectiveness and sustainability of biodiversity conservation planned through participatory rural appraisals, participatory land use planning, intercommunity

information sharing, forest management plans, and market studies for non-timber forest products. Given appropriate support, many communities throughout the region will be able to establish community conservation areas and achieve greater biodiversity protection than will likely occur under governmental management. The proposed project will be supporting culturally driven ecosystem models designed and implemented by indigenous communities on their community lands.

- 1.17 *Value of Information Exchanges Among Indigenous Peoples.* The World Bank IDF indigenous peoples training programs were highly successful in building the institutional capacity of indigenous community networks and transferring resources directly to them to organize their own training events. Horizontal learning among indigenous organizations has proven to be very effective and has been shown to work faster and create longer-term networks for intercommunity initiatives in Central America and the Mexican part of the MBC. Indigenous-led initiatives also address the issue concerning indigenous communities' lack of trust in outside government and NGO agents that are perceived as being opposed to their culture and way of life. This project will support a regional network of indigenous communities involved in sustainable and culturally appropriate land use to foster horizontal exchange of experiences among them to better capitalize on experiences in similar cultural contexts, but across countries.
- 1.18 *Creation of Subproject Financing Window.* Drawing on project experience of the World Bank and the action plans developed by communities in the IDF-financed capacity-building initiatives, the proposed regional project will establish a financing window for channeling project resources to community projects. This project account will be administered by a financial agent advised by an indigenous council. Decision making and monitoring of this financing will help build the capacity of indigenous communities in the region to transparently absorb financial resources and to elaborate and monitor subproject priorities and selection criteria, and will demonstrate that communities in the region are capable of developing and managing their own initiatives. The mentioned window will finance small grants, but by the end of the project it is expected that communities will begin to leverage their own funds and attract new funding or payments for environmental services and green enterprises. At that time the indigenous coordination group *Wayib* (part of the Project Council) may determine whether communities should seek funding individually or in small groups, or to establish a regional fund for financing to the communities.
- 1.19 The indigenous organizations in Central America are playing an increasingly active role in promoting sustainable management of natural resources. The Central American Indigenous Congress (CICA), which is the only indigenous organization with regional coverage, has been participating actively in project preparation as the main entity responsible for conducting extensive indigenous consultations (financed by the Japan Special Fund in the IDB), which has partly provided information for the project development process and partly is giving background for the elaboration of a regional indigenous strategy. CICA promotes a cultural emphasis on land and natural resources management, which is reflected in the present document.

- 1.20 ACICAFOC (also known as CICAFOC) is a broad, regional, community-based organization that seeks to promote local socio-productive integration and ecological development and strengthening of the indigenous, Afro-descendant, and peasant communities based on their own experiences, as a practical reply to the socio-environmental and cultural vulnerability of the Central American region. The organization was founded in 1994 and is legally headquartered in San José, Costa Rica. The members of ACICAFOC include local base organizations, cooperatives, and federations that work in areas like ecotourism, agro-forestry, community forestry, agro-ecology, sustainable use and management of natural resources, and payment for environmental services (see www.acicafoc.org).
- 1.21 Many projects are being implemented in the seven Central American countries to address problems of rural development and poverty while conserving the ecological base of the region. These involve agricultural productivity and extension services including land administration, rural finance, forestry development, irrigation interventions and watershed management, many financed by the IDB and the World Bank. One of the lessons learned from many of these projects is that reducing rural poverty requires increasing sustainable productivity through attention to markets and infrastructure, availability of rural finance, access to land and natural resources, and greater attention to the natural resource base to mitigate the effects of natural disasters. Land administration and/or land fund projects are currently under implementation or in preparation in all seven countries in Central America to address the negative effects of unclear property rights and skewed distribution of land on growth and development. These efforts include recognition of indigenous community systems, which has resulted in various strategies to register indigenous land claims and rights.
- 1.22 In some projects, there has been an emphasis on biodiversity and priority ecosystems to clarify tenure and land use zoning for environmental protection and sustainability of global and local environmental services. While Costa Rica is seen as a leader in the environmental field in Central America, other countries in the region are also beginning to recognize their comparative advantage in developing an economy around their natural resource base through ecotourism, environmental services, and certification of biodiversity-friendly enterprises. The lessons learned from this process have been used as an important input for the design of the present project.⁴ Although some beneficiaries include indigenous groups, explicit strategies for the *participation* of indigenous populations are frequently inadequate. According to a study (RUTA 1999) of the 460 environmental projects that had been under implementation or preparation in Central America, less than 3 percent were classified as being located in indigenous reserves or communities, and only 5 percent were said to directly benefit indigenous communities.
- 1.23 *GEF-financed projects.* There has been a concentrated effort, strongly supported by GEF funds, to support biodiversity conservation in Central America. CCAD has played a coordinating role with national environmental agencies in drafting regional agreements and monitoring progress on various conventions. All Central American countries have

⁴ Chapela, F. et al 2003. *Identificación de bienes y servicios ambientales en el proyecto manejo integrado de ecosistemas por pueblos indígenas y comunidades.* 98 pp.

prepared National Biodiversity Strategy and Actions Plans (BSAPs), which identified a wide array of overlap between indigenous communities and biodiversity conservation. In addition, a significant number of indigenous communities participated in the consultation process to formulate these strategies. So far the strategies have identified (a) establishment of mechanisms to rescue indigenous traditional knowledge of sustainable activities, and (b) sharing of traditional knowledge and practices of sustainable activities among communities. The proposed project would be coordinated with the national strategies to avoid duplication of effort and enhance the participation of indigenous communities in implementing the strategies.

- 1.24 In addition, the Central American countries together with Mexico have initiated a strategic approach to biodiversity conservation by coordinating development and conservation initiatives within the framework of the Mesoamerican Biological Corridor (MBC). The proposed project will work with the UNDP-implemented regional initiative for “Establishment of a Program for the Consolidation of the Mesoamerican Biological Corridor” and the WB-implemented regional project “Conservation and Sustainable Use of the Mesoamerican Barrier Reef System,” by (a) providing best practices and lessons learned from project implementation into CORRE-NET, the MBC information system, and (b) deepening capacity efforts of the UNDP project that target CICA through directly working at the field level with indigenous communities and through project administration activities managed directly by indigenous communities. In addition, the proposed project will complement FOCADES by offering the opportunity for indigenous communities to select and manage project activities. CCAD will serve as the vehicle by which the proposed project will coordinate activities with all GEF-financed projects in the region.
- 1.25 Finally, an ecosystems map has been prepared for Central America with support from the World Bank–Netherlands Partnership Program to consolidate information on indigenous peoples, their ecological knowledge and management of natural resources, ecological zones, protected natural areas, and priority areas for indigenous biodiversity conservation in the Mesoamerican region.
- 1.26 The GEF-assisted national MBC projects have concentrated on consolidating the protected areas systems in Honduras, Panama, Guatemala, and Nicaragua. They have focused on implementing a people-oriented approach to conservation in the national parks and biosphere reserves and on developing sustainable use activities in the buffer zones that are culturally viable and recognize indigenous lands and resource rights. These provide good practice examples that can be replicated and shared between indigenous communities outside the formal national protected areas. The new proposed project would be complementary to the GEF funded projects in protected areas, since it would cover a project area in between the national parks and biosphere reserves, assuring a continuous corridor with focus on ecosystem conservation. There are also several WB-GEF medium-size projects that focus on community conservation and sustainable use, such as the Bio-Itza Maya Community Management (Guatemala), Shade Coffee (El Salvador), and Sustainable Cacao (Costa Rica) projects. These projects were created in response to the Central American countries increasing recognition of their comparative advantage in developing an economy around their natural resource base through

ecotourism, environmental services, and certification of biodiversity-friendly enterprises. Finally, the GEF-funded Small Grants Program is supporting projects in Belize, Guatemala, Costa Rica, El Salvador, and Honduras.

