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IMPLEMENTATION COMPLETION AND RESULTS REPORT
(TF-51285)

ON A

GLOBAL ENVIRONMENT FACILITY GRANT

IN THE AMOUNT OF SDR 11 MILLION

(US\$14.8 MILLION EQUIVALENT)

TO THE

PERUVIAN NATIONAL TRUST FUND FOR PROTECTED AREAS-PROFONANPE

FOR A

PARTICIPATORY MANAGEMENT OF PROTECTED AREAS PROJECT

June 21, 2011

Sustainable Development Department
Bolivia, Chile, Ecuador, Peru and Venezuela Country Management Unit
LATIN AMERICA AND CARIBBEAN REGION

CURRENCY EQUIVALENTS

(Exchange Rate Effective June 20, 2011)

Currency Unit = New Soles
One Peruvian Sol = 0.36 US\$
US\$ 1.00 = 2.76 Soles

FISCAL YEAR
1 January-December 31

ABBREVIATIONS AND ACRONYMS

AIDER	<i>Asociación para la Investigación y Desarrollo Integral</i> (Association for Research and Integrated Development)
ANP	<i>Área Natural Protegidas</i> (Natural Protected Area)
BP	<i>Bosque de Protección</i> (Protected Forest)
CA	<i>Contrato de Administración</i> (Administration Contract)
CANPRODEM	<i>Cámara Nacional de la Producción y el Emprendimiento</i> (National Chamber of Production and Development)
CBD	<i>Convenio sobre Diversidad Biológica</i> (Convention on Biodiversity)
CG	<i>Comité de Gestión de Areas Protegida</i> (Management Committee of Protected Area)
CIMA	<i>Centro de Conservación, Investigación y Manejo de Áreas Naturales</i> (Center for the Conservation, Research and Management of Protected Areas)
CNCCG	<i>Consejo Nacional de Coordinación de los Comités de Gestión</i> (National Council for the Coordination of Management Committees)
CONADIB	<i>Comisión Nacional de Diversidad Biológica</i> (National Commission for Biodiversity)
CTL	<i>Comité Técnico Local</i> (Local Technical Committee)
DESCO	<i>Centro de Estudios y Promoción del Desarrollo</i> (Center for Development Studies and Promotion)
DL	<i>Decreto de Ley</i> (Decree Law)
DRIS	<i>Desarrollo Rural Sustentable</i> (Sustainable Rural Development)
DS	<i>Decreto Supremo</i> (Supreme Decree)
CONAM	<i>Consejo Nacional del Ambiente</i> (National Environmental Council)
CONADIB	<i>Consejo Nacional de Diversidad Biológica</i> (National Council on Biodiversity)
FONDAM	<i>Fondo de la Américas</i> (Fund for the Americas)
GEF	Global Environment Facility

GPAN	<i>Proyecto Gestión Participativa de Áreas Naturales Protegidas</i> (Project for the Participatory Management of Protected Natural Areas)
IANP	<i>Intendencia de Áreas Naturales Protegidas</i> (Protected Natural Areas Administration Bureau)
IDB	Inter-American Development Bank
INRENA	<i>Instituto Nacional de Recursos Naturales</i> (National Institute of Natural Resources)
ISDS	Integrated Safeguards Data Sheet
KfW	<i>Kreditanstalt für Wiederaufbau</i> (German Financial Cooperation Agency)
LTC	<i>Comités Técnicos Locales</i> (Local Technical Committees)
MAG	<i>Ministerio de Agricultura</i> (Ministry of Agriculture)
MEDA	Mennonite Economic Development Associates Subsidiary Peru
MINAM	<i>Ministerio del Ambiente</i> (Ministry of Environment)
MIS	Management Information System
M&E	Monitoring and Evaluation
ONG	Nongovernmental Organizations
PAD	Project Appraisal Document
PAES	<i>Programa de Actividades Económicas Sostenibles</i> (Program of Sustainable Economic Activities)
PAN	<i>Programa Protección de Áreas Naturales</i> (Natural Areas Protection Program)
PIMA	<i>Proyecto Participación de las Comunidades Nativas en el Manejo de las Áreas Naturales Protegidas de la Amazonía Peruana</i> (Indigenous Management of Protected Areas in the Amazon Project)
PN	<i>Parque Nacional</i> (National Park)
PNBS	<i>Parque Nacional Bahuaja Sonene</i> (Bahuaja Sonene National Park)
PNH	<i>Parque Nacional Huascarán</i> (Huascarán National Park)
PROFONANPE	<i>Fondo de Promoción de las Áreas Naturales Protegidas del Perú</i> (Peruvian National Trust Fund for Protected Areas)
PRONANP	<i>Proyecto Fortalecimiento de la Conservación de la Biodiversidad a través del Programa Nacional de Areas Protegidas</i> (Strengthening of Biodiversity Conservation through the National Program of Protected Areas Project)
RNTAMB	<i>Reserva Nacional Tambopata</i> (Tambopata National Reserve)
RNSAB	<i>Reserva Nacional Salinas y Aguada Blanca</i> (Salinas and Aguada Blanca National Reserve)
SERNANP	<i>Servicio Nacional de Áreas Naturales Protegidas</i> (National Service for Protected Natural Areas)
SNLMT	<i>Santuario Nacional Los Manglares de Tumbes</i> (Los Manglares de Tumbes National Sanctuary)
SN	<i>Santuario Nacional</i> (National Sanctuary)
SINANPE	<i>Sistema Nacional de Áreas Naturales Protegidas</i> (National System of Protected Natural Areas)

UGEL

Unidad de Gestión Educativa Local (Local Educational
Management Unit)

WB

World Bank

Vice President:	Pamela Cox
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PERU
PARTICIPATORY MANAGEMENT OF PROTECTED AREAS

CONTENTS

Data Sheet

- A. Basic Information
- B. Key Dates
- C. Ratings Summary
- D. Sector and Theme Codes
- E. Bank Staff
- F. Results Framework Analysis
- G. Ratings of Project Performance in ISRs
- H. Restructuring
- I. Disbursement Graph

1. Project Context, Global Environment Objectives and Design.....	1
2. Key Factors Affecting Implementation and Outcomes	7
3. Assessment of Outcomes	15
4. Assessment of Risk to Development Outcome.....	22
5. Assessment of Bank and Borrower Performance	25
6. Lessons Learned.....	28
7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners.....	30
Annex 1. Project Costs and Financing.....	31
Annex 2. Outputs by Component.....	33
Annex 3. Economic and Financial Analysis	45
Annex 4. Bank Lending and Implementation Support/Supervision Processes.....	48
Annex 5. Beneficiary Survey Results	50
Annex 6. Stakeholder Workshop Report and Results.....	51
Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR	53
Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders	54
Annex 9. List of Supporting Documents	55

A. Basic Information			
Country:	Perú	Project Name:	Participatory Management of Protected Areas Project
Project ID:	P068250	L/C/TF Number(s):	TF-51285
ICR Date:	05/09/2011	ICR Type:	Core ICR
Lending Instrument:	SIL	Borrower:	PROFONANPE
Original Total Commitment:	USD 14.8M	Disbursed Amount:	USD 14.8M
Revised Amount:			
Environmental Category: B		Global Focal Area: B	
Implementing Agencies: Fund for the Promotion of Peru’s Protected Natural Areas-PROFONANPE			
Cofinanciers and Other External Partners: KfW, Government of Perú and Government of Finland.			

B. Key Dates				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	03/22/2001	Effectiveness:	04/15/2003	04/18/2003
Appraisal:	11/11/2002	Restructuring(s):		04/29/2011
Approval:	03/13/2003	Mid-term Review:		10/15/2007
		Closing:	10/14/2009	12/31/2010

C. Ratings Summary	
C.1 Performance Rating by ICR	
Outcomes:	Satisfactory
Risk to Global Environment Outcome	Low or Negligible
Bank Performance:	Satisfactory
Borrower Performance:	Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance			
Bank	Ratings	Borrower	Ratings
Quality at Entry:	Moderately Satisfactory	Government:	Moderately Satisfactory

Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Satisfactory
Overall Bank Performance:	Satisfactory	Overall Borrower Performance:	Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators

Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA):	Satisfactory
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA):	None
GEO rating before Closing/Inactive status	Satisfactory		

D. Sector and Theme Codes

	Original	Actual
Sector Code (as % of total Bank financing)		
Central government administration	10	10
Forestry	40	40
Other social services	45	45
Sub-national Government administration	5	5

Theme Code (as % of total Bank financing)		
Biodiversity	25	25
Environmental policies and institutions	24	24
Gender	13	13
Participation and civil engagement	25	25
Rural non-farm income generation	13	13

E. Bank Staff

Positions	At ICR	At Approval
Vice President	Pamela Cox	David De Ferranti
Country Director	Laura Frigenti	Marcelo Giugale
Sector Director	Laura Tuck	John Redwood
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1. Project Context, Global Environment Objectives and Design

1.1 Context at Appraisal

1. Peru is classified as one of seventeen mega-diverse countries. It leads the world in numbers of butterflies, orchids, and endemic species and accounts for 460 mammal and 1,736 bird species, 10 and 19 percent of the world's total, respectively. Also, Peru is considered one of five world centers of origin of cultivated plants and has an immense natural germplasm resource of useful wild species. Peru's economic productivity is directly linked to this natural wealth: 99 percent of fisheries depend on wild hydro-biological resources, 95 percent of livestock grazes on wild native grasslands, 99 percent of forestry activities rely on native forests, and 65 percent of agricultural production revolves around native genetic resources. This wealth is increasingly at risk due to unsustainable human activities including deforestation, soil erosion, water pollution, illegal trafficking of wildlife and plant species, and land use changes and expansion of the agricultural frontier. Unsustainable mining and oil exploitation practices are among the major contributors to the loss of biodiversity.

2. At the time of appraisal, Peru had established key elements of the institutional, legal, and policy architecture for conserving its biodiversity assets. A centerpiece of the institutional framework was the National System of Protected Natural Areas (*Sistema Nacional de Áreas Naturales Protegidas*, SINANPE), the objective of which was to conserve representative samples of the country's biodiversity by creating and managing protected areas. In the decade prior to appraisal, SINANPE had added 14 new protected areas covering 10 million hectares, or approximately 18% of the national territory. The Peruvian National Trust Fund for Protected Areas (Fondo de Promoción de las Áreas Naturales Protegidas del Perú, PROFONANPE) was created in 2003 with GEF support to provide financing to SINANPE. Policy was based on the principle of coexistence of people within the protected natural areas (*Áreas Naturales Protegidas*, ANPs) and also aimed at guaranteeing increased environmental, social, and economic benefits for society as a whole. One strategic aspect of the policy was to increase the private sector and civil society role in administering conservation through participation in SINANPE's management, including participation in deliberations of the SINANPE coordination council, the development of specific Master Plans for the ANPs, and in the ANPs' Management Committees (*Comités de Gestión de Áreas Protegidas*, CGs). Policy also envisioned establishment of private conservation areas.

3. At appraisal, four factors were constraining effective biodiversity conservation within this framework: i) The public sector lacked capacity to design and implement policies and to work with civil society and the private sector on biodiversity conservation; ii) Due to limited fiscal resources and no effective self-financing mechanisms, Peru was depending on international donors and NGOs for financing its

Protected Natural Areas (ANPs) and was spending less than US\$50 per km² to finance biodiversity, compared with US\$130 in Brazil and US\$420 in Mexico; iii) Civil society support for biodiversity conservation was weak as, according to a national survey in 1997, only 17 percent of the population had a good understanding of environmental issues, and iv) Inadequate management information systems limited institutional capacity to make informed decisions for management of ANPs.

4. At appraisal, a number of related activities were under way. The World Bank was supporting four complementary GEF projects: (i) the *Indigenous Management of Protected Areas in the Amazon Project – PIMA*; (ii) the *Participatory Conservation and Sustainable Development with Indigenous Communities in Vilcabamba* medium-sized project (MSP); (iii) the *Collaborative Management for the Conservation and Sustainable Development of the Northwest Biosphere Reserve Project (MSP)*; and (iv) the *Biodiversity Conservation and Community Natural Resource Management Project in the Nanay River Basin (MSP)*. German Technical Cooperation was also financing several activities in SINANPE under the Natural Areas Protection Program Project (PAN) implemented by PROFONANPE, including a US\$6.81 million debt-for-nature swap for the Morona Pastaza Watershed ANP.

1.2 Original Global Environment Objectives (GEO) and Key Indicators

5. As stated on page 2 of the Project Appraisal Document (PAD), the **Global Environment Objective (GEO)** was to contribute to the conservation of biodiversity of global importance in Peru. The **Project Development Objectives (PDOs)** were: (i) to ensure biodiversity conservation by increasing the involvement of civil society institutions and the private sector in the planning and sustainable management of at least five of the ANPs of SINANPE and by creating at least one additional ANP during Project implementation; and (ii) to obtain sustainability for the financing of recurrent costs in SINANPE.

6. The **key performance indicators** to monitor Project performance as stated on page 2 of the PAD were: i) Increased management effectiveness in project ANPs; ii) Improved degree of biodiversity conservation in Project ANPs; iii) Increased participation of women in planning, managing, monitoring and evaluating Project ANPs; iv) Increased stakeholder participation in the management of Project ANPs; v) Increased capacity to finance SINANPE recurrent costs with local resources; and vi) Participation of indigenous people in ANP conservation programs.

1.3 Revised GEO and Key Indicators, and reasons/justification

7. The GEO, PDOs, and key performance indicators were not modified.

1.4 Main Beneficiaries

8. The main direct Project beneficiaries were expected to be the persons living inside ANPs and their buffer zones, including hunters, gatherers, and farmers. They would benefit from the Project's support for environmentally sustainable, biodiversity-friendly, and sustainable and economically attractive alternatives to their current damaging production practices. Local communities and other interested parties would also benefit from training and skills development. Society as a whole was also expected to benefit from the conservation of plant and animal species and of genetic diversity.

1.5 Original Components

9. The Project had three components: (i) participatory management of ANPs, (ii) institutional development, and (iii) ANP financing, project administration, monitoring and evaluation, and information dissemination. Total Project cost was US\$32.84 million, of which a GEF grant financed US\$14.8 million.

10. **Project Component 1: Participatory Protected Area Management** (US\$18.23 million; 55.5 percent of total Project cost. US\$7.14 million from GEF; US\$3.65 million from joint Netherlands financing; and US\$4.31 million from German parallel financing).

11. *Objective.* As stated in the PAD (page 7), the objective of this component was to allow civil society organizations and local community and private sector organizations to participate actively in decision-making processes and management of the ANPs and share in the benefits resulting from the ANP sustainable use.

12. *Outcomes.* The outcomes of this component were expected to be: (i) preparation of two Master Plans and updating of four Master Plans and preparation and implementation of several Resource Management Plans; (ii) studies and ANP-specific data baselines to support management and M&E activities; (iii) fully functioning CGs in each participating ANP; (iv) Administration Contracts executed with civil society, private non-profit, and/or community entities for management services in three ANPs; (v) completion of basic infrastructure and satisfaction of equipment and staff requirements to ensure adequate conservation; and (vi) reduced threats to biodiversity and promotion of environmentally and socially sustainable economic activities in the participating ANPs and buffer zones. (See PAD, page 7.)

13. *Activities.* To achieve these outcomes, this component supported and financed: i) Participatory preparation and updating of ANP Master and Resource Management Plans. This included: analysis of causes and threats of biodiversity loss, social studies, inventories of natural resources, demarcation of ANP boundaries, operational research,

establishment of administrative rules and regulations, preparation of the sectoral plan, etc.; ii) Implementation of the ANP Master and Resource Management Plans. This included financing for infrastructure and equipment and operating costs through Administration Contracts (ACs) with the nonprofit private sector for ANP management services; and iii) Financial support and technical assistance for 30 conservation and sustainable use programs in ANPs and for 100 small-scale sustainable economic activities in ANPs and buffer zones under the Program for Sustainable Economic Activities (*Programa de Actividades Economicas Sostenibles*, PAES)

14. **Project Component 2: Institutional Development** (US\$5.74 million; 17.5 percent of total Project cost. US\$3.19 million from GEF; US\$0.59 million from joint Netherlands financing; US\$1.71 million from German parallel financing).

15. *Objective.* The key objective of this component was to consolidate the administration of ANPs by: (i) increasing the capacity of the National Institute for Natural Resources (*Instituto Nacional de Recursos Naturales*, INRENA), PROFONANPE, and CGs, to administer and manage ANPs in participation with civil society and the private sector; (ii) strengthening local civil society organizations' capacity to support Project objectives; (iii) inducing an environmental behavioral change through increased conservation awareness; and (iv) supporting an enhanced decision-making process by national administrators, stakeholders and civil society organizations through better and updated information on ANP management and biodiversity. (See PAD, page 8.)

16. *Outcomes.* The expected outcomes of this component were: (i) increased organizational capacity of INRENA, PROFONANPE, and CGs to manage and administer ANPs in participation with civil society and the private sector; (ii) local civil society organizations equipped to support Project objectives; (iii) an environmental behavioral change through increased conservation awareness; and (iv) enhanced decision-making process by national administrators, stakeholders and civil society organizations through better and updated information on ANP management and biodiversity. (PAD, page 8)

17. *Activities.* To achieve these outcomes, this component supported and financed: i) Staff training and technical assistance for INRENA and PROFONANPE; ii) development of capacities for CGs and civil society institutions and organizations located near the Project ANPs; iii) development and implementation of a public awareness program based on biodiversity conservation, including mass media campaigns, websites, and school materials; and iv) design and implementation of a Management Information System (MIS) for SINANPE.

18. **Project Component 3: ANP Financing, Administration, Monitoring and Evaluation and Information Dissemination** (US\$8.86 million; 27 percent of total Project cost. US\$4.50 million from GEF; US\$0.21 million from joint Netherlands financing; US\$1.57 million from KfW parallel financing; US\$2.5 million from Finland's contribution to PROFONANPE's grant fund; and US\$0.5 million from PROFONANPE to the Endowment Fund provided from its own, separate fund raising activities.

19. *Objective.* The objectives of this component were to increase PROFONANPE's Endowment Fund, design and implement a financing strategy for SINANPE, manage and monitor the Project, and disseminate information on the Project's progress and achievements. (PAD, page 8.)

20. *Outcomes.* The expected outcomes of this component were: (i) a US\$6 million increase in PROFONANPE's Endowment Fund; (ii) increased private sector contributions to recurring costs in Project-supported ANPs; (iii) an updated and operating Monitoring and Evaluation System (M&E System) to provide timely reports to PROFONANPE; (iv) improved institutional capacity for financial management of the ANPs; (v) enhanced relations with national, regional, and local civil society and private sector; and (vi) dissemination to other ANPs in SINANPE and abroad of relevant experience and "lessons learned," particularly those associated with promoting increased private sector financial inputs and innovative resource generating experiences. (PAD, pages 8-9.)

21. *Activities.* To achieve these outcomes, the Project financed five subcomponents: i) US\$6 million increase the Endowment Fund (US\$3 million from GEF, US\$2.5 million from Finland and US\$500,000 from PROFONANPE); ii) design and implementation of a financial strategy for SINANPE; iii) project implementation; iv) design and implementation of a Monitoring and Evaluation System; and v) design and implementation of a strategy to disseminate information on lessons learned, using reports and workshops.

1.6 Revised Components

22. The components were not revised. However, there were two changes with regard to the scope considered in the PAD, as summarized in the following table:

Table 1: Changes in Project Scope

Aspect	Revision	Reasons	Approval
Cofinancing by the Government of the Netherlands for US\$4.45 million	Cofinancing Agreement with KfW of Germany, through a Joint Action Plan between the PAN and the Project for US\$4.38 million.	In October 2003, the Royal Netherlands Embassy informed PROFONANPE that the US\$4.45 million intended for the Project would instead be allocated directly to the PAES.	In May 2006, PROFONANPE and KfW signed an agreement for the execution of the PAN II Project, to cover the activities originally to be financed by the Netherlands.
Targets of the PAES (Component 1, Subcomponent 1.3)	30 programs for the conservation and sustainable use of resources and 100 small-scale sustainable economic activities in ANPs and buffer zones were reduced to 65 sustainable economic projects.	INRENA, the Bank, and PROFONANPE agreed that 100 were too many, due to weak local capacities and the limited availability of Project resources for this component, and that it would be more effective to focus technical support on a smaller number of activities that could be adequately financed and well supervised with a view to replicating them.	April 2005 supervision mission.

1.7 Other significant changes

23. The Project had three formal amendments of the Grant Agreement:

Table 2: Grant Agreement Amendments

Approval Date	Objective
June 2003	Eliminate the requirement to contract an agency to carry out part A3 of the Project (PAES), to establish that contracting under Category 4A (Administration Contracts) would take place through QCBS, and to reallocate the grant proceeds among the different expenditure categories.
November 2009	Reallocate the grant proceeds and extend the original Project closing date to December 31, 2010, because PROFONANPE needed additional time to complete the implementation period of the protected areas Administration Contracts.
April 2011	Restructuring to carry out a final reallocation of grant proceeds. The reallocation was necessary to cover all the expenditures under the Administration Contracts and other commitments that were processed before the closing date and to reflect the actual use of funds. The total amount reallocated was approximately 1.12 % of the total grant amount.

24. Other significant changes are detailed in the following table:

Table 3: Other Significant Changes

Aspect	Revision	Reasons	Approval
Intervention in Huascarán National Park (PNH)	Project activities were restricted in this ANP to completion of those already initiated. The number of ANPs for which the Project would support Administration Contracts was reduced from five to four.	In 2006, due to severe local conflicts that could not be addressed in the short-term, IANP issued Departmental Resolution (<i>Resolución Jefatural</i>) N° 101-2006-INRENA, excluding PNH from areas subject to the establishment of Administration Contracts. Therefore, intervention was restricted to completing the activities already initiated.	Midterm Review Mission.
Implementation in the Project of the biological monitoring system developed by the World Bank PIMA Project.	The system was not implemented. Instead, a baseline of key conservation objectives was prepared, drawing on secondary sources, and responsibility for M&E was included in the Administration Contracts.	The PIMA monitoring system did not meet the Project's technical requirements.	Midterm Review Mission.

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design and Quality at Entry

25. The Project was highly relevant in the context of Peru's legal and overall policy framework for biodiversity conservation. Its arrangements for indigenous peoples, local communities, and other stakeholder participation in ANP management were designed to operationalize the co-management mechanisms established in the Protected Areas Law. The components were intended to respond to each of the four constraints to effective biodiversity conservation within Peru's institutional, legal, and policy framework by: (i) strengthening public sector capacity to design and implement ANP management and biodiversity conservation policies and to work with civil society and the private sector in implementing those policies; (ii) putting PROFONANPE on a sounder financial footing and identifying self-financing mechanisms to compensate for constrained fiscal resources; (iii) building civil society understanding of environmental issues and support for sustainable ANP management and biodiversity conservation, in part through the provision of technical and financial support for sustainable economic alternatives to destructive production practices; and (iv) beginning to fill the data and information gaps that were impeding informed decision making about management of the ANPs.

26. Design of the arrangements for including indigenous peoples, local communities, and civil society and the private sector in ANP management was innovative and the central element in the strategy to achieve Project objectives. It built on the experiences

with participatory approaches in the GEF and other donor-supported projects that were on-going at the time of appraisal (see paragraph 4). Complementing this, prior consultations with over 500 people from various national and local institutions and organizations were held with a view to identifying expectations and the social and institutional issues that could affect Project implementation.

27. An Environmental Framework and a Process Framework were devised to ensure compliance with Bank safeguards policies, particularly as they applied to restrictions on indigenous peoples' traditional rights of access to and use of natural resources and the design and selection of environmentally sustainable and culturally compatible economic alternatives. The Process Framework comprised an Indigenous Peoples Plan, a Gender Strategy, and a strategy for promoting public participation. These frameworks laid out the criteria and procedures for screening, implementation, monitoring and evaluating the PAES projects, in coordination with local populations and organizations.