F. Project strategy and justification for the Banks' participation

- 1.27 The project strategy is to optimize the positive ecological, economic, and social benefits of maintaining or restoring ecosystem structures and functions through sustainable traditional land use and management, going beyond the boundaries of a single habitat type or administrative boundary to encompass an entire ecosystem. The proposed regional project will build on the positive cultural and traditional management practices that indigenous communities have developed over the centuries in relationship to the resources in these ecological areas. This project will support and expand the initiatives of communities that inhabit areas of high biodiversity and whose livelihoods are centrally linked to traditional land use and management within the Mesoamerican Biological Corridor (MBC). The governments of Central America recognize the value of, and are committed to, regional cooperation in the management and sustainable use of the natural resources that span their national borders and provide a wide range of environmental products and services. Such cooperation is essential for the economic competitiveness and social stability of the region.
- 1.28 The project is consistent with the *Poverty Reduction Strategies*, the IDB *Strategies with the Countries* (CSs) and the World Bank *Country Assistance Strategies* (CASs) agreed with the governments of each of the seven countries in Central America. The CS and CAS address strategies to reduce poverty among vulnerable populations, including indigenous or ethnic minority communities, recognize the value of a regional approach to environmental sustainability, and give importance to incorporating indigenous development and natural resource management into poverty reduction strategies. The project supports these development goals and regional vision by promoting sustainable use of natural resources and generation of sustained benefit flows from strengthened regional cooperation and emerging networks among indigenous communities involved in traditional land use and management. The project offers opportunities to strengthen representation and meaningful participation of indigenous communities and, as such, is consistent with the IDB Plan of Action for promoting social inclusion of ethnic minorities. In addition, by reinforcing each country's capacity for managing significant portions of the MBC, it contributes to regional integration in environmental management, a core commitment of the IDB.
- 1.29 During preparation of the program a set of activities was determined to be eligible for GEF financing under its Operational Programs for Forest Ecosystems and Mountain Ecosystems. A technical cooperation financed by a PDF Block B grant (ATN/PD-7951-RS) was used to confirm the GEF contribution to the program, including the analysis of incremental costs (see annex a). A regional indigenous consultation (ATN/JF-7695-RS) has also been carried out as part of the preparation process (see paragraph 1.13).
- 1.30 The program is consistent with the strategies and principles of the GEF Operational Strategy, supporting long-term protection of globally important ecosystems. This project

supports the GEF Biodiversity Focal Area through the conservation and sustainable use of biological resources in forest and mountain ecosystems, addressing biodiversity loss and degradation issues related to these two operational programs. It also supports the GEF Strategic Priorities for (a) mainstreaming of biodiversity in productive landscapes, (b) implementation of innovative and indigenous ecosystem management practices, and (c) targeted capacity building.

II. THE PROGRAM

A. Objectives

- 2.1 The development/global objective of the proposed project is to achieve more effective biodiversity conservation in Central America (Guatemala, Belize, Honduras, El Salvador, Nicaragua, Costa Rica, and Panama) by strengthening the capacity of indigenous communities to protect and manage their natural and cultural resources, and by recuperating and promoting their cultural values and sustainable traditional land use practices, thereby helping to (a) prevent further land degradation that threatens environmental services, livelihoods, and economic well-being, and (b) conserve the region's high, though increasingly threatened biodiversity resources.
- 2.2 The project will build on the positive cultural values and traditional practices that indigenous communities have developed over centuries to manage natural resources, and will support and expand the initiatives of indigenous communities that inhabit areas of high biodiversity in six project priority areas within the Mesoamerican Biological Corridor (MBC), and whose livelihoods depend on the conservation and sustainable use of the natural resources.

B. Structure

- 2.3 The project has been designed as a regional operation, for several reasons: (a) the Mesoamerican Biological Corridor (MBC) is a more or less continuous biodiversity region which passes through all the countries where the project will be implemented; (b) several of the main biodiversity areas are found in the border areas between two or three countries; (c) the different ethnic groups living within the MBC are not divided by country limits, and are often found in two or several countries.
- 2.4 The project will achieve its objective by (a) creating a network of indigenous communities engaged in biodiversity conservation and sustainable and culturally appropriate land uses, (b) building organizational and institutional capacity across countries and groups, (c) promoting exchanges between indigenous communities on traditional knowledge, experiences, and lessons learned, (d) developing an enabling environment to reorient projects that deal with sustainable rural development and conservation areas so that they include activities and approaches that promote participatory land use planning in indigenous lands and regions, (e) consolidating culturally based sustainable natural resource management practices and sustainable

cultural land use⁵ across the region, (f) supporting projects for sustainable production, promotion, and marketing of traditional products, environmental services, and eco/ethnotourism, and (g) conducting participatory monitoring of project results and evaluation of progress in the conservation and sustainable use of biological diversity.

- 2.5 The project has four components. The GEF grant funds will be used to finance incremental activities, which are described briefly below. The IDB will be responsible for Components 1 and 2, while the World Bank will be responsible for Components 3 and 4. Use of project funds for procurement will be carried out in accordance with the norms and procedures of the agency responsible for each component. However, for local procurement (as in most cases for this project) there are only minor differences between the procurement norms for the two banks.

C. Project design

- 2.6 The project will have incremental activities proposed for financing by the GEF to strengthen the capacity of indigenous communities in the Central American region (Guatemala, Belize, Honduras, El Salvador, Nicaragua, Costa Rica, and Panama) to protect and manage their natural and cultural resources, and to recuperate and promote positive cultural values and traditional land use practices. This would enhance the sustainability of human-managed systems that have been evolving for centuries in Central America and which conserve high levels of biodiversity but that are under increasing threat.
- 2.7 The design of the components and activities is based on baseline information from sample communities, which will be complemented during implementation with specific baseline analysis for each community where project activities will be carried out.

1. Component 1: Cultural and institutional strengthening and capacity development US\$3,873,320 (US\$2,780,600 GEF, US\$1,092,720 local financing)⁶

- 2.8 The component consists of (a) generation and strengthening of the organizational, technical and administrative capacities of the indigenous communities regarding the cultural values and the management of their natural resources, (b) systematization of standards and criteria for traditional ecosystem management⁷ of indigenous communities, including a certification process for indigenous communities who engage in effective ecosystem management, and (c) strengthening of the negotiation and empowerment capacities of the indigenous community organizations for traditional ecosystem management.

⁵ The cultural land use concept is driven by the observation that each cultural group marks its own land-scape with discrete patterns. The cultural land uses relate to traditional knowledge, cosmovision and customary law. Introducing land use cultural aspects in the analysis is important in order to take into account the spatial dimension of traditional knowledge and its uses of diversity, to improve sustainability assessment and to promote adequate community participation in land planning.

⁶ Additional co-financing for all components from IDB and World Bank (see Annex B Incremental Cost Analysis and Appendix 6 co-financing).

⁷ Traditional ecosystem management is understood as the way the indigenous communities were managing the natural vegetation and indigenous crops from before colonization, as well as the current ecosystem management inherited and/or adapted from these original methods.

- 2.9 This component entails strengthening the capacity of participating communities to assess the sustainability of their cultural land use categories, participate in conservation activities, both internally and in the networks that they form to transfer skills, experience, and technical knowledge across regions and countries in the MBC. The activities in this component would be implemented by ACICAFOC, CICA, and the local indigenous communities in six priority project areas and would entail the organization of intercommunity training, internships from one community to another, and dissemination of information through written pamphlets and newsletters. Technical assistance would also be provided on procurement and financial management and accounting skills, where not covered by other projects, to enable communities to develop the credibility needed for longer-term fund management. This component will be complemented with co-financing⁸ projects which includes institutional strengthening activities.
- 2.10 Specific GEF activities include (a) capacity building regarding institutional management, legislation, cultural land use sustainability practices, customary law, and community indigenous rights; (b) study tours regarding institutional and community functions; and (c) community interchange of experiences and design of projects for traditional ecosystem management.

2. Component 2: Promotion of sustainable cultural land use and traditional ecosystem management US\$2,947,620 (US\$2,219,400 GEF, US\$728,220 local financing)

- 2.11 Under this component, communities will be supported to prepare sustainable cultural land use plans for their communal lands that will permit the creation of a community network of conservation areas that will cover high priority ecosystems in the MBC. Both ACICAFOC and CICA have experience with traditional ecosystem management and sustainable cultural land use, and have received additional training in preparation of land use plans during the period of project preparation. Participatory land use planning will be implemented through the use of CLAN methodology that encompasses participatory processes for: (a) cultural land use patterns identification, through communal mapping and remote image analysis; (b) cultural land use sustainability qualification, through diachronic remote image analysis and communal participatory assessments with the participation of elders and local traditional-knowledge specialists; and (c) fostering consensus for customary law to change patterns of behavior in order to assure cultural use sustainability (see appendix 2 Social Assessment). Six priority areas have been identified (see table II-1), along with an estimated 45 land use plans for traditional ecosystem management. Since the project will have limited resources, to reach the conservation targets it was necessary to define the zones where the highest positive impact could be expected. The zones were defined based on criteria for biodiversity conservation as well as the needs of the indigenous communities. Priority has been given to areas which: (a) are situated within the buffer zone of a protected area or between protected areas; (b) are within the MBC proposed by the CCAD; (c) are in danger of environmental degradation and (d) have a high degree of endemic species and/or high biodiversity. Detailed selection criteria for priority areas include the characteristics of communal areas,

⁸ The term co-financing used in this document refers to the GEF definition, which in IDB terminology is considered as parallel financing and in World Bank terminology complementary financing.

vegetation cover, ecological importance as to the richness and number of endemic species, coverage by other projects and financing, and the range of indigenous knowledge for management and sustainable use (see Appendix 7: Community Matrix).

TABLE II-1. PROJECT PRIORITY AREA

Priority area	Countries	Indigenous People	Priority (P) Deforestation danger (DD) Biologic Importance (BI)
1. Maya	Belize-Guatemala	Mopan, Maya, Mam, K'iche, Kaqchikel, Ixil, Itza, Achi, Garifuna, Xinca, Uspanteko Tz'utujil, Tektiteko, Poqoman, Poqomchi', Q'eqchi', Sakapulteko	P = 2,93 (Very high) DD = 0,430 (medium) BI = 0,518 (important)
2. Dry Pacific	El Salvador Honduras	Lenca Pipil Cacaopera	P = 2,784 (Very high) DD = 0,428 (medium) BI = 0,517 (important)
3. Talamanca Bocas	Panama Costa Rica	Cabécar Naso, Teribe Terraba Ngöbes Bugle Bribri, Boruca	P = 2,758 (Very high) DD = 0,423 (medium) BI = 0,515 (important)
4. Sumo-Miskitia	Honduras Nicaragua	Miskitos, Sumo, Garifuna Rama, Pech	P = 2,536 (High) DD = 0,378 (relatively stable) BI = 0,494 (relevant)
5. DarienKuna	Panama	Emberá Wounaan, Kuna de Madungandi, Kuna de Wargandi Kuna Yala	P = 2,96 (Very high) DD = 0,464 (very vulnerable) BI = 0,534 (important)
6. Humid Atlantic	Honduras	Garifuna Isleño, Tolupan	P = 3,099 (Very high) DD = 0,493 (very vulnerable) BI = 0,584 (very important)

2.12 Activities would include (a) development of sustainable cultural land use plans in the project intervention areas, (b) strengthening of technical capacities for traditional management of the ecosystems in the community areas, and (c) interchange of experiences of traditional ecosystem management.

**3. Component 3: Development of culturally appropriate products, markets and services for environmental sustainability in indigenous communities
US\$3,525,428 (US\$3,074,604 GEF, US\$450,824 local financing)**

2.13 This component will help communities consolidate and market a regional supply of products and environmental services derived from traditional land use practices in indigenous communities. The component could provide long-term benefits to communities, strengthen the foundations of social sustainability, and create a stimulus for conservation.

2.14 Specific project activities include (a) quantifying and marketing a consolidated regional supply of traditional products, (b) exploring opportunities to create markets for consolidated environmental services derived from community projects, (c) defining and marketing consolidated, community-based eco/ethnotourism routes and projects, and (d) identifying, evaluating, and marketing community projects of traditional ecosystem management.

2.15 Traditional products is understood as products that are normally produced and used in the indigenous communities, but due to their characteristics have been penetrating national

and international markets. Products studied as part of the project preparation include handicrafts, wood products, xate, fruits and nuts, as well as organic coffee, cocoa and banana. If medicinal plants would be included, special care would be taken, since only Costa Rica and Panama have comprehensive direct protection of intellectual property rights for traditional knowledge. From the start, the program would only support commercialization of general-use medicinal plants, and a possible marketing of plants with unique traditional uses would only be supported if an international agreement on traditional knowledge intellectual rights come in place.

- 2.16 For promotion of payment for environmental services (ES), it is necessary to consider the situation in each country, however the lack of a legal base for these payments in certain country is not necessarily an obstacle for the project. The project will consider the institutional structures created for this purpose, like FONAFIFO (Costa Rica), Foundation for ES (Panama), National Climate Change Committee (Nicaragua), Permanent Bureau for ES (El Salvador) and Committee for Valuation of Good and Services (Honduras). The project activities will include training in the subject.

4. Component 4: Participatory project monitoring and evaluation US\$1,153,632 (US\$925,396 GEF, US\$228,236 local financing)

- 2.17 This component would support training and capacity building on monitoring and evaluation of both the results of project activities, project impacts and progress in conservation and sustainable use of biological diversity. It will finance scientifically sound monitoring and evaluation of biodiversity to follow project implementation and biodiversity changes over time. Baseline environmental information which goes beyond the baseline information already elaborated during the project preparation process will be determined through in-depth environmental analysis in the six project priority area, complementary information from the rest of the MBC and collaboration with other complementary initiatives. Evaluation activities will include mid-term reviews and the documentation of lessons learned to facilitate the dissemination of project findings to other communities throughout the region.
- 2.18 Activities would include (a) capacity building on participatory monitoring and evaluation of both direct project results, project global impacts and project implementation as well as human development; (b) monitoring and evaluation of project global benefits; (c) monitoring and evaluation of project activities, (d) evaluation of project intervention model based on cultural values and traditional management practices that indigenous communities have developed over the centuries.

D. Cost and financing

- 2.19 The estimated cost of the activities described in this Project Document is US\$11.5 million, to be financed with non-reimbursable funds from the Global Environment Facility (GEF) through the IDB and the World Bank and local counterpart financing from CCAD and local communities. The Operational Manual will include the items that could be considered as local counterpart by the communities. The GEF financing to be managed through the IDB is US\$5 million and the amount to be financed through the World Bank is US\$4 million.

Table II-2
SUMMARY OF BUDGET FOR GEF FINANCING THROUGH IDB AND WB
(thousands of US\$)

COMPONENTS AND ACTIVITIES	GEF		LOCAL*	TOTAL
	IDB	WB		
Component 1: Cultural and institutional strengthening and capacity development	2,780		1,093	3,873
Courses	761		241	1001
Practical training	420		222	641
Interchanges	517		352	870
Field visits	10		3	13
Workshops	46		7	54
Consultancies	546		263	809
Administration and audits	415		5	421
Contingencies	65			65
Component 2: Promotion of cultural use and traditional integrated ecosystem management	2,220		728	2,948
Inventory and planning of land use	310		196	506
Local capacity building and inst. Strengthening	353		180	533
Local projects for sustainable natural resource management	948		315	1,263
Technical assistance	256		37	293
Administration and audits	300			300
Contingencies	53			53
Component 3: Development of culturally appropriate products, markets and services for environmental sustainability in indigenous communities		3,075	451	3,525
Consolidation of regional offer of natural products. Consultancies and investments in projects for community natural resource management		414	36	449
Regional promotion, quantification and marketing of goods and services (workshops and consultancies)		1,291	257	1,548
Regional network for community based eco/ethno-tourism. Consultancies and investments for community projects.		386	57	443
Consolidation of regional offer of natural products. Consultancies and investments for community projects in ecosystem management		432	76	508
Administration and audits		489	25	514
Contingencies		63		63
Component 4: Participatory Project Monitoring and Evaluation		925	228	1,153
Improvement of monitoring system (workshops and equipment)		89	12	101
Monitoring of project execution. Consultancies and workshops		160	25	185
Monitoring of global impact indicators. Consultancies, workshops and satellite images / maps		200	191	391
Monitoring of project intervention model. Consultancies.		50		50
Administration and audits		406		406
Contingencies		20		20
Total	5,000	4,000	2,500	11,500

2.20 Total project financing defined in the GEF Project Executive Summary is estimated at US\$49.585 million (GEF, IDB, World Bank, and local counterpart), of which US\$25.085 million represents Inter-American Development Bank co-financing and US\$12.3 million co-financing from the World Bank (see Appendix 6). The co-financing contributions from the World Bank and the IDB are from projects, which support similar objectives and are complementary although they are implemented separately (see table II-3 below). The requested GEF financing is US\$9.0 million; the CCAD will provide US\$1.5 million; indigenous organizations and communities will provide US\$1.0 million. Once all the general conditions established in the general norms have been met, the IDB may disburse up to US\$150,000, to initiate activities under the Program.