28. The implementation arrangements were sound. They comprised:

- PROFONANPE as the grant recipient, given its experience operating a trust fund, and the principal executing agency with a small technical team for Project implementation, including acting as a fiduciary agent to handle procurement and contracting of consultants, works contractors, and Administration Contractors, and financial management for all aspects of the Project, including the PAES projects;
- INRENA as the Government agency responsible for the administration of SINANPE and for technical aspects of Project implementation, including preparing terms of reference for and ensuring quality of studies, monitoring technical implementation of the contracts related to ANPs, ensuring compliance with bank safeguards, and carrying out institutional strengthening activities, including those to build CGs' capacities;
- Project Consultative Committee as a permanent forum for analysis and decision making on Project activities and for joint monitoring of its progress and results;
- the ANPs' CGs as the social and institutional platform for supporting Project implementation;
- the Administration Bureaus as the ANPs' technical units;
- private organizations as the executors of the Administration Contracts; and
- local grass-roots organizations as implementers of the PAES projects.

29. Finally, the PAD considered a wide range of institutional capacity, stakeholder, technical, and financial risks, rating several of them as “S” or “H.” Mitigating measures were identified for each.

30. QAG gave the Project a QAE rating of Satisfactory.

31. With hindsight, however, there were some important design weaknesses – areas where more in-depth appraisal might have led to a more accurate assessment of project readiness and risks and helped to smooth Project implementation:

- Creation of a new ANP (Morona Pastaza) should not have been included as part of the PDOs, as this was to be funded by KfW, rather than by the Project.
- Despite the consultations during the preparation phase, the extent of stakeholder, including local, opposition to the Administration Contracts – which were perceived as a privatization of the ANPs – was underestimated.
- The estimate that one year would be required to execute the Administration Contracts misjudged the extent of likely local opposition and did not consider the time required to complete certain prior conditions for their preparation and execution, including a regulatory up-date. In the event, the Contracts were not signed until the third year of Project implementation and, as they had a three-year term, a Project closing date extension was required.
- The Project’s expenditure categories did not include one to finance the Administration Contracts. During implementation, a new expenditure category had to be created by packaging a set of diverse activities to be assigned to the Contractors.
- The estimated time required to develop Master Plans for conservation and sustainable use of ANPs did not take fully into account the extent of technical weaknesses of the Administration Bureaus and their traditional focus on surveillance and control activities, nor the capacity weaknesses of the CGs and their marginalization at Project start.
- The estimated time required to start up the PAES projects did not factor in the need to constitute the intended beneficiary organizations formally.
- Initial Project design did not provide for a differentiated communication strategy at the national, regional, and local levels to promote transparency, information sharing, and ultimately the engagement of all institutions, community groups, NGOs, and other stakeholders in a mutually trusting manner. This had to be added.
- The M&E design was weak. On the biological monitoring, the Project was meant to adopt the PIMA’s Project system, which proved inadequate for accurately reporting on the achievements of participatory ANP and biodiversity conservation management. A methodology was developed for use under the Administration Contracts to improve the conservation status of key species. A complementary methodology was developed to be applied directly by the project technical team, to

obtain information from Project's beneficiaries and other stakeholders to assess their participation.

- The PDOs were not always consistently stated in the PAD and the PDO outcome indicators were, in fact, largely to be assessed by reference to achievement of the component output indicators. These matters are discussed below in Section 3, Assessment of Outcomes.
- The design of the Endowment Fund specified that it should be used solely to finance recurring costs of ANPs; it did not include the promotion and maintenance of future participatory innovations in ANP management.

2.2 Implementation

32. The Project launched its operations on April 15, 2003, and completed them on December 31, 2010, following a 13-1/2 month extension of the initial closing date for fulfillment of the co-financing commitments of the Administration Contracts. The entire GEF grant amount, US\$14.8 million, was disbursed.

33. The Project design strengths described above were all success factors, including particularly its central innovation, the participatory features. Other important success factors were: (i) PROFONANPE's commitment to the Project in the face of initial public resistance to the Administrative Contracts concept and despite changes in leadership and key personnel at official institutions; and (ii) the collaborative relationship between the Bank, PROFONANPE and INRENA, which served to facilitate resolution of issues that arose during Project implementation.

34. During Project implementation there were delays in three key processes: i) implementing the Administration Contracts; ii) agreeing on programmatic proposals for the conservation and development of ANPs; and (iii) starting up the projects under the PAES. The causes of these delays are described below. The Bank's actions during supervision to help resolve them are discussed in Section 5.1(b), Quality of Supervision.

35. A number of factors contributed to the delay in establishing the Administration Contracts:

- *Resistance to the Administration Contract approach.* Managers and personnel of the Administrative Bureaus of the ANPs felt that management of ANPs was a State function and feared that involvement of the private entities through the Administration Contracts would lead to a loss of jobs. The CGs, stakeholders with particular interests in the ANPs, and even the general public saw the Contracts as a covert mechanism to privatize the ANPs, restricting their access and diverting their traditional usufructory benefits. In the Huascarán National Park, local resistance from illegal tourism operators and others was particularly strong and the ensuing

conflicts led INRENA, PROFONANPE, and the Bank to agree to drop efforts there to apply the participatory Administration Contract approach.

- *Capacity of private non-profit institutions.* These same stakeholders doubted that private non-profit institutions would have the capacity to administer and manage the ANPs effectively. And, indeed, initially only two of the eleven NGOs identified at appraisal as potential candidates for Administrative Contracts actually presented proposals during the bidding processes.
- *Regulatory framework and other prior conditions.* It took 18 months to adapt the regulatory framework to permit use of external donor finance for the Administrative Contracts.
- *Design of the Contracts themselves – scope of work, rights and responsibilities of the parties, institutional and coordination arrangements, financing mechanisms, etc. –* also proved time-consuming.

36. The development of programmatic proposals for the conservation and development of ANPs required coordination between the Administrative Bureaus and the CGs. The Bureaus were technically weak and viewed management in terms of surveillance and control. The CGs formally existed but were marginalized, without channels for coordinating with the Bureaus or an effective operational role in guiding their activities. They also lacked good relations with the local communities.

37. The subcomponent on sustainable economic activities envisioned a direct flow of resources to community-level beneficiary organizations. This required the organizations to be constituted legally, including its registration at the corresponding governmental agency and the presentation of the organization's statutes and regulations, which none was at the time of Project approval. It took approximately 18 months to complete this formal requirement and begin the flow of funds.

Other factors

38. Some other factors also hindered implementation of the Project as it was originally designed:

- As indicated under the design weaknesses, initial Project design did not provide for a differentiated communication strategy at the national, regional, and local levels to promote transparency, information sharing, and ultimately the engagement of all institutions, community groups, NGOs, and other stakeholders in a mutually trusting manner. This had to be improved and added.

- The technical team improved the Project's training activities. Originally it was limited to training on specific aspects of ANP management to key staff from IANP and PROFONANPE. It was complemented with forums and mechanisms established to promote dialogue, knowledge sharing, and involvement of new stakeholders who would bring additional skills to ANP management.
- Local conflicts in the area of Huascarán National Park led to the decision to remove it from the list of ANPs eligible for management and conservation under an Administration Contract. Although this reduced the number of ANPs with Project-supported Administration Contracts from five to four, it did not have any effect on the achievement of the Project's outcomes.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

39. The PAD established key performance indicators for the PDOs and GEO and also identified outcomes for each of the Project components. These were described in the main text and summarized, somewhat differently in some cases, in Annex 1, the Project Design Summary. Annex 1 also specified the sources of data to be used for Project M&E. These included, *inter alia*, the GEF program M&E system; the INRENA biodiversity M&E system (the PIMA system); reports from the SINANPE MIS and ANP guards; INRENA and NGO gender-specific annual reports and score cards; scientific studies and annual bio-physical M&E reports; and household surveys by the National Institute for Economic Studies and other public surveys. The PAD did not, however, have a detailed description of the arrangements, roles, and responsibilities for collecting and aggregating the information from these sources to provide an overview of project performance, except to note that PROFONANPE would recruit an M&E specialist to lead an M&E team.

40. Although not specified as such in the PAD, the PIMA system was intended to be the key instrument for monitoring and evaluating the Project's impact on biodiversity conservation and protection. This system, however, proved inadequate as its indicators were not suited to the technical and scientific requirements of the Project. The most relevant constraints of this system were: i) the procedure to identify key species for monitoring was not clearly linked to the ANPs master plans conservation priorities; ii) there were no procedures to develop the baseline to assess status of conservation; and iii) the design did not allow a long-term monitoring. As a result, two other instruments for Project M&E were developed during implementation. Because of the reliability of these instruments and the quality of their M&E, an external evaluation of the Project at closing was not deemed necessary:

- Participatory M&E mechanisms. Innovative instruments, called “radars”, developed jointly by the Administrative Bureaus and CGs were used to monitor and evaluate processes and activities to strengthen the Bureaus and CGs, involve local stakeholders in management, coordinate with regional and local governments, and resolve conflicts. Evaluation findings were used for planning and decision making.
- M&E through the Administration Contracts. The Contractors designed and incorporated M&E systems as an integral part of the results-oriented management approach for each of the three broad objectives of the ANP Master Plans: (i) biodiversity conservation; (ii) sustainable natural resources use; and (iii) financial sustainability of ANPs. Review and approval by the Administration Bureaus and CGs of their respective ANPs’ quarterly reports on processes and annual reports on results helped to assure the quality of the information, as did the participation of PROFONANPE in the financial and technical aspects. In addition, the Contractors established working arrangements with some 15 national and foreign universities, assembling a contingent of over 100 people to help develop the indicators and system for M&E of the Project’s biodiversity impacts. This cooperation, including its financing, is assured over the 20-year span of the Administration Contracts.

2.4 Safeguard and Fiduciary Compliance

Safeguards

41. The Project was appraised under Category B procedures, given that its objective was to enhance biodiversity protection and conservation using a participatory, socially sensitive, and culturally appropriate approach. Two subcomponents, however, would clearly require careful design and implementation to identify and mitigate any potential environmental and social problems: (i) subcomponent 1.2, implementation of participatory management plans, which would entail construction of small infrastructure works and could lead to restrictions on indigenous and other peoples’ traditional access; and (ii) subcomponent 1.3, which would support the PAES activities. For these reasons, the PAD and the December 19, 2002, Integrated Safeguards Data Sheet (ISDS) both stated that the Project triggered Environmental Assessment (OP/BP 4.01), Indigenous Peoples (OP/BP 4.10), and Involuntary Resettlement (OP/BP 4.12). There were, however, discrepancies regarding other safeguards. The PAD stated that Forestry (OP/BP 4.36) was also triggered. The ISDS, however, listed Natural Habitats (OP/BP 4.04) among the safeguards triggered in a table on page 3, but not Forestry, whereas in its text it suggested that both Forestry and Natural Habitats were triggered (paragraph II.D.1a, page 3).

42. To manage safeguards compliance, Environmental and Social Assessments were conducted and an Environmental Framework and a Social Strategy were developed. Consistent with INRENA's policies and procedures as well as Bank safeguard policies, the Environmental Framework provided for: (i) screening of activities in the ANPs and the sustainable economic activities; (ii) inclusion, where necessary, of mitigation measures in the design of those activities; (iii) consultations with stakeholders on the adequacy of the measures and their implementation; and (iv) monitoring and evaluation of implementation. The Social Strategy consisted of a Process Framework focusing on mitigating the possible impacts of restrictions on access to or use of natural resources; (ii) Indigenous Peoples Development Plans for the five ANPs to ensure participation and equitable sharing of benefits; (iii) a Gender Strategy to achieve equity in participation and distribution of benefits and support for strengthening women's organizations; (iv) and a Public Participation Promotion Plan to raise public awareness of environmental issues and strengthen civil society and private non-profit organizations' capacity to participate.