Table II-3.
CO-FINANCING FROM THE WORLD BANK AND IDB

World Bank co-financing sources		
<i>Project</i>	<i>Total budget (US\$ million)</i>	<i>Co-financing identified (US\$ million)</i>
Land Administration — Guatemala	38.8	1.7
Land Fund — Guatemala	77.2	1.9
Land Administration — Nicaragua	38.5	3.3
Land Administration — Panama	72.4	1.8
Land Administration — Honduras	38.9	3.0
Central America Indigenous Peoples Sust. Dev. (TF ESSD)	0.7	0.6
TOTAL World Bank		12.3

Inter-American Development Bank co-financing sources		
<i>Project</i>	<i>Total budget (US\$ million)</i>	<i>Co-financing identified (US\$ million)</i>
Regularization of Cadastre and Property Registry — Costa Rica	92	1.5
Land Management — Belize	8.86	0.6
Land Administration and Regularization — Panama	32	0.16
Sustainable Development of the Darien — Panama	88	4.2
Development Program Sustainable Development Sixaola – Costa Rica	9	4.6
Sustainable Development Province Bocas del Toro – Panama	16.9	0.49
Probosque Program – Honduras	25	0.45
Support for Indigenous and Black Communities (PAPIN) – Honduras	2.9	0.72
Social Environment for Forestry Development POSAF II – Nicaragua	38	1.5
Poverty Reduction Program Focusing on Indigenous Peoples and Agro Descendants (REPEPIN) – Honduras	11.2	10
Ethno-tourism Projects (FONEMA) – Regional	0.9	0.7
Formulation of the Mirador Watershed Workplan – Guatemala	0.165	0.165
TOTAL IDB		25.085

Components of IEM ^{a/}	US\$ million		
	IDB co-financing	WB co-financing	TOTAL
Component 1 - Cultural and institutional strengthening and capacity development	8.3	4.4	12.7
Component 2 - Promotion of cultural use and traditional integrated ecosystem management	9.8	4.8	14.6
Component 3 - Development of culturally appropriate products, markets and services for environmental sustainability in indigenous communities	6.12	2.3	8.42
Component 4 - Participatory Project Monitoring and Evaluation	0.865	0.8	1.665
Total	25.085	12.3	37.385

a/ Co-financing from both banks on all components is possible through already approved operations.

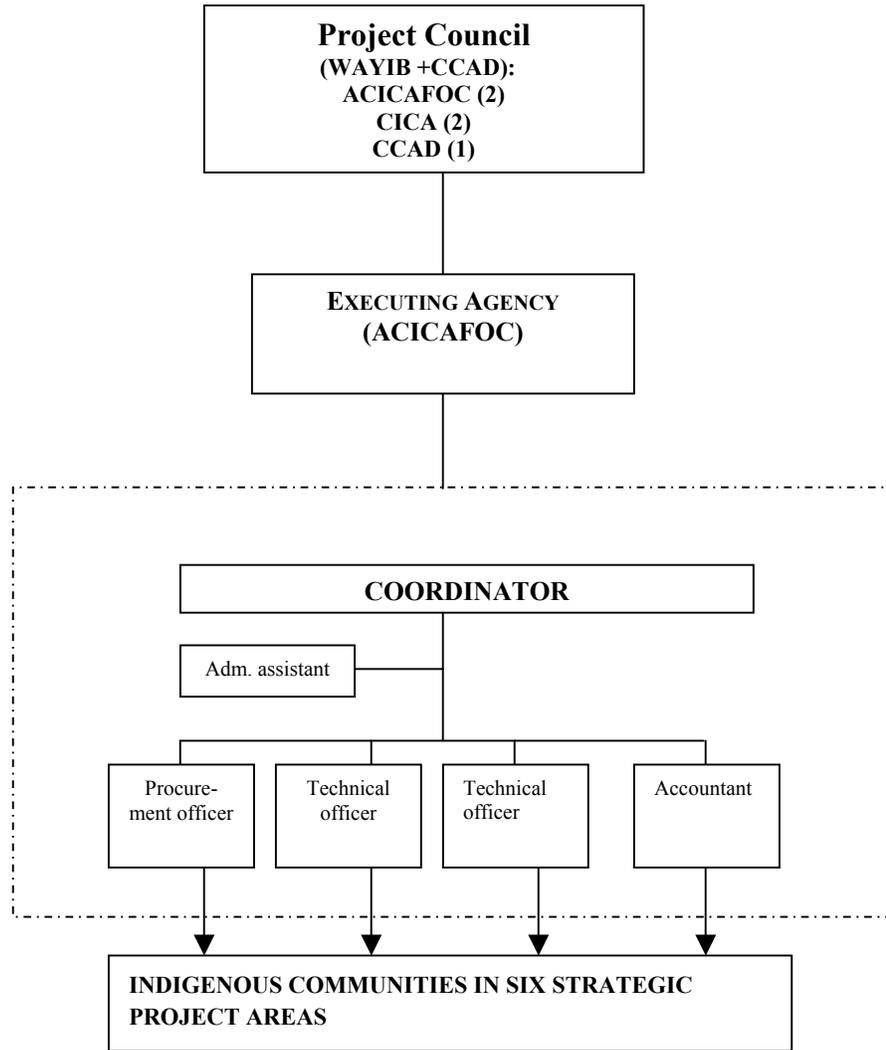
- 2.21 **Project administration and Audit.** Project administration is incorporated in each component above. There will be a small regional Project Coordination Unit (PCU) consisting of six persons, responsible for coordination, accounting and financial reporting, as well as to provide accurate and timely information regarding project resources and expenditures. Yearly audits will be carried out during the implementation period.

III. PROGRAM EXECUTION

A. Program execution and administration

- 3.1 During the inter-institutional meetings held on the elaboration of the project proposal, the indigenous representatives of the national indigenous councils (*mesas*) and the leaders of indigenous communities agreed to form a common coordination group (“*Wayib*” in Mayan terminology) that together with CCAD will form the Project Council (*Consejo Directivo del Proyecto*) that will function as a board for the proposed regional project (see Figure 1).
- 3.2 Fig. 1. Project structure. The Project Council will have five members, including four representatives from *Wayib* (two from CICA and two from CICAFOC) to be named among leaders from the member groups of the respective organizations, and one representative from CCAD. The Council will select its own president. Detailed functions of the project organizational units are described in Appendix 4: Institutional Arrangements. The Project Council will have ordinary meetings two times a year, reviewing and approving working plans and budgets, and reviewing results and impacts, to give advice on this to the project executor. The council may also have extraordinary meetings in the periods between, to discuss matters of importance for the project. The council is an important forum to assure a real influence of the CICA and ACICAFOC member organizations and local communities on the implementation, and feedback from all participating local beneficiaries. The creation of the council will be a condition prior to fist disbursement.

Fig. 1. Organizational Structure for Project Implementation



3.3 Six Liaison Organizations (LO), members of CICA and ACICAFOC, have been identified during the preparation of the project and as the result of an institutional analysis which took place in each of the priority areas of the project. The LO's are responsible for facilitating and promoting the project at the priority area level. Each LO will follow the operational guidelines drafted in the operational manual for criteria and procedures for promoting the project in the priority areas, reviewing and pre-selecting community proposals and ensuring efficient local implementation of the project. The signing of an agreement between ACICAFOC and each LO, establishing the rights and responsibilities of each party, will be a condition prior to first disbursement. Such agreement shall establish clearly the way the funds are going to be transferred; that they are non-reimbursable; the presentation of reports; financial reports; and responsibilities regarding procurement of local goods and services.