43. Project implementation complied satisfactorily with environmental and social safeguards, including those for which there was some uncertainty as to their having been triggered. Applying the Environmental Framework, infrastructure development projects in the ANPs were small and, along with other activities – e.g., ecotourism – were screened for environmental impacts throughout implementation. No such impacts arose that could not be satisfactorily mitigated. As stakeholders became comfortable with the approach and as mutual trust emerged based on dialogue, communications, and cooperation, participation of local communities increased. Increased participation was evident in updates of the ANP Master Plans, the formalization of preexisting rights to access and use of natural resources, and in the PAES projects which were prepared, presented, and implemented directly by the people and their organizations and which yielded direct economic benefits to them. Indigenous Peoples Development Plans (IPDPs) were prepared and annual plans with the communities were agreed to implement them. Approximately 35 percent of the beneficiaries of the PAES projects and the activities carried out under the Administration Contracts were indigenous peoples, particularly in the Salinas de Aguada Blanca and Tambopata Reserves. Although the Gender Strategy was not implemented as designed, gender participation was monitored throughout implementation. Approximately 20 percent of the PAES projects targeted women and women made up about 50 percent of CG members.

Procurement

44. PROFONANPE's procurement compliance was rated Highly Satisfactory. Their procurement processes, and contract administration were of highest quality, reliability, timeliness, and transparent. PROFONANPE successfully implemented an Action Plan that responded to recommendations from the Bank's five *ex post* procurement reviews

and Supervision Mission Aide Memoires. No instances of fraud or corruption were identified by Project closing.

45. PROFONANPE's management of procurement processes were strengthened during Project implementation, including its supervision of the Administration Contractors' execution of their procurement responsibilities. The non-profit organizations were selected following QCBS procedures (using an adjusted Request for Proposals) and signed management service agreements, which included the responsibility of the NGOs to contract works, goods and services and also the responsibility to find additional resources. Under these contracts, PROFONANPE was responsible for ensuring procurement compliance.

Financial Management

46. PROFONANPE established and maintained adequate FM arrangements to support Project implementation. It developed the expertise to control transfer of funds to the ANPs effectively, an inherent FM risk that had been rated Modest at Project appraisal. All audit reports received to date, including the final audit (submitted on April 30, 2010), were submitted on time and were unqualified. PROFONANPE facilitated smooth closing of the Project and its FM performance at Project closing was rated Satisfactory.

2.5 Post-completion Operation/Next Phase

47. PRONANP, the follow-on Bank-supported operation which began in November 2010 and which is cofinanced by KfW, is scaling up the Project's successful approach to strengthen biodiversity protection and conservation by increasing participation of civil society and the private sector in the management of ANPs. Private non-profit organizations have already submitted six new bids for Administration Contracts for periods of 20 years and four have already been signed. PRONANP also makes use of a PAES component to integrate management of different types of protected areas and, thereby, develop ecological corridors. The Central Selva Project, which is being implemented with KfW finance, is also using a PAES approach. All in all, activities are under way to extend the Project's approach to approximately 15 additional ANPs, thus enhancing its impact on the entirety of SINANPE.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

48. The Project's design and objectives remain relevant to Peru's priorities, policies, and strategies for sustainable development. Since Project approval, the government has

continued to strengthen the legal and regulatory framework for biodiversity protection and conservation. Important milestones in this regard include the creation of the Ministry of Environment (MINAM) in May 2008 and the National Service for Protected Natural Areas (*Servicio Nacional de Áreas Naturales Protegidas*, SERNANP), which replaced IANP as the agency in charge of directing and establishing technical and administrative criteria for the management of ANPs. Other significant advances include enactment of the Biodiversity Law (*Ley sobre la Conservación y Aprovechamiento de la Diversidad Biológica*, Ley No. 26839) and the Protected Areas Law (*Ley de Áreas Naturales Protegidas*, Ley No.26834), approved in 1997. Later on, the National System of Environmental Management (*Ley Marco del Sistema Nacional de Gestión Ambiental* N°. 28545) and the General Law of the Environment (*Ley General del Ambiente* N°. 28611), were approved in June 2004 and October 2005.

49. The Project's outcomes have contributed to the results envisioned in the 2006-2011 Country Partnership Strategy (CPS) for Peru (Report N°. 37913-PE), which includes improved management of biodiversity conservation under the pillar of "making growth sustainable." The forthcoming CPS is expected to maintain an emphasis on this important objective.

3.2 Achievement of Global Environmental Objectives

50. The Project was largely successful in achieving its broad objectives, at both the GEO and PDO level. Civil society institutions and private sector non-profit organizations have become an integral part of processes to plan, implement, monitor, and evaluate the ANP Master Plans, the annual operating plans of the Administration Contracts, and the PAES activities that are intended to replace practices that are, in some cases, illegal and, in all cases, damaging to the continued provision of the global, regional, and local benefits of Peru's rich biodiversity resources. The Administration Contracts have brought to bear substantial scientific knowledge, experience, and specialized expertise, as well as financing. Management of the Project ANPs has improved and, complemented by the additional incentives and opportunities that the economically sustainable activities provide, threats to biodiversity conservation are being reduced. The capacity to sustain the recurring costs of SINANPE has also been enhanced, thanks to contributions to PROFONANPE from GEF and other donors, the resources that the Administration Contractors have brought, the additional revenues that improved management of the ANPs is generating, and the continued good performance of PROFONANPE's asset portfolio. These developments are, without a doubt, contributing to the GEO, conservation of biodiversity of global importance.

51. This said, a rigorous comparison of actual Project outcomes with those expected at the time of Project approval is difficult. While the main text of the PAD had six key

performance indicators (see page 2), Annex 1, the Project Design Summary, added a seventh (see page 33). Moreover, the key performance indicators for the GEO and PDO were largely subjective and the PAD did not provide quantified baselines and targets. The intention at appraisal seems to have been to use the targets for the component outputs as proxies for the GEO and PDO indicators. Thus, while the Project has achieved important outcomes, as is discussed below, the PAD did not establish a clear assessment framework for each performance indicator.

52. The following table summarizes the status of the Project's key indicators:

**Table 4: Peru Participatory Management of Protected Areas Project
Key Performance Indicators and Outcomes**

Objectives ¹	Corresponding Key Performance Indicators ²	Corresponding Component Output Targets at Project Approval ³	Status of Corresponding Component Outputs at ICR
GEO			
To contribute to the conservation of biodiversity of global importance.	Key performance indicators 1.a-1.f and 2.a below also apply to the GEO.		
PDOs			
1. To ensure biodiversity conservation by increasing the involvement of civil society institutions and the private sector in planning and sustainable management of at least five ANPs, and one ANP to be created during Project Implementation.	a. Increased management effectiveness in Project ANPs.	a(i) 2 new and 4 updated ANP management plans. a(ii) 5 CGs in operation in Project APNs. a(iii) 3 ANPs administered by private non-profit organizations by December 2004.	a(i) 2 new and 4 updated ANP management plans. a(ii) 5 CGs in operation in Project APNs. a(iii) 3 Administration Contracts with private non-profit organizations were executed between 2006 and 2010, involving 4 ANPs. The Contractors employ 60 professionals in biological monitoring, sustainable agriculture, water resources management, and surveillance planning and have access to additional expertise through nearly 40 agreements with

¹ From PAD page 2 except where otherwise indicated.

² From PAD page 2 except where otherwise indicated.

³ From PAD Annex 1, pages 33-35.

⁴ From PAD Annex 1, page 33.

	<p>b. Improved degree of biodiversity conservation in Project ANPs.</p> <p>c. Reduced number of non-sustainable development activities in ANPs and buffer zones. ⁴</p> <p>d. Increased participation of women in planning, managing, monitoring, and evaluating Project ANPs.</p> <p>e. Increased stakeholder participation in the management of Project ANPs.</p>	<p>b(i) 30 programs in 5 ANPs implemented to reduce biodiversity threats.</p> <p>b(ii) 100 small-scale sustainable economic activity projects implemented in 5 ANPs and buffer zones.</p> <p>d(i) Of the 30 programs in 5 ANPs implemented to reduce biodiversity threats, 10% target women.</p> <p>e(i) See a(ii), a(iii); c(i); d(i), d(ii); and f(i).</p>	<p>scientific, academic and other institutions.</p> <p>b(i) 62 small-scale sustainable economic activity projects implemented in 5 ANPs. An external evaluation concluded that 94% of them had achieved a satisfactory level in terms of compliance with project targets, involvement in conservation efforts, participation and sustainability.</p> <p>Most of these projects are still underway with other resources and linked to larger scale initiatives.</p> <p>c(i) The three Administration Contractors supported by the Project are implementing systems for regular monitoring and evaluation of the status of 25 biological resources as stipulated in the Contracts. This guides their priority setting and decision making. Contractors have also strengthened surveillance and control systems, in which some 300 registered stakeholders participate as community rangers. Illegal hunting has dropped to negligible levels with the capture of the violators. The illegal extraction of plant species of value for water resource management has also declined. See also b(i).</p> <p>d(i) Women make up 37% of beneficiaries of the 62 small-scale sustainable economic activity projects implemented in 5 ANPs. d(ii) Women make up 30% of the members of the CGs for Project ANPs.</p> <p>e(i) See a(ii), a(iii); b(i), c(i); d(i), d(ii); and f(i).</p> <p>e(ii) Processes to develop ANP</p>
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	f. Participation of Indigenous People in ANP conservation programs.	f(i)	<p>Master Plans were participatory.</p> <p>f(i) Approximately 30% of the 57 grass roots organizations, NGOs, and small agricultural cooperatives that were involved in formulating and implementing the sustainable economic activities in the buffer zones were indigenous. Indigenous peoples make up 25% of the beneficiaries of these projects and of the member of the CGs for Project ANPs.</p>
2. To obtain sustainability for the financing of recurrent costs in SINANPE.	a. Increased capacity to finance SINANPE recurrent costs with local resources.	<p>a(i) Increased revenue in each Project ANP to finance recurrent costs.</p> <p>a(ii) Increase in PROFONANPE Endowment Fund by US\$5 million in PY1 and US\$1 million by PY3. a(iii) Capture of US\$3 million in additional funds over life of Project.</p> <p>a(iv) Additional funding mechanisms implemented.</p>	<p>a(i) By Project closing, Contractors were collecting approximately US\$1.2 million in annual revenues from tourism and other resource use permit and licensing fees. This is equal to 50% of the total permit and licensing revenues of SINANPE in 2009.</p> <p>a(ii) PRONANPE Endowment Fund increased by US\$6 million.</p> <p>a(iii) The 3 Project-supported Administration Contractors contributed US\$10 million to fund management and activities in 4 ANPs during the Project. The PAES program leveraged additional resources from regional governments and international cooperation totalling US \$ 15 million.</p> <p>a(iv) The Project, together with the KfW-supported PAN Project, supported development and implementation of 8 pilot financial sustainability projects, including in 4 ANPs outside of the Project area of influence. The pilots aimed at developing agro-forestry, reforestation, and other resource management systems with the participation of local populations. SERNANP is supervising implementation in</p>

			coordination with the Administrative Bureaus, Administration Contractors, and regional and provincial governments.
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53. To complement the picture of Project outcomes in Table 4 above, Table in Annex 2B of biological monitoring indicators helps illustrate the impact that the Project has had on biodiversity protection and conservation at the four ANPs supported by the Project, the Salinas and Aguada Blanca National Reserve, Los Manglares de Tumbes National Sanctuary, Tambopata National Reserve, and Bahuaja Sonene National Park.

3.4 Justification of Overall Outcome Rating

Rating: Satisfactory

54. The overall rating of the Project is Satisfactory.

3.5 Overarching Themes, Other Outcomes and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

55. The new management approaches for ANPs that the Project supported provided large scope for voice and participation of a wide range of stakeholders, including community, women's, and indigenous peoples' organizations, regional and local government agencies, other public sector entities, and private organizations and businesses. At Project start, of 182 stakeholders identified in 5 ANPs, only 23 percent indicated that they had a positive relationship with the relevant Administrative Bureau. CGs existed in four out of the five ANPs, but their members and presidents believed they could not actively participate in decision making or management. Local populations generally reported conflictive relationships the the Bureaus. By Project close, 178 stakeholders in 4 ANPs had assumed new or larger roles with respect to matters such as development and implementation of management plans, rehabilitation of degraded areas, biological monitoring, research, environmental education, and identification and implementation of sustainable economic activities.

56. It is estimated that the PAES activities supported by the Project mobilized and provided concrete benefits to about 26,000 persons. The activities with greatest impact were projects in agroforestry (33 percent), ecotourism (14 percent), pasture management (10 percent), South American camelid management (8 percent), and apiculture (8 percent). The 865 families participating in the agroforestry projects benefited from training in the establishment of agroforestry systems (coffee, cacao, and fruits) and the

provision of nurseries to produce tree seedlings. In the area of ecotourism, 304 families benefited from 8 projects that strengthened their capacity to provide services, including small investments in infrastructure and equipment to develop tourism circuits.

57. As indicated above in the discussion of safeguards implementation, women and indigenous peoples groups, benefited from opportunities to participate in the design, implementation, and monitoring of ANP management plans and the sustainable economic activities.

(b) Institutional Change/Strengthening

58. The Project helped strengthen institutions at the national, regional, and local levels, and in the private non-profit sector:

- *National.* SERNANP, established in 2008 as the public agency responsible for defining and overseeing the technical and administrative framework for managing the ANPs, has been strengthened by the demonstrated effectiveness of the participatory management approach supported by the Project and is rolling out the approach across the entirety of SINANPE. In doing so, it has developed mechanisms to improve coordination and information sharing among the CGs. One of these is the National Council for the Coordination of Protected Areas Management Committees (*Consejo Nacional de Coordinación de Comités de Gestión*, CNCCG). As the CGs now include over 1,000 stakeholders, CNCCG is one of Peru's broadest institutional platforms and serves as one of the principal drivers of participatory ANP management and biodiversity conservation and protection. Administration Contracts have provided SERNANP with an instrument not only to access private sector expertise, but also to leverage new sources of finance to support recurring costs in SINANPE and improved ANP management.
- *Regional and Local.* Peru has moved to decentralize to regional and local governments the responsibility to deliver a wide range of public services, including those relating to environmental management. As the Natural Resources Management Bureaus of the regional governments are still building capacity, the participatory approach to management of ANPs and the use of Administration Contracts have provided to them an important instrument for fulfilling their mandate.
- *Private Sector.* The Project has helped to expand the private sector constituency for biodiversity protection and conservation. None of the organizations that has taken Administration Contracts was among the conservation-oriented institutions that have traditionally been present in Peru. One of the principal concerns that the Administration Contractors voiced was about their capacity to fulfill their

commitment to provide financing, as they had previously been dependent on donor finance, largely for short-term projects. Due, however, to the experience that they acquired in implementing the Contracts, they gained a higher profile and were able to widen their network of institutional contacts. As a result, they were willing to extend their commitment under the Administration Contracts from 5-7 to up to 20 years. This has had a spill-over effect on other non-profits that are now seeking Administration Contracts, as they too are proposing a 20-year contractual term.

(c) Other Unintended Outcomes and Impacts. Not applicable

3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

59. SERNANP staff, ANP Administrators, Presidents of CGs, and Administration Contractors, were asked about their view on the principal contributions of the Project. See details in Annex 5. In addition, the same stakeholders participated on several workshops in the four Project-supported ANPs to assess Project activities and results. See details in Annex 6.

4. Assessment of Risk to Development Outcome

60. The risk to the Project's development outcome is rated Low to Negligible.

61. As indicated in Section 2.5, Post-completion Operation/Next Phase, the Project's successful approach is already being scaled up with the intention to extend it to approximately 15 additional ANPs. Six new private non-profit organizations have already submitted bids for Administration Contracts for periods of 20 years and four have already been signed.

62. Other factors are supporting this extension and will also contribute to reduce the risk to the Project's development outcome:

- As noted above, the Administration Contractors supported by the Project have also requested to extend their Contracts, including their own financial commitments, from the initial period of 5 to 7 years to up to 20 years. The CGs and SERNANP have approved these requests.
- CNCCG, whose establishment and operation the Project supported, has taken on the role of promoting at the national level the development of participatory management and use of Administration Contracts.

- Related to this, to reinforce the participatory approach and promote integrated management of different types of protected areas, SERNANP has incorporated and is financing the participation of the CGs in the national strategic and operational planning process for the ANPs, a process that previously had included only the ANP Administrators. It has also mandated annual meetings with Administration Contractors and presidents of the CGs regarding the Contractors' annual operating plans and their respective responsibilities.
- The Local Education Management Units (Unidades de Gestion Educativa Local, UGELs) in the Project areas are receiving support from regional governments and donors to continue education programs developed with Project support regarding the environmental importance of the ANPs and biodiversity conservation and protection. The Administrative Bureaus and Administration Contractors are maintaining educators on their staff to provide technical assistance to the UGELs to help strengthen program content and teachers' skills. The programs are spreading beyond the Project's area of influence.
- Local communities are continuing the sustainable economic activities initiated with Project financing and, in many cases, these PAES projects are receiving finance from local sources, including municipalities for their extension. The formalization of the beneficiary organizations, which was required for them to receive Project resources, has empowered them to interact with a range of other programs and sources of finance. SERNANP sees PAES as a valuable instrument and, as indicated in Section 2.5, similar programs are being incorporated in other biodiversity conservation and protection projects.

63. Two risks to the sustainability of the Project's development outcomes deserve particular attention. The first is the financial sustainability of the approach and the second is the challenge that construction of the Transoceanic Highway will create to the sustainability of the ANPs.

Financial sustainability

64. At the time the Project was appraised, Peru depended on international donor institutions and non-governmental organizations for funds to finance the ANPs' recurring costs and promote biodiversity conservation. This situation has not changed fundamentally, as is suggested by the fact that the Peruvian authorities requested (and obtained) World Bank and KfW financing for new projects to scale up the approach. The Administration Contractors also rely in large part on external grants to meet their financial commitments. It should be recognized that a major shift in the priorities of donors and other sources of external grant funding could call into question the financial

sustainability of the Project approach. The following factors, however, mitigate this risk and point towards improving prospects for sustaining SINANPE's annual recurring costs, which were estimated at appraisal to be approximately US\$9.5 million.

65. *Private sector contributions.* First, the Project leveraged US\$10 million in funding from private sector entities for the first five to seven years of the Administration Contracts for the four ANPs that the Project supported. Private sector entities are increasingly confident of their ability to mobilize the resources to fulfill the obligations of an Administration Contract. As indicated above, this is evidenced by the six new requests for Contracts with a 20-year term, which entails a financial commitment of \$15 million for their first five to seven years and by the requests of the Contractors supported by the Project to extend their existing Contracts up to 20 years. Contributing to this confidence, no doubt, is the regulatory framework for the Contracts, which provides that all financial resources that the Contractors generate from tourism permits, natural resource use license fees, and other ANP goods and services are to be used to finance Contract costs rather than to flow into the national Treasury.

66. Second, the Project supported preparation of a ten-year financial plan for SINANPE, approved by Presidential Resolution N° 130 in July 2009 and being implemented.

67. Third, PROFONANPE's own capital has increased by US\$6 million that GEF and the Government of Finland provided during Project implementation. Its capital stood at approximately US\$21.6 million at Project appraisal, including the US\$5.4 million Endowment Fund established by the first GEF Project. At Project close, PROFONANPE's capital stood at US\$29 million, including the now US\$11.4 million Endowment Fund. PROFONANPE continues to manage its capital well. From the inception of the Endowment Fund in August 2003, the portfolio had produced US\$1.4 million by Project close to finance recurrent costs of SINANPE.

68. Finally, municipal, local, and regional governments are providing an increasing amount of funding to support biodiversity conservation and protection activities in the ANPs and buffer zones, either to the Administration Contractors or directly to the beneficiary organizations involved in the PAES projects. During the implementation of the Project, the PAES program leveraged additional funds from regional governments and international cooperation, contributing with approximately US\$15 million.

Transoceanic Highway

69. The construction of the Transoceanic Highway from Brazil, through Bolivia and Peru, could potentially affect biodiversity conservation and protection in the ANPs. The

monitoring systems developed under the Administration Contracts and the direct involvement in them of no less than 57 local organizations, as well as the strengthened capacities of the PAMCs should help to identify the impacts and develop mitigation measures. Nonetheless, an assessment of the social and environmental impacts of the highway is urgently required to ensure that the biodiversity conservation and protection gains that the ANPs have achieved are not overwhelmed by the scale of the project. This might be directly financed by SERNANP or through the Administration Contracts, to clearly identify the social and environmental impacts and establish a mitigation plan.

5. Assessment of Bank and Borrower Performance

5.1 Bank

(a) Bank Performance in Ensuring Quality at Entry

Rating: Moderately Satisfactory

70. Quality at entry had a number of strengths and weaknesses (see Section 2.1 above). The greatest strength was the design of the participatory arrangements which were the central element in the entire protected areas strategy and the foundation on which improved outcomes in biodiversity conservation have been built. Other strengths included the relevance of the Project to Peru's legal and overall policy framework for biodiversity conservation, its potential contributions to CPS outcomes, the frameworks and strategies developed to ensure safeguards compliance, the selection of PROFONANPE to lead Project implementation, and the consideration of a wide range of risks. Weaknesses included an inadequate assessment of stakeholder resistance to the idea of Administration Contracts and the time required to execute the Administration Contracts, develop Master Plans for ANP management, and constitute the organizations to benefit from the PAES projects; the lack of a differentiated communications strategy; arrangements for M&E that were ill-suited to the needs of the Project; and shortcomings in the indicators for measuring Project outcomes. Balancing these strengths and weaknesses, the Bank's performance in ensuring quality at entry is rated Moderately Satisfactory.

(b) Quality of Supervision

Rating: Satisfactory

71. Section 2.2 outlines a number of factors that hindered implementation, particularly with respect to establishing the Administration Contracts, developing programmatic proposals for ANP management and conservation, and starting up the sustainable economic activities. Bank supervision missions worked closely with PROFONANPE and INRENA to address these difficulties. In particular:

- The Bank worked with PROFONANPE to strengthen the Project's communication strategy. This was critical to increasing transparency and information sharing and to building the atmosphere of trust and confidence among stakeholders that was necessary to develop a common view of the benefits of biodiversity conservation and of the importance of ensuring that local stakeholders could share those benefits.
- Other efforts to build institutional and social support for the Administration Contracts and ensure that the participatory arrangements would function effectively included: (i) promoting dialogue between the ANP Administration Bureaus and corresponding CGs; (ii) facilitating involvement of CGs and regional government representatives in committees to select Administration Contractors; and (iii) encouraging broad stakeholder participation in development of the terms of reference for Administration Contracts, the Contractors' annual work programs, and the identification, design, and execution of the sustainable economic activities.
- The Project facilitated the completion of the specific regulation for the Administration Contracts stemming from the Protected Areas Law and supported the establishment of the Administration Contracts unit within IANP, providing a consultant to follow up on its implementation. It also helped to identify and expand the number of institutions that could potentially be Administration Contractors, to encourage their interest, and to revise the Project procurement arrangements so as to facilitate the contracting process.
- The Bank also engaged with the Administration Bureaus, Administration Contractors, CGs, PROFONANPE, and other local stakeholders to create the conditions for agreeing on the detailed Master Plans for management of the ANPs. These efforts included supporting the development of instruments including the "radars," for monitoring and evaluating the Project's participatory processes and the PAES to ensure on-going coordination with local stakeholders.
- In addition to facilitating the development of the "radars" for social monitoring, the Bank supported PROFONANPE and the Administration Contractors in developing an alternative to the PIMA system for biodiversity monitoring. In this regard, it assisted in the analysis of alternative methodologies and brought in experiences from other countries in the region.
- Procurement and financial management missions served to strengthen PROFONANPE's performance. In particular, based on recommendations from procurement missions and ex post procurement reviews, an action plan was developed which PROFONANPE implemented to improve its procedures.