3.4 The project will be implemented through a Project Coordination Unit (PCU) within ACICAFOC, based in Costa Rica, that will consist of six people: a coordinator,

administrative assistant, procurement officer accountant and two technical officers. The PCU will be responsible to ACICAFOC for implementation and administration of the project, including procurement of goods and services other than the ones performed by the LOs, follow-up on contracts, review of local project proposals and approval of financing and coordination of data collection for the monitoring system. PCU will present annual plans of operation (including budget) and annual reports (including accounts and results) to the Project Council and the Banks through ACICAFOC. The unit will work in close collaboration with the national and local indigenous communities in the project priority areas established by CICA and ACICAFOC.

- 3.5 Draft Operative Regulations⁹ (OR) for the project have been developed as part of project preparation. The estimated period of implementation is five years. The participating indigenous communities in component 1 and 2 are selected within the six priority areas (as mentioned in Table II-1: Project Priority Areas) identified during project preparation. The selection criteria include the characteristics and scope of communal areas, vegetation, ecological importance as to the richness and number of endemic species, coverage by other projects and financing, and the range of indigenous knowledge for management and sustainable use (see Appendix 7: Community Matrix). The official adoption of such operative regulations by ACICAFOC is a condition prior to first disbursement.
- 3.6 For Component 3, the project financing for community projects of traditional biodiversity conservation and ecosystem management depends on the type of project (according to the activities included), with a range of US\$6,000–US\$13,000 for each project. The following table shows the type of projects to be financed, according to the proposal and the needs of each community. The counterpart financing from the community will be 10–50 percent of the project, depending on the type of project to be financed and the proposed budget. The selection criteria (defined in the OR) are based on feasibility, organization, replicability, environmental aspects, and need for the resources. The PCU will approve the financing and inform the Project Council of the approved projects, project types, contents, and amounts.

Table III-1

Maximum financing of local projects, according to project type (US\$)

Project type	Planning of land use	Technical strengthening	Project management	Max. financing per organization
Max. financing	6,000	10,000	13,000	29,000

- 3.7 For presentation of projects for financing, the local communities should present a profile to the LO. This organization will review the proposals and make a first pre-selection. Normally there will need for pre-investment studies, financed by the project, for the pre-selected projects. The community selects the provider for these technical assistance services according to the list of providers approved for each geographic area. The PCU

⁹ The IDB term Operative Regulations is equivalent to the World Bank term Operational Manual.

analyzes the results of these studies for final project selection and presents a proposal of which projects to finance to the Project Council for approval.

- 3.8 The review and first selection of the service providers for technical assistance will be done by the PCU and presented to the Project Council for approval early in the first project year. There should be a minimum of 20 providers in each geographic priority area, selected according to technical experience, credibility among local communities, and presentation of audited accounts.
- 3.9 Participatory monitoring and evaluation will be carried out through the local communities and base organizations, that will collect data to be included in the project database for the monitoring system and compared to the data from the baseline study. The activities would include dissemination of project results, impacts and other conclusions. There will be established a community advisory group in each local project area, for monitoring of efficiency, performance and other factors according to specific indicators. The PCU will develop annual work plans with targets, indicators, activities, schedule and budget (see D: monitoring and evaluation).
- 3.10 The two Banks, together with CCAD, CICA and ACICAFOC, will conduct one mid-term evaluation and a final evaluation of the project execution, partly based on the information from the monitoring system.
- 3.11 During the project preparation, coordination was established with other important environmental projects and activities with indigenous participation in Central America (all facilitated by CCAD), with emphasis on those projects implemented and coordinated by the CCAD and the two banks. This coordination will continue during the project implementation. The main projects include: (a) Regional GEF/UNDP project for the MBC; (b) a large number of national projects within the MBC; (c) regional and national projects within the Plan Puebla-Panama; and (d) national and local projects coordinated through the environment ministries. Coordination units with complementary projects will be established in each country in collaboration with CCAD.

B. Procurement of goods and services

- 3.12 The procurement of goods, works and consulting services to be financed with project resources in each component will be carried out following the procurement policies and procedures of the Bank responsible for that component. The project will use international public bidding for the procurement of consulting services that exceed the thresholds set according to the policy of the respective Bank.

C. Execution and disbursement schedule

- 3.13 The disbursement schedule for the program, by source of funds, is presented in the table below:

Table III-2. Disbursement Schedule (in US\$ Thousands)

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Comp. 1-2	1,211	1,388	1,071	737	593	5,000
Comp. 3-4	386	1,454	977	762	421	4,000
Total GEF	1,597.3	2,842.44	2,047.3	1,498.5	1,014.5	9,000.0
Local	606.5	788.1	556.0	305.7	243.8	2,500.0
Total	2,203.8	3,630.5	2,603.3	1,804.2	1,258.3	11,500.0
Percentage	19.2	31.6	22.6	15.7	10.9	100.0

D. Monitoring and evaluation

- 3.14 Participatory monitoring and evaluation is one of the four components and it includes (a) monitoring of direct results of project activities; (b) the support for scientifically sound monitoring and evaluation of biodiversity and cultural land use to follow project execution as well as biodiversity and cultural land use changes over time; (c) baseline environmental information would be determined through in-depth environmental analysis in the six priority project areas, the use of CLAN remote sensing analysis and collaboration with other complementary initiatives; (d) baseline social economic information for the same project areas, including gender, age, use-rights to natural resources, income level, life quality, etc.; (e) evaluation activities would include mid-term reviews and the documentation of lessons learned to facilitate the dissemination of project findings to other communities throughout the region; and (f) establishment of community advisory groups in each project area, as well as monitoring of the managerial and administrative aspects of the project, with specific indicators relating to efficiency and performance.
- 3.15 The program will be carried out in accordance with annual work plans setting out targets (in relation to the benchmarks and impact indicators), activities, schedule and budget for the relevant year. The key performance indicators include (a) 135,000 hectares under community conservation, and 45,000 hectares under sustainable cultural land use, (b) stabilization of selected biodiversity indicators in the project intervention zones (forest cover, ecosystem fragmentation, and population levels of selected key species), (c) 50 indigenous villages or communities of high organization and management capacity with active conservation, and sustainable cultural land use, (d) 100 indigenous villages or communities of medium management and organizational capacity start engaging in active conservation, and sustainable cultural land use, (e) at least 70 indigenous communities participating in 3 regional networks of eco/ethno-tourism, (f) at least 3 regional networks for marketing traditional indigenous products, and (g) at least 5 networks for marketing of environmental services derived from traditional ecosystem management with the participation of at least 400 indigenous communities.
- 3.16 **Mid-term evaluation.** The project teams of the two Banks, together with CCAD, CICA and ACICAFOC, will conduct a mid-term evaluation of the project execution, based on the information from the monitoring activities, no later than two years after the first disbursement. The key objectives of the mid-term evaluation will be to: (a) assess the degree of advance towards the Project objectives and expected results; (b) assess the

degree of effective participation in the Project and coordination among local stakeholders, especially indigenous communities; (c) review the data being collected on performance key indicators of results; and (d) review and reach agreement on any modifications required to expedite execution.

- 3.17 ***Final evaluation.*** The information from the Project monitoring and reporting system will be used to conduct a final evaluation in the last semester of execution, using as a reference point the baseline acquired during the first stage. The information would also be available for an ex-post evaluation.

IV. BENEFITS AND RISKS

A. Benefits and target population

- 4.1 The global benefits include: (a) demarcation and conservation of critical forest ecosystems and enhancing probability of achieving long-term conservation of biodiversity and endangered species; (b) sustainable management of critical habitats in the long-term; (c) development of incentives to maintain protected areas and forest habitats in the long-term; (d) established capacity to ensure adequate management of community protected areas in a sustainable way; and (e) new knowledge concerning the feasibility of community conservation approaches and the factors associated with success.
- 4.2 The primary beneficiaries and target population will be the indigenous peoples and their communities in the seven participating Central American countries, who could be expected to establish community conservation areas and the other indigenous communities who will participate in training and capacity-building. Support for an emerging network of indigenous communities engaged in IEM will conserve high levels of biodiversity, enhance the sustainability of human-managed systems, and provide income generation opportunities for the communities based on conservation of natural resources.
- 4.3 The networking supported by this project will help create a common vision among the indigenous communities on how to manage their traditional resources based on their own cultural values and customary norms. An increase in the application of indigenous IEM will generate multiple benefits at different levels (locally, nationally, and globally) and help to create a synergy between conservation and sustainable use of biological diversity and watersheds and reduction of net emissions and increased storage Carbon in terrestrial ecosystems. This project will contribute to a participatory approach to natural resource planning and implementation on an ecosystem scale and a greater understanding of the role of humans in ecosystem management.
- 4.4 Domestic benefits will include enhanced resource and livelihood security due to fire control, improved recharging of water systems, and long-term stability of the ecological system in traditional territories. Project activities will contribute to broadening the livelihood strategies of participating communities and to enhancing cultural heritage, by preserving traditional knowledge and practices for biodiversity conservation and management. Conservation activities will raise local awareness of the value of Forest Management Plan information on species diversity and help improve community decision-making on resource use in the adjacent productive forest areas.