(c) Justification of Rating for Overall Bank Performance

Rating: Satisfactory

72. The Project was, and remains, relevant to Peru's objectives and strategies for achieving social and environmentally sustainable development. The Project's arrangements for the inclusion and participation of a wide range of stakeholders in ANP management were highly innovative. They served to build consensus, resolve conflicts, and leverage skills and financing. As such, they were the central and essential element in the strategy to achieve the Project's objectives of strengthened, sustainable management of Peru's rich biodiversity. Close supervision supported resolution of design weaknesses and issues that arose during Project implementation.

5.2 Borrower

(a) Government Performance

Rating: Moderately Satisfactory

73. A positive aspect of the Government's performance was its on-going effort to strengthen the legal, regulatory, and institutional framework for biodiversity protection and conservation, thus improving the overall context for Project implementation. As previously mentioned, however, there were delays with regard to key processes that were under the Government's responsibility: i) regulatory reform to permit use of external donor finance for the Administration Contracts; ii) establishment in coordination with the Administration Bureaus and CGs of consistent, in-depth Master Plans for the conservation and development of ANPs; and (iii) formally constituting the beneficiary organizations for the sustainable economic activities. During the Project's preparation phase, the Government could have anticipated or at least identified all the administrative steps to be taken in order to execute the Administration Contracts and to enable local organizations to participate in the PAES program, as to include them as specific Project activities under Component 1.

(b) Implementing Agency's or Agencies' Performance

Rating: Satisfactory

74. PROFONANPE was highly committed to the Project and collaborated well with the Bank and other partners. Although Administration Contracts are contemplated under the Protected Areas Law as a management mechanism, the approach had never been implemented before. PROFONANPE's skilled technical staff successfully developed the necessary legal and institutional arrangements and led efforts to ensure coordination with SERNANP and other institutions in order to pilot the innovative approach successfully.

PROFONANPE competently executed its responsibilities for procurement and financial management and provided timely reporting in line with Project requirements.

(c) Justification of Rating for Overall Borrower Performance

Rating: Satisfactory

75. The overall Borrower performance was satisfactory taking into consideration the Government's continued progress in strengthening the legal, regulatory, and institutional framework for biodiversity conservation and PROFONANPE's performance as described above. These actions contributed to the effectiveness of the participatory processes and the Administration Contracts and the achievement of the Project objectives.

6. Lessons Learned

76. Project implementation provided lessons regarding four broad topics: (i) implementation of innovations; (ii) participatory approaches; (iii) the Administration Contract approach; and (iv) project management and launch. The importance of communications and transparency is a theme that runs throughout.

Implementation of innovations

- Successful implementation of innovations requires several ingredients: (i) a legal, regulatory, and/or clear policy mandate; (ii) a champion with sufficient strength, standing, expertise, conviction, and permanence; and (iii) social and institutional support foundations.
- Careful stakeholder analysis is required to identify those that are likely to oppose the innovation. Communications, forums for dialogue, and other inclusive processes are required to build the transparency and trust necessary to overcome their resistance. A social and institutional framework, in which the parties see themselves as peers and partners, rather than as in a hierarchical relationship, is critical. Full buy-in may require more time than the project implementation period. Conflict and grievance resolution mechanisms are required to ease tensions that will arise along the way.
- Innovations should be piloted in more than one area. Although this adds a layer of complexity, it will test the innovation in a variety of circumstances. Attempting to finetune the criteria and select a pilot that appears to have the best conditions risks failure of the test, as unforeseen circumstances may arise that cannot be resolved.

Participatory processes

- The importance of communications in establishing the transparency and trust needed for effective participation of a range of diverse stakeholders has already been mentioned. Communications must be tailored to address local interests and concerns.

A communications strategy should be conceived of broadly, going beyond dissemination of information to promoting forums, processes, mechanisms, and instruments for inclusion.

- The willingness of local populations and communities to become involved in conservation tasks is enormous. Participatory management will progress and succeed to the extent that there is shared information and analysis and the parties perceive the distribution of costs and benefits as equitable. Economic interests may be more powerful than environmental awareness as a motivation for participation. Thus environmental awareness raising programs will not be enough to achieve effective participation.

Administration Contract approach

- A long-term results-oriented management approach, such as the Administration Contract instrument, may more effectively promote efficiency than the more traditional project-specific implementation contract. The requirement for the contractor to make a financial commitment also promotes efficiency. It is important, however, to allow the financial commitment to be fulfilled progressively in order not to discriminate against smaller partners that may have less short-term financial capacity.
- In recent years, SINANPE has been unable to use all of the donor resources available to it for investments in biodiversity conservation. Administration Contracts have proved an effective tool for expanding capacity to make good use of available resources.
- The success of an Administration Contract with a private institution and its sustainability as a management mechanism requires the parties to shift from the short-term perspective of the more typical project-specific management arrangements to the perspective of long-term program implementation. These are complex matters that may not easily be anticipated and planned for and will take some time to address.
- Administration Contracts can serve as a vehicle for partnering with for-profit private sector enterprises, further increasing absorptive capacity, broadening and deepening the pool of available expertise. This is already happening in Peru, although caution is required in order not to inflame concerns about “privatization” of SINANPE.

Project management and launch

- Establishing a stable core team in the project implementing agency is particularly important when a high degree of rotation of senior officials within the agency is likely. The team must be convinced of the importance of the project’s objectives and the suitability of its strategy. It must be well placed and have the authority and control of processes necessary to discharge its responsibilities. In addition to

technical expertise, it is vital that it have the capacity to manage and to coordinate diverse actors, functions which cannot be delegated to consultants without creating risks to project continuity.

- It should not be assumed that the Borrower agencies that participated in project preparation and are to be involved in its implementation will have a clear, much less common, view of the objectives, strategy, and activities of the project, particularly as the preparation phase may be lengthy and there may be rotation of key staff during it. Project launch to promote a common understanding and buy-in is, therefore, critical.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Borrower/implementing agencies. See summary of comments in Annex 7.

(b) Cofinanciers. See summary comments submitted by KfW and the National Service of Protected Areas (SERNANP) in Annex 8.

(c) Other partners and stakeholders

Not applicable.

Annex 1. Project Costs and Financing

(a) Project Cost by Component (in USD Million equivalent)

Components		Appraisal Estimate (USD millions)	Actual / Latest Estimate (USD millions)	Percentage of Appraisal
Total Baseline Cost		32.84	36.87	112%
1	Participatory Protected Area Management	18.23	19.51	107%
1.1	Preparation of Master and Management Plans	2.59	0.58	23%
1.2	Participatory Plan Implementation	8.15	17.27	212%
1.3	Sustainable Economic Activities in ANPs and Buffer Zones	7.49	1.66	22%
2	Institutional Development	5.74	4.93	86%
2.1	Training and TA INRENA /PROFONANPE	2.47	2.33	95%
2.2	Capacity Building of Civil Society	0.99	1.39	140%
2.3	Public Awareness Program	1.52	1.05	69%
2.4	SINANPE-based MIS	0.76	0.15	20%
3	Project Administration, M&E and Info Dissemination.	8.87	12.43	140%
3.1	Increase of Endowment Fund	6.00	6.00	100%
3.2	Financing Strategy for SINANPE	0.30	0.25	85%
3.3	Project Implementation and Monitoring and Evaluation	2.45	5.75	235%
3.4	Information Dissemination	0.12	0.22	184%
	Operating expenses SINANPE		0.20	0%
Total Project Cost		33.187	37.124	73%
Project Preparation Facility (PPF)		0.347	0.254	73%
Total Financing Required		33.187	37.124	112 %

(b) Financing

Source of Funds	Type of Cofinancing	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal
Borrower		2.96	3.16 (*)	107.00
Global Environment Facility (GEF)		14.80	14.8	100.00
FINLAND, Govt. of (Except for Min. for Foreign Affairs)		2.50	2.50	100.00
GERMANY: KREDITANSTALT FUR WIEDERAUFBAU (KFW)		6.58	5.58	84.80
NETHERLANDS: Min. of Foreign Affairs / Min. of Dev. Coop. (**)		4.44	2.05	46.17
Local Farmer Organizations		0.53	0.53	100.00
Non-Government Organization (NGO) of Borrowing Country		1.00	8.25	825.00

(*) Includes \$ 0.5 million, corresponding to the revenues of the Finland endowment. (**) Replaced by KFW

Annex 2A. Outputs by Component

a) GEO Indicators

Global Objective: Contribute to the conservation of biodiversity of global importance in Perú.

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Increased management effectiveness in project ANPs			
Value (quantitative or Qualitative)	INRENA's management capacity is weak in the Project's ANPs.	INRENA has increased its management effectiveness by the closing of the Project.		INRENA has increased its management effectiveness by the closing of the Project.
Date achieved	04/12/2004	10/26/2009		10/26/2009
Comments (incl. % achievement)	100% achieved. ANPs effectiveness was increased through: i) improved financing from national and international sources; ii) Administration Contracts: 60 professionals incorporated to the ANP's teams ; biodiversity research and monitoring and improved control and surveillance; iii) increased participation and involvement of local stakeholders through the CGs and PAES program.			
Indicator 2 :	Reduced number of non-sustainable development activities in the ANP buffer zones			
Value (quantitative or Qualitative)	No activities to reduce or mitigate non-sustainable development activities have been developed in the Project's ANPs	130 programs and activities to reduce threats to biodiversity to be implemented		62 projects (PAES program) were developed in ANPs and buffer zones aimed at mitigating threats to biodiversity.
Date achieved	04/12/2004	10/26/2009		10/26/2009
Comments (incl. % achievement)	100% achieved. Non-sustainable development activities were substantially reduced in buffer zones of Project's ANPs.			
Indicator 3 :	Improved degree of biodiversity conservation in Project's ANPs			
Value (quantitative or Qualitative)	No specific programs and activities are underway in Project's ANPs to improve biodiversity conservation	Improved degree of biodiversity conservation in Project's ANPs		No less than 20 species are under improved management and monitored under the Administration Contracts
Date achieved	04/12/2004	10/26/2009		10/26/2010
Comments (incl. % achievement)	The Administration Contracts included the recovery and management of 20 key species and ecosystems, through baseline studies on conservation, identification of main threats, design and implementation of specific conservation actions,			

	establishment of conservation impact indicators and monitoring of impacts.			
Indicator 4 :	Increased stakeholder participation in project ANPs.			
Value (quantitative or Qualitative)	No local civil society organizations are involved in conservation activities in the Project's ANPs.	25 local civil society organizations are able to formulate and conduct conservation programs and small-scale sustainable economic activities in buffer zones.		57 local civil society organizations are able to formulate and conduct conservation programs and small-scale sustainable economic activities in buffer zones.
Date achieved	06/21//2004	10/26/2009		10/26/2009
Comments (incl. % achievement)	Target surpassed.The Project was able to involve 57 civil society organizations in the formulation and implementation of sustainable economic activities in the buffer zones. Of these, 36 are grassroots organizations, 12 are NGOs, and 9 are small agricultural producers' cooperatives. A total of 178 stakeholders in 4 ANPs have assumed commitments associated with the planning and management of ANPs.			
Indicator 5 :	Increased women's participation in the management of ANPs.			
Value (quantitative or Qualitative)	Women are not directly involved in conservation activities in the Project's ANPs.	Increased women's participation in the management of ANPs though the CGs and PAES.		6,267 women participated in conservation activities in the Project's ANPs, representing 37% of the total participants and beneficiaries.
Date achieved	04/12/2004	10/26/2009		10/26/2009
Comments (incl. % achievement)	100% achieved. The Project did not develop the gender strategy as originally planned. Given the identified difficulties for its implementation, the Project team opted for a different approach. Participation was secured through the planning process of the CGs and PAES.			
Indicator 6 :	Participation of Indigenous Peoples in ANPs conservation programs.			
Value (quantitative or Qualitative)	Indigenous peoples are not directly involved in conservation activities in the Project's ANPs.	Increased Indigenous Peoples participation in the management of ANPs though the CGs and PAES.		4,217 Indigenous Peoples participated in conservation activities in the Project's ANPs, representing 25% of the total participants and beneficiaries.
Date achieved	04/19/2004	10/26/2009		10/26/2009
Comments	Indigenous Peoples participation was also a key aspect in Project			