4.5 Local and national government agencies will benefit from strengthened organizational capacity, better relationships with indigenous communities for other goals, and actualized and replicable policies and programs promoting biodiversity conservation with sustainable natural resource use. CICA and ACICAFOC have previously experienced that natural resource management initiatives have helped some communities to solve related problems hindering their development, such as resolving boundary disputes or internal conflicts over land-use decisions. The Central American countries will benefit from conservation efforts on the part of indigenous communities, both the individual conservation areas and the clustering of conservation areas where alliances will permit the linking of some areas for management purposes. They will also benefit from the clarification of legal standards established for these activities at the local level.

B. Sustainability

4.6 The proposed project will achieve sustainability by focusing the capacity building on indigenous communities in Central America and recognizing and capitalizing on the crucial role of regional networking to expand the initiatives of national and local indigenous organizations and indigenous producers. The project is based on the experience that training and capacity building have a more long-term impact when communities themselves are the catalysts to transfer knowledge and skills. Leader communities can maintain a training role that can be sustained after project financing.

4.7 The project also will build long-term sustainability of cultural based land uses and products in indigenous communities by supporting traditional institutions and practices (i.e. traditional authorities, intercommunity associations, sustainable cultural land use, customary law and adaptive technologies). This strategy reflects the lessons learned from World Bank, IDB and GEF supported projects in Central America, which have attempted to introduce new technical approaches in rural areas rather than relying on traditional institutions and practices. To obtain institutional sustainability, *Wayib*, the regional organizations (ACICAFOC, CICA) and the national federations will have a key role in mobilizing the local organizations and communities. The local institutional set-up will be studied case by case, to assure collaboration with municipalities and other local stakeholders.

4.8 The following specific activities and outcomes will ensure sustainability beyond the project period: (a) improving local, national and regional institutional capacity of indigenous peoples to assess and integrate natural resources, biodiversity and carbon sequestration values into development planning; (b) disseminating strategic activities at regional, national and community levels and demonstrate investments in specific ecosystems to show the value of traditional management; (c) enabling indigenous communities to assess sustainability of their cultural land use categories and to make the necessary adjustments to assure future sustainability¹⁰; (d) creating an economy of scale at the regional level among communities for private sector investment in products and services; and (e) disseminating lessons to

¹⁰ IDB has developed Cultural Land Use Analysis (CLAN), a GIS tool to assess cultural land use through remote sensing analysis that will be used in project execution. For cultural land use analysis examples and CLAN methodology see: Perafan, Carlos: *El Concepto de Usos Culturales de la Tierra* in: http://www.iadb.org/sds/IND/mainpublication_453_s.htm; and CLAN in: <http://lasig.epfl.ch/projets/clang/index.html>; user name: clan; password: picaflor

national programs and the general public within the Mesoamerican Biological Corridor, so that the indigenous traditional land uses and management models can be more widely understood.

C. Financial viability

- 4.9 Educational and training activities will be complemented by a review of the legal and regulatory incentive frameworks and a certification of indigenous communities who engage in effective sustainable ecosystem management to assure that they will get direct financial returns.
- 4.10 Financial sustainability of community conservation should be feasible since much of the community investment required is in the form of community labor, which is consistent with long-standing, traditional indigenous systems of labor exchange for community maintenance. The support of projects for sustainable use of natural resources and environmental services that can be certified for marketing purposes increases the economic return and market scope of these activities for communities. In addition, creation and management of a regional community conservation financing window during implementation will increase the capacity of indigenous communities to manage financial resources and prepare and monitor subprojects, and demonstrate that communities in the region are capable of developing and managing their own initiatives. By the end of the project it is expected that communities will begin to leverage their own funds and attract new funding or payment for the environmental services they are providing.

D. Replicability

- 4.11 It is expected that some indigenous traditional knowledge and sustainable cultural land use practices would be replicated within and between the countries participating in the MBC. Specifically, experiences gained and best practices relating to conservation and sustainable use of natural resources in these production ecosystems, improved land and water management and soil fertility techniques, enhanced productivity, and micro-watershed planning and management would be disseminated to local (e.g. indigenous community organizations), national and international indigenous organizations. The latter will be accomplished through the sharing of experiences that would be conveyed by those directly involved in project development and implementation (i.e. project personnel). Project support for the dissemination of lessons learned envisioned under the proposed Component 1 would be consistent with the GEF Outreach Strategy and will help the implementation of Article 7 Clearing House Mechanism (CHM) and 8 (j) of the Convention on Biological Diversity (CBD). Specific resources would be allocated to communicate the project's objectives, activities and results to a wider regional audience. This would occur specifically through: (a) community focused consultations and outreach to community, national and regional level indigenous organizations and other stakeholders; (b) project staff and beneficiaries (including indigenous professionals) to participate in outreach within country and internationally; (c) preparation of material for the general public; and (d) preparation of material for media.

E. Stakeholder involvement

- 4.12 The proposed project was developed and designed based on a long participatory process involving the indigenous regional organizations (CICA, ACICAFOC), CCAD, and government officials of the seven Central American countries (including the Ministers of Environment, who are part of CCAD). Preparation funds have been allocated to ensure full participation of indigenous communities and other stakeholders during the design process. It is expected that social assessments and in-depth consultation processes would continue during project implementation as a monitoring and evaluation tool.
- 4.13 *Consultations and Social Assessment:* (a) the indigenous peoples country profiles that is still underway, financed by the World Bank; (b) the Japan Special Fund in the IDB is financing a regional indigenous consultation, including consultations with target communities located in the main ecosystems in the region, as part of the preparation process for the project. The consultations include the compiling of socio-cultural assessment information collected by other projects, collection of information through participatory appraisal methods, and development of community selection criteria, using social and environmental criteria and extent of complementary programs and projects; (c) this is partly building on information collected by ACICAFOC and CCAD financed through the World Bank by the Netherlands Environment Program. The consultations will result in an indigenous peoples strategy for the MBC, a list of eligible communities, cost-sharing criteria for communities with different financial needs or level of development, institutional community analysis and the criteria for including future communities within the project (see also Appendix 2: Social Assessment).
- 4.14 A list of communities in each priority area has been developed for all countries. This categorizes the communities by organizational, and technical skills and experience in natural resources and land use management and conservation, and whether they have a land use management plan. Criteria used to identify eligibility were (a) high priority biodiversity and land degradation under the MBC; (b) organizational capacity for conservation activities; (c) basic norms and procedures or interest in establishment of norms for conservation processes; (d) ongoing projects for sustainable use or conservation activities; and participation in networks of communities.

F. Environmental impact

- 4.15 Overall, the operation will have positive environmental impacts, particularly by promoting the prevention of further land degradation and conservation of globally significant biodiversity associated with measurable results in terms of: (a) increased local capacity for environmental management; (b) reduced deforestation due to introduction of sustainable forest management methods; (c) improved soil and water conservation, through maintaining traditional sustainable land use practices; and (d) improved biodiversity conservation through sustainable traditional use and management of ecosystems.
- 4.16 The Program will not result in significant or foreseeable negative environmental or social impact due to the nature of its activities with focus on positive environmental and social impacts, described in this document. Screening of local activities during the implementation will follow indicative criteria for environmental acceptability based on

the IDB policies and safeguards for component 1-2, the WB policies and safeguards for components 3-4, defined in the Operative Regulations. If this screening detects any possible adverse impacts, these will be analyzed through an environmental assessment, to be sure to mitigate these impacts.

- 4.17 The project's strategy for biodiversity conservation is to increase the sustainability of different forms of ecosystem management that have been developing over centuries in Central America, and in this way sustaining the high biodiversity in and around indigenous communities. The risks to biodiversity have been identified, as well as the mitigation of potential adverse impacts due to the project activities. The countries in the Central America region have corresponding environmental legislations and the project will comply with these regulations in all activities.

G. Institutional viability and political support

- 4.18 All Central American countries signed the Convention on Biological Diversity in Rio de Janeiro June 1992, and have received financing for the preparation of National Biodiversity Strategies. The proposed project is consistent with the GEF Operational Strategy, supporting long-term protection of globally important ecosystems. This project supports Operational Programs No. 3 (Forest Ecosystems), and No. 4 (Mountain Ecosystems).
- 4.19 During preparation of the project, the relevant indigenous organizations were actively involved in the process (see E above). After extensive discussions between CCAD, ACICAFOC, CICA, RUTA, IDB and the World Bank, RUTA prepared the first draft of the concept note. Consultative discussions, partially funded by the IDB and the Netherlands/World Bank agreement, were held throughout the process, including a workshop in Guatemala September 2000 to develop Central American standards for community biodiversity and ecosystems management and a workshop with participation of the above-mentioned organizations in Costa Rica in February 2001.
- 4.20 These consultations, included (a) a preparation meeting with representatives of the main indigenous regional organizations; (b) discussions with the national governments, GEF Focal Points and CCAD (all National GEF Focal Points and ministries of finance have officially endorsed the project, while also the ministers of finance in Guatemala and Honduras have sent a formal request); (c) discussions between the IDB and World Bank regarding joint implementation; and (d) dialogue between staff from CCAD and environmental ministers involved in the implementation of national projects with potential to be included in the baseline. A regional consultation among the indigenous people in all the project countries was carried out during the preparation phase, coordinated by CICA and financed by the Japanese Special Fund in the IDB. This consultation gave both inputs to the design and feedback on the draft project proposal and analysis.
- 4.21 The proposed implementing agency ACICAFOC has a broad experience in project implementation, including projects financed by the Ford Foundation, Rockefeller Foundation, Department for International Development (DFID) and NGO's in the Netherlands, Denmark, Switzerland and Germany. The organization was recently named official observer to the United Nations. ACICAFOC's financial management capacity has

been evaluated as part of the project preparation, and is being strengthened before project implementation according to the detected needs.

H. Risks

- 4.22 The possible project risks have been analyzed and rated as high, substantial, modest, negligible, or low (see Table IV-1, Risk rating and mitigation). The project team considers the following areas to be high risk: (a) the risk of insufficient capacity on the part of the executing agency to successfully implement such a complex project, which will be mitigated through training, technical advisors operating within the organization and close monitoring and follow-up during the implementation.
- 4.23 In addition, there are five substantial risks, which will be mitigated as follows: (a) challenges to the legitimacy of *Wayib* and its decisions has partly been mitigated during the extensive consultations and networking started during the preparation process, with the participation of the leadership of the regional and national indigenous organizations and communities in Central America, in a broad participatory process which will continue during the project implementation; (b) many communities have not yet developed or reaffirmed by-laws for community natural protected areas, which will be addressed through technical assistance; (c) lack of mechanisms for coordination between national and local governments and indigenous organizations and communities, for elaboration of management plans and other activities, will be addressed through the collaboration with CCAD and project funds to facilitate the coordination between CCAD, national and local governments and the indigenous organizations; (d) Variable political support in the different countries may give variable project progress from country to country, which will be mitigated through continuous relations and information exchange with government institutions, partly through CCAD; (e) problems with land tenure and ownership will be mitigated through WB and IDB cadastre, titling and land management programs in the region, which will be working together with the project regarding titling and land management.

Table IV-1. RISK RATING AND MITIGATION

Risk	Risk Rating	Risk Mitigation Measure
FROM OUTPUTS TO OBJECTIVE		
Lack of adequate control measures for verifying compliance with natural resource norms in indigenous communities.	M	Use participatory methods for identifying appropriate and operational measures for compliance with natural resource norms. CLAN use to assess land use changes through remote sensor analysis.
Lack of participation from communities and government in natural resource management.	M	Regular stakeholder review meetings and the need to assume local ownership of project in order to begin implementation.
Lack of financial resources for regional participatory planning and development.	M	Adequate allocation of funds to allow for regional participatory planning and development.
Limited capacity and experience of ACICAFOC for implementing large complex projects	H	Training, advisors working within the organization, close monitoring and follow-up of the implementation.
Economy continues to create incentives to convert forest to other land uses.	M	Ensure that adequate economic information is available in the context of long-term community viability.
Government programs in other sectors promote activities incompatible w/ project goals (e.g. Roads, energy, etc.)	M	Steering committee members at local and national level transmit concerns on development plans and policies to respective Governments.
Government does not provide adequate budget resources for the project.	M	CICA, CICAFOC and local governments confirm respective Min. of Finance agreements with planned categories of expenditure.
Variable political support gives variable project progress from country to country	S	Maintain continuous relations and information exchange with government institutions (partly through CCAD)
Lack of adequate level of community organization to sustain conservation activities and inter-governmental processes.	M	Targeting of communities will include clear criteria on organizational level and training will be targeted to organizational capacity-building and customary law assessment.
Challenges to legitimacy of the project council and its decisions.	S	Project preparation has included extensive consultation and participation of the leadership of the indigenous communities in Central America.
Problems with land tenure and ownership	S	WB and IDB cadastre, titling and land management programs in the region will be working together with the project regarding titling and land management.
FROM COMPONENTS TO OUTPUTS		
Lack of grassroots promoters with experience in teaching/elaborating conservation plans.	M	Utilize promoters from related projects to work with and train other promoters.
Lack of systematization of communities' experiences and lack of a dissemination strategy.	M	Make project funds and resources available to document indigenous communities' experiences with NR management. Create interactive CLAN based project GIS and train indigenous technicians in its operation.
Many communities have not yet developed By-laws for natural protected areas.	S	Technical assistance will be provided to assess customary by-laws regarding cultural land use and sustainable natural resource management.
Lack of mechanisms for coordination between national and local governments and indigenous communities for elaborating management plans.	S	Provide funds to facilitate coordination between regional governments and indigenous communities; create multi-state steering committee.
Technologies for biodiversity friendly activities not effective or do not provide a sufficient economic incentive to community.	M	Disseminate through project variable models of communities whose practices are exemplary of sustainable natural resource use.
Lack of economic resources and willingness to share information.	M	Provide ample resources and promote cooperative exchange of information.
Overall Risk Rating	M	

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)

PROJECT LOGICAL FRAMEWORK

Project Design Summary

CENTRAL AMERICA: Integrated Ecosystem Management in Indigenous Communities

Hierarchy of Objectives	Key Performance Indicators	Data Collection Strategy	Critical Assumptions
<i>Sector-related CAS goal:</i>	<i>Sector indicators:</i>	<i>Sector/country reports:</i>	<i>(from goal to Bank mission)</i>
Reduce poverty in indigenous communities in the Mesoamerican Biological Corridor (MBC).	Reduced levels of malnutrition of children less than 7 years old in indigenous communities	Baseline and socioeconomic studies	Adequate selection of project intervention areas

GEF Operational Program:	Outcome / Impact Indicators:		
GEF OP 3 and 4 (i) Conservation and sustainable use of biological resources in forest ecosystems, (ii) Conservation and sustainable use of biological resources in mountain ecosystems, (iii) equitable sharing of benefits.	(i) Reduction of the % of extreme poverty in the beneficiary communities of the project; (ii) Stabilization or increase of the % of area under community conservation in the project area; (iii) Increase of the % of lands under sustainable cultural land use in the project area.	Baseline study. Project monitoring system incorporating data available through GIS, diachronic image analysis, and databases in the 7 countries. Project monitoring reports with socioeconomic and land use data from communities.	<ul style="list-style-type: none"> Major competing incentives do not induce indigenous communities to change sustainable cultural land use despite the project.