(incl. % achievement)	implementation. The Indigenous Peoples Plan developed during the preparation phase was incorporated to the PAES Operational Plan and to the Administration Contracts.			
Indicator 7 :	Increased revenue in each protected area to finance recurrent costs.			
Value (quantitative or Qualitative)	Budgetary allocations to targeted ANPs is very low and do not cover basic recurrent costs.	The revenue to targeted ANPs increased through the Project to secure financing of recurrent costs.		PROFONANPE's endowment was increased to US \$ 6 million.
Date achieved	04/12/2004	08/10/2006		08/10/2006
Comments (incl. % achievement)	<p>100% achieved. Contributions by the World Bank and the Government of Finland increased PROFONANPE's asset funds by US\$6 million. To date, this portfolio has achieved yields of US\$1.4 million that have been used to finance the recurrent costs of the SINANPE.</p> <p>The Project has directly leveraged US\$10 million from private sector entities for the management of the four ANPs under its scope. These contributions have mainly been achieved through the Administration Contract financing model, under which executors have committed US\$10 million in financing for the first phase (five to seven years).</p>			

b) Output Indicators

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Component 1: Participatory Protected Areas Management				
Output Indicator # 1	2 new and 4 updated master plans for Natural Protected Areas			
Value (quantitative or Qualitative)	0	6		5
Date achieved	04/12/2004	06/12/2009		06/12/2009
Comments (incl. % achievement)	Master plans were updated for Los Manglares de Tumbes National Sanctuary, Salinas and Aguada Blanca National Reserve, and Huascarán National Park, and to the final preparation of the master plans of Tambopata National Reserve and Bahuaja Sonene National Park.			
Output Indicator # 2	5 Natural Protected Areas CGs in operation.			
Value (quantitative or Qualitative)	0	5		5

Date achieved	04/12/2004	10/26/2009		10/26/2009
Comments (incl. % achievement)	100% achieved. The CGs of the five ANPs have been strengthened; this included the creation of the Bahuaja Sonene National Park Committee.			
Output Indicator # 3	3 ANPs administered by private non-profit organizations			
Value (quantitative or Qualitative)	0	3		3
Date achieved	04/12/2004	10/26/2009		12/30/2010
Comments (incl. % achievement)	100% achieved. Three Administration Contracts with private organizations were implemented, involving four of the ANPs under the scope of the Project. The co-financing provided by the Project for the first phase of these contracts totaled US\$3.2 million, with a contribution by the executors of US\$8.7 million, which during the course of implementation increased to US\$10 million, representing a leverage of 3 to 1.			
Output Indicator # 4	50% of PA management activities contracted out to private sector in the three remaining ANPs by December 2004			
Value (quantitative or Qualitative)	0	3		1
Date achieved	04/12/2004	10/26/2009		12/30/2010
Comments (incl. % achievement)	Partially achieved under the Project. One Administration Contract was implemented in another ANP targeted by the Project. The fifth ANP was the Huascarán National Park, which was eliminated as eligible for this type of co-management mechanisms as per the Government's decision. The sixth ANP (Morona Pastaza) was to be created under the KfW PAN project, although all the necessary steps were undertaken, it was not formally established by the closing of the Project. Approximately 10 Administration Contracts are currently under a bidding process and/or awarded in other ANPs due to the successful experience under the Project.			
Output Indicators # 5 and 6	100 small scale activities implemented in 5 ANPs over 6 years, of which at least 10% will target women initiatives and 30 programs in 5 ANPs implemented to reduce biodiversity threats.			
Value (quantitative or Qualitative)	0	130		62
Date achieved	04/17/2004	10/26/2009		10/26/2009
Comments (incl. % achievement)	PROFONANPE and the Bank agreed that the proposed number was too high, due to the existing local capacities and to the Project's limited availability of resources			

achievement)	for this component. It was considered that it was going to be more efficient to focus on preparing and supervising a smaller number of activities that would be technically sound, will receive more financing and have a stronger potential for replicability. 62 projects (PAES program) were developed in ANPs and buffer zones aimed at mitigating threats to biodiversity.			
Component 2: Institutional Strengthening				
Output Indicator # 7	INRENA, GDPA (IANP) and PROFONANPE staff trained over the life of the project.			
Value (quantitative or Qualitative)	Limited capacity at INRENA for planning, monitoring and participatory management of ANPs	Increased INRENA's institutional capacity for planning, monitoring and participatory management of ANPs		250 INRENA and ANPs staff with improved skills to manage ANPs through participatory mechanisms.
Date achieved	04/21/2004	10/26/2009		10/26/2009
Comments (incl. % achievement)	100 % achieved. INRENA and protected areas staff has improved participatory management skills through: i) implementation of a system to manage and monitor Administration Contracts with private organizations; ii) development of the Strategic Plan 2006-2010; iii) establishment of the CGs.			
Output Indicator # 8	INRENA reduces average response time.			
Value (quantitative or Qualitative)	Limited capacity at INRENA to monitor administrative procedures	INRENA internal monitoring and reporting system operating		INRENA has reduced average response time from 60 to 15 days on overall administrative procedures.
Date achieved	04/21/2004	10/26/2009		10/26/2009
Comments (incl. % achievement)	100 % achieved.Management Information System designed and operating. Better decision-making process is in place, thanks to updated and reliable information. The system contains a set of modules linked to administrative procedures.			
Output Indicator # 9	25 local civil society organizations receiving assistance from the Project.			
Value (quantitative or	0	25		57

Qualitative)				
Date achieved	04/21/2004	10/26/2009		10/26/2009
Comments (incl. % achievement)	Target surpassed. 57 local organizations (NGOs and grass root organizations) are able to formulate and conduct conservation programs and sustainable economic activities at a small scale in ANPs buffer zones.			
Output Indicator # 10	Gender concerns are taken into account in all training programs			
Value (quantitative or Qualitative)	Women do not participate in planning and conservation activities of ANPs.	Women fully involved in planning and conservation activities of ANPs.		Women fully involved in planning and conservation activities of ANPs.
Date achieved	04/21/2004	10/26/2009		10/26/2009
Comments (incl. % achievement)	100% achieved. Women actively participated in CGs and in the implementation of the PAES Program; therefore, they also participated in the training process.			
Output Indicator # 11	PAMCs (CGs) recommendations are being implemented by PY3 and measured.			
Value (quantitative or Qualitative)	CGs were not conformed or operational in the Project's targeted ANPs.	CGs are fully involved in ANPs planning and implementation of Project's activities		CGs are fully involved in ANPs planning and implementation of Project's activities
Date achieved	04/21/2004	10/26/2009		10/26/2009
Comments (incl. % achievement)	100% achieved. CGs actively participated in the planning process of ANPs and supervised the implementation of the PAES programs and the Administration Contracts.			
Output Indicator # 12	Public awareness strategy implemented by Project Year 3 and publication of experiences.			
Value (quantitative or Qualitative)	No awareness campaigns developed for protected areas.	Local awareness and education campaigns implemented		Local awareness and education campaigns implemented
Date achieved	04/21/2004	08/21/2008		08/21/2008

Comments (incl. % achievement)	100% achieved. The campaigns have involved the financing of a permanent communications specialist among INRENA, leading the implementation of the ANPs communication strategy over three years, aligned with the key planning and participatory processes supported in the ANPs. Increased awareness and participation is evidenced through the substantial increase of local organization directly involved in s management, from proximately 12 originally registered, to 57. Several publications have been produced to disseminate the results of the PAES program and the Administration Contracts.			
Output Indicator # 13	Media campaigns implemented by the end of PY4.			
Value (quantitative or Qualitative)	No media campaigns developed for the Project's targeted ANPs.	Media campaigns implemented by the end of PY 4		Media campaigns were implemented as part of the Project's communication strategy
Date achieved	04/21/2004	08/10/2008		08/10/2008
Comments (incl. % achievement)	100% achieved. The communications strategy helped to achieve information coverage and feedback from over 25,000 people and nearly 300 institutions through educational sessions, periodic bulletins, websites and programs in the local media.			
Output Indicator # 14	20,000 school age children to receive educational materials.			
Value (quantitative or Qualitative)	0	20,000		25,000
Date achieved	04/21/2004	08/10/2008		08/10/2008
Comments (incl. % achievement)	100% achieved. The Project, through professionals who were incorporated in ABs, helped the Ministry of Education's Local Educational Management Units to incorporate these subjects in the regular educational program, developing the modules, materials and processes for teacher training and for the institutionalization of these educational practices.			
Output Indicator # 15	Establishment of a MIS in PY3 and operating by the end of PY3			
Value (quantitative or Qualitative)	No MIS for Project's targeted ANPs.	MIS developed and operation by PY3		MIS for stakeholder participation developed by PY3 and operation by PY3, MIS for biological aspects developed by PY5
Date achieved	04/21/2004	08/10/2007		08/10/2008
Comments (incl. % achievement)	100% achieved. MIS to assess stakeholder participation was developed and implemented by the Project technical team. Biological monitoring for species considered key for conservation was developed under the Administration Contracts.			
Output Indicator # 16	Creation of a project website and 20,000 hits over the life of the project.			

Value (quantitative or Qualitative)	No project website	Project website created		Project's website created and being permanently updated.
Date achieved	04/21/2004	08/10/2008		08/10/2008
Comments (incl. % achievement)	100% achieved. Project's website contains detailed information on the Project's activities and results. Approximately 25,000 hits were registered during the life of the Project.			
Component 3: Financing, Administration, Monitoring and Evaluation of ANPs and Dissemination of Information.				
Output Indicator # 17	Increase of PROFONANPE endowment fund by US \$ 5 million by PY 1 and US \$ 1million by PY2.			
Value (quantitative or Qualitative)	3 million	6 million		6 million
Date achieved	04/21/2004	08/10/2006		08/10/2006
Comments (incl. % achievement)	100% achieved. PROFONANPE's asset funds increased to US\$6 million, resulting from contributions by the World Bank and the Government of Finland. To date, this portfolio has achieved yields of US\$1.4 million that have been used to finance the recurrent costs of the SINANPE.			
Output Indicator # 18	Capture of US \$ 3 million in additional funds over the life of the project.			
Value (quantitative or Qualitative)	0	3 million		10 million
Date achieved	04/21/2004	10/26/2009		10/26/2009
Comments (incl. % achievement)	100 % achieved. The Project has directly leveraged US\$10 million from private sector entities for the management of the four ANPs under its scope. These contributions have mainly been achieved through the Administration Contract financing model, under which executors have committed US\$10 million in financing for the first phase (five to seven years).			
Output Indicator # 19	Additional funding mechanisms implemented.			
Value (quantitative or Qualitative)	SINANPE lacks a long-term financial plan	10 year Financial Plan for SERNANP completed and proved.		10 year Financial Plan for SERNANP completed and proved.
Date achieved	04/12/2004	10/26/2009		07/10/2009
Comments (incl. % achievement)	100% achieved. The SINANPE's Financial Plan provides the foundation for the financial sustainability of SINANPE. It was proved by SERNANP in July 2009 through Presidential Resolution N° 130 and was subsequently published.			