Global Objective:	Outcome / Impact Indicators:	Project reports:	(from Objective to Goal)
<p>To achieve more effective biodiversity conservation in Central America (Guatemala, Belize, Honduras, El Salvador, Nicaragua, Costa Rica and Panama) by strengthening the capacity of indigenous communities to protect and manage their natural and cultural resources, and by recuperating and promoting the positive cultural values and traditional land use practices they have developed over centuries .</p>	<p>During the 5 year project execution:</p> <p>1.1 135,000 hectares under community conservation, and 45,000 hectares under sustainable cultural land use.</p> <p>1.2 Stabilization of selected biodiversity indicators in the project intervention zones (forest cover, ecosystem fragmentation and population levels of selected key species).</p> <p>1.3 100 indigenous villages or communities of medium management and organizational capacity start engaging in active conservation, and sustainable cultural land use.</p> <p>1.4 50 indigenous villages or communities of high organization and management capacity with active conservation, and sustainable cultural land use.</p> <p>1.5 At least 70 indigenous communities participating in 3 regional networks of eco/ethnotourism and/or with eco/ethnotourism business plans</p> <p>1.6 At least 3 regional networks for marketing traditional indigenous products.</p> <p>1.7 At least 5 networks for marketing of environmental services derived from traditional land use with the participation of at least 400 indigenous communities.</p>	<p>Project monitoring reports, community registries, and evaluation workshops.</p> <p>CLAN diachronic satellite image analysis reports and customary laws approved, including shifting cultivation frequency in project intervention areas</p> <p>Analysis of forest cover and ecosystem fragmentation using satellite imagery and air photos on project intervention areas</p> <p>Baseline and biodiversity inventory studies.</p> <p>Project monitoring reports, community registries, and evaluation workshops.</p> <p>Project monitoring reports, community registries, and evaluation workshops.</p> <p>Project monitoring reports, community registries, and evaluation workshops.</p>	<ul style="list-style-type: none"> ● Community institutions enforce their customary law norms. ● Stable regimes for use and management of indigenous lands and territories. ● Communities develop their cultural land use communal maps, assess cultural land sustainability and implement norms for sustainability adjustments. ● Communities enforce customary law. ● Governments acknowledge community customary law norms for management and conservation of natural resources; do not promote activities incompatible with project objectives, and provide adequate financial resources. ● Adequate level of community organization and intergovernmental participation in the process, including local governments. ● Mechanisms for local conflict resolution can efficiently handle disputes. ● Project Council (<i>Wayib</i> + CCAD) is recognized as a legitimate voice of the project.

Output from each Component:	Output Indicators:	Project reports:	(from Outputs to Objective)
<p>1. Cultural and institutional strengthening and capacity building</p>	<p><i>Typology for organizations from Category IV and III</i></p> <ul style="list-style-type: none"> • 1,229 indigenous participants trained on institutional management, marketing, legislation, customary law, land use, forest management, biodiversity, information technology, and empowerment and lobbying, collective identity and rights, customary law, techniques for participatory investigation, and project formulation, through 94 capacity building exercises. • 164 indigenous participants trained regarding institutional functioning, cooperation administration and community promotion through 82 study visits. • 310 indigenous participants trained regarding community production, community mapping, cultural land use and sustainable uses, preparation of management plans and eco/ethno-tourism, through 31 exchanges of experiences. • 32 institutional development plans and 20 business plans developed through support from 52 consultancies. • Recovery of traditional ecosystems management through 30 participatory systematization activities and studies in the indigenous communities. • Increased knowledge of traditional land use management through 286 	<p>Project monitoring reports, community registries, and evaluation workshops.</p>	<ul style="list-style-type: none"> • Experiences and promoters with teaching and development experience regarding conservation plans. • Systematization of experiences of the communities in addition to a dissemination strategy. • Proposals for territorial management and capacity to negotiate these proposals.

Output from each Component:	Output Indicators:	Project reports:	(from Outputs to Objective)
	<p>community meetings at the project intervention zones level.</p> <p><i>Organizational types (I y II)</i></p> <ul style="list-style-type: none"> ● 1,605 indigenous participants trained regarding institutional management, legislation, customary law, land use, collective identity and rights, empowerment and lobbying, and information technology, through 135 capacity building exercises. ● 282 indigenous participants trained regarding institutional functioning and community promotion, through 141 study visits. ● 400 indigenous participants trained regarding community production, community mapping, cultural land use, and sustainable uses, through 40 community exchanges. ● 17 institutional diagnosis and 15 strategic institutional plans prepared through 32 consultancies. <p><i>Plan for regionalization of experiences</i></p> <ul style="list-style-type: none"> ● 275 indigenous participants trained regarding design of productive and cultural management of ecosystems projects, through 38 community exchanges. ● 52 indigenous participants trained regarding design of productive systems, through 26 study tours. ● Regional integration and capacity building regarding issues of 	<p>Project monitoring reports, community registries, and evaluation workshops.</p>	

Output from each Component:	Output Indicators:	Project reports:	(from Outputs to Objective)
	sustainable cultural land use, through 5 regional consultation meetings.		
2. Promotion of cultural use and traditional ecosystems management	<ul style="list-style-type: none"> • 40 plans for sustainable cultural land use developed. • Strengthening of local capacities for sustainable cultural land use through 40 sub-projects. • Promotion of sustainable development, and natural and cultural conservation through 62 sub-projects. • Mitigation of social, cultural and environmental vulnerabilities through 20 projects 	<p>Project monitoring reports, community registries, and evaluation workshops, cultural land use maps, community norms on sustainable cultivation frequency and other cultural land use adjustments to reach sustainability. CLAN satellite image analysis reports on diachronic cultural land uses. Project monitoring reports, community registries, and evaluation workshops.</p> <p>Project monitoring reports, community registries, and evaluation workshops.</p>	<ul style="list-style-type: none"> • Community customary laws for cultural land categories, sustainability adjustments and sustainable forest management. • Adequate tools (community cultural land use mapping) and enabled promoters for the preparation of plans for traditional ecosystem management. • Productive proposals that have been validated locally. • Successful experiences and methodologies concerning local productive administration.
3. Development of culturally appropriate products, markets and services for environmental sustainability in indigenous communities	<ul style="list-style-type: none"> • Regional supply of traditional products determined, and marketing of these products carried out with the participation of at least 400 indigenous communities. • Regional offer of carbon credits determined, and support to marketing efforts for these credits in at least 400 indigenous communities. • Regional bio-diversity protection and other environmental services produced by indigenous communities determined, and their marketing carried out in at least 400 communities. 	<p>Project monitoring reports, community registries, evaluation workshops and business plans.</p> <p>Project monitoring reports, community registries, evaluation workshops and business plans.</p> <p>Project monitoring reports, community registries, and evaluation workshops and business plans.</p>	<ul style="list-style-type: none"> • Environmental services valued and valuable to local communities. • Exist markets for traditional products of indigenous communities • Sufficient economic resources available and successful experiences of valuation of traditional ecosystem management. • Markets to sell environmental services develop.

Output from each Component:	Output Indicators:	Project reports:	(from Outputs to Objective)
	<ul style="list-style-type: none"> • 3 regional networks of community eco/ethno-tourism designed and their marketing initiated and 8 communities with eco/ethno-tourism business plan for joint ventures 		<ul style="list-style-type: none"> • Ecotourism operator companies willing to establish joint ventures with indigenous communities for eco/ethno-tourism projects.
<p>4. Participatory project monitoring and evaluation</p>	<ul style="list-style-type: none"> • 35 communities have developed organizational and technical capacities for evaluation of project impacts. • Project impacts associated with global benefits are monitored and evaluated every year. • Project goals and outputs including development of community capacities, effectiveness of community networks, and technical assistance activities are monitored and evaluated every year. ▪ Socio-cultural impact of the project intervention model is evaluated every year. 	<p>Project monitoring reports, community registries, and evaluation workshops.</p> <p>Project monitoring reports, community registries, and evaluation workshops and CLAN diachronic satellite image analysis reports.</p> <p>Project monitoring reports, community registries, and evaluation workshops.</p>	<ul style="list-style-type: none"> • M&E leads to improvements and broader acceptance of project methodology • Participatory tools and mechanisms. • Information qualified and valued by the indigenous communities.