Annex 2B: Biodiversity Protection and Conservation Impact

ANP	Identified Threats	Indicators	Progress Made on Indicators
Salinas y Aguada Blanca National Reserve	Soil and vegetation degradation due to overgrazing and introduction of exotic grasses.	1,000 hectares of pastures for domestic camelids improve from very poor to good condition.	Intervention in 1,056 hectares (106% of target). This has included coordination with organizations and authorities, studies, management plan, installation of fences on 171 hectares, fertilization of 675 hectares, construction of 23 pools of water, 11 micro-dams, 92 km of rustic irrigation canals, 21 km. of water filtration ditches. In addition, the formation and assistance of conservation committees, the support and formalization of irrigation committees, training in pasture management with communities, a program for genetic improvement and control and surveillance.
Salinas y Aguada Blanca National Reserve	Deforestation, soil and vegetation degradation.	Improve the condition of Chachani's <i>queñua</i> patches, reflected in the increase in the biological diversity and wealth of species.	15 hectares reforested. This has included the completion of studies, the development of propagation technologies, the construction of 6 fences to exclude herbivores, the proposal for the management plan, direct seeding and densification of 30 hectares, and control and surveillance.
Salinas y Aguada Blanca National Reserve	Heavy loss of vicuñas populations due to illegal hunting and weak control and surveillance	Increase the population density of wild vicuñas by 17%, of the population in semi-captivity by 40%, and the volume of fiber production by 60%.	③ 22.7% increase in the population of wild vicuñas (2,874 to 3387), 34% in semi-captivity (from 1,550 to 2,077) and 35.1% increase in fiber production (from 176.51 kg to 238.5 kg). This has included coordination with organizations and authorities, studies, management plan, population censuses, implementation of genetic improvement models, strengthening of vicuña management committees, control and surveillance. ③ Illegal hunting of vicuñas eradicated.
Los Manglares de Tumbes National Sanctuary	Deforestation due to land use conversion	To recover at least 50 hectares of mangrove forest in recovery zones according to the	24.94 hectares planted, with seedlings established in 16.65 hectares (33% of objective). This has implied studies, the

		ecosystem's original composition, and to maintain current plant cover in the rest of the ANP.	installation of a nursery, adjustment efforts, direct seeding, and the establishment of a management agreement with an extractors' association to recover the mangrove.
Los Manglares de Tumbes National Sanctuary	Over-exploitation of marine resources	Increase in the population of the principal hydro-biological resources of economic importance in the SNLMT.	<p>③ Completion of the process of registering extractors. Start-up of issuance of registration certificates for extractors authorized to enter the ANP.</p> <p>③ Completion of "Environmental Baseline of Los Manglares de Tumbes National Sanctuary" and the specific "Complementary Baseline Study" for fish, langostinos and <i>concha pata de burro</i> (mangrove cockle, <i>Anadara grandis</i>).</p> <p>③ Design of in situ management strategy (controlled extraction) of red crabs (<i>conchas negras</i>) for purposes of sustainable extraction.</p> <p>③ Design of aquaculture for <i>conchas negras</i> (<i>Anadara tuberculosa</i> and/or <i>Anadara similis</i>) for sustainable management of this resource.</p> <p>③ Establishment of management agreements with extractors' associations (productive chains for langostinos and reforestation in SNLMT), AEXAPROH Los Tumpis (tourism in SNLMT), ASEPROHI San Pedro–ASEXTRHI (improvement of infrastructure to facilitate tourism for SNLMT).</p> <p>③ Conversion of unsustainable practices to authorized fishing modalities, by means of an incentives program.</p> <p>Control and surveillance.</p>
Tambopata National Reserve–Bahua Sonene National Park	Loss of biodiversity due to illegal logging and hunting.	ANPs have become sites for research of global importance, bringing together	③ Adjustment of procedures for granting research permits (manual).

		large-scale investigations associated with ecological and environmental issues of global importance as well as the use of their potential, contributing significantly to the ANPs' financial sustainability.	<ul style="list-style-type: none"> ③ Granting by Administrative Bureaus of 19 research permits in 2009 (27% increase with respect to the previous year). The number of institutions conducting research in this area has increased from 11 to 16. ③ Six new research projects on systematic botany, environmental services, ecology and conservation. ③ Database on research in the area. ③ Proposal for research monitoring, under review by the Administrative Bureau. ③ Progress in studying demand for research. ③ Updated proposal for the research plan, to be validated in 2010. ③ Progress in the implementation of the virtual system on research (administered by the FOR group of Germany). ③ Formation of Consultative Council for the promotion of research in the area.
Tambopata National Reserve–Bahuaaja Sonene National Park	<p>Loss of biodiversity due to illegal logging and hunting.</p> <p>Water contamination due to mining activities</p>	Priority actions dealing with biological monitoring and research within the RNTAMB–PNBS are financed by means of a payment for environmental services mechanism.	<ul style="list-style-type: none"> ③ REDD project design for the area: socioeconomic studies, quantification of stored carbon stocks, and initial proposal for the modeling deforestation. Final document expected by first quarter of 2010. ③ Process of reaching agreement with Management Committees to obtain support and respect for agreements on the sustainability of the REDD scheme with local stakeholders. ③ Finalization of participatory rural diagnostics to fine-tune the REDD strategy. ③ Preparation of outlines of sustainable projects for the buffer zone of the RNTAMB and PNBS. € Agreements with miners in the

			buffer zone of the RNTAMB and PNBS for the implementation of immediate efforts to recover zones degraded by informal mining.
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Annex 3. Economic and Financial Analysis

At Appraisal

77. Total Project cost was US\$32.81 million, divided into: (i) Participatory Protected Area Management (US\$18.20 million); (ii) Institutional Strengthening (US\$5.75 million); and (iii) ANP Financing, Project Administration, Monitoring and Evaluation and Information Dissemination and the Endowment Fund (US\$8.86 million). Financial resources to fund this Project were to come from: the GOP (US\$1.88 million); GEF (US\$14.83 million); the Government of the Netherlands (US\$4.45 million); the Government of Germany, KfW (US\$6.58 million); Finland (US\$2.5 million); beneficiary contributions (US\$0.60 million) and PROFONANPE (US\$1.08 million). Local NGOs will contribute US\$1.0 million.

78. Overall there a positive fiscal impact was expected. GOP was to contribute US\$1.88 million that would come from the INRENA budget during the six-year life of the Project; at the same time, GOP would receive taxes from oil and mining activities and to be channeled to SINANPE through the Regional Governments for about US\$2.1 million. SINANPE was to receive grant funding from GEF, Germany, the Netherlands, and Finland to cover investment and recurrent costs, which otherwise INRENA would not be able to fund. The additional endowment fund would provide US\$250,000 per year to finance recurrent costs in the SINANPE system. The establishment of management service contracts in at least three ANPs would also reduce the need for increased financing from the Treasury. The implementation of the financing strategy was expected to identify new sources of revenue.

79. A conservative estimate of 6 percent return on the funds obtained through debt swaps and administered by PROFONANPE would produce a revenue stream of approximately US\$2 million, which over the planning period would accumulate to approximately US\$14 million. This would increase to US\$2.8 million if other sources of public funds were included and remained at recent levels. This contrasted with an average annual demand (based on the demand analysis) of approximately US\$9.5 million, or a short fall of US\$6.7 million, annually. This implied that the funding for much of the system would remain dependent on less stable foreign sources of funding for the foreseeable future.

At Project Closing

80. The main outcomes at Project's closing are: i) Trust fund increased by US\$6 million and operating appropriately for PROFONANPE; ii) Greater private sector contributions allocated to at least two ANPs (an additional US\$ 10 million raised); iii)

Long-term financing strategy resulting in the financial sustainability of SINANPE; iv) Additional financing mechanisms for ANPs implemented; and v) The adoption of relevant strategies stemming from this Project by other ANPs included in the SINANPE.

a) Trust fund increased to US\$11 million and operating appropriately for PROFONANPE

81. PROFONANPE's asset funds increased from US\$5 million to US\$11 million, resulting from contributions by the World Bank and the Government of Finland. The portfolio began in August 2003 with a World Bank contribution of US\$3.0 million. To date, this portfolio has achieved yields of US\$1.7 million⁵ that have been used to finance the recurring costs of SINANPE. The accumulated revenue over the last five years (2006-2010) increased to 52%.

b) Greater private sector contributions allocated to at least two ANPs (an additional US\$3 million raised)

82. The Project has directly leveraged US\$10 million for the management of the four ANPs under its scope. These contributions have mainly been achieved through the Administration Contract financing model, under which executors have committed US\$10 million in financing for the first phase (five to seven years). The approved extension of these contracts for up to 20 years will represent another US\$15 million for the management of these ANPs.

83. The Project's financing plan by the closing is indicated in the following table:

Source of Financing	Amount (US Dollar)
GEF	14,800,000.00
Government of Finland	3,000,000.00
ANPs Trust Fund Revenues	3,426,240.00
KfW	2,054,000.00
ONGs through Administration Contracts	8,246,702.00
PAES Beneficiaries	522,594.10
Morona Project	5,579,488.58
PROFONANPE	908,270.00
SERNANP	1,754,553.20
Leveraged through PAES (regional Governments and international cooperation)	15,059,132.00
TOTAL	55,350,979.88

c) Long-term financing strategy that results in SINANPE's financial sustainability

⁵ Source: report on GPAN portfolio yields, 2010. PROFONANPE.

84. With the support of the Project and the PAN Projects, SINANPE's 2010–2019 Financial Plan was concluded. It was approved by SERNANP in July 2009 through Presidential Resolution N° 130 and was subsequently published. This document provides different management models for ANPs management. It analyzes SINANPE's financial status and of sources of financing, and proposes three future scenarios over the next ten years. Finally, it proposes the objectives to be achieved, the roles and responsibilities by the different actors, and a scorecard showing the plan's indicators.

d) Additional financing mechanisms implemented

85. The Project, together with the PAN Project, and in coordination with the Administrative Bureaus of 9 ANPs, promoted the formulation, management and implementation of 11 medium-scale projects totaling US\$14 million, financed by regional and local governments, international cooperation and private entities, to mitigate threats, expand benefits to local populations, strengthen management systems, and articulate new stakeholders. Each of these projects will benefit an average of 1,000 families.

e) The adoption of relevant strategies stemming from this Project by other ANPs included in SINANPE and in other national systems

86. Following the implementation of Administration Contracts by the Project, three other contracts have been requested by private organizations (Yanachaga Chemillén National Park, San Matías–San Carlos Protected Forest, and Cordillera Azul National Park) and additional four are under a bidding process or awarded (PN Cerros de Amote National Park, El Angolo Hunting Preserve, Pui-Pui Protected Forest, and Pampa Hermosa National Sanctuary). With these, it is expected that at least 10 Administration Contracts will be in operation in the system by the end of 2011.

Annex 4. Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

Names	Title	Unit	Responsibility/ Specialty
Lending			
Pierre Werbrouck	Lead Agricultural Economist	LCSER	TTL
Supervision/ICR			
Renán Poveda	Senior Environmental Specialist		TTL
Keisgner De Jesus Alfaro	Senior Procurement Specialist	LCSPT	Procurement Specialist
Angie D. Alva	E T Temporary	LCSSD	Team Assistant
Gabriela Arcos	Environmental Specialist	LCSER	TTL and Env. Safeguards Specialist
Nicolas Drossos	Consultant	LCSFM	Financial Management Specialist
Nelly Ikeda	Financial Management Analyst	LCSFM	Financial Management Analyst
Patricia Mc Kenzie	Manager, Financial Management	MNAFM	Financial Management Manager
Isabella Micali Drossos	Sr Counsel	LEGLA	Country Lawyer
Francisco Rodriguez	Procurement Specialist	LCSPT	Procurement Specialist
Luis M. Schwarz	Senior Finance Officer	CTRFC	Financial Management manager
Andrea Semaan	Consultant	LCSER	Team/Operations Assistant
Claudia Sobrevila	Sr Environmental Spec.	ENV	Biodiversity Specialist
Evelyn Villatoro	Senior Procurement Specialist	EPR	Procurement Specialist
Alonso Zarzar Casis	Sr Social Scientist	LCSSO	Social Safeguards Specialist

(b) Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending		
FY00	3	18.75
FY01	6	135.86
FY02	4	41.92
FY03	5	104.68
FY04	3	0.94
FY05	0	0.00
FY06	0	0.00
FY07	0	0.00
FY08	0	0.00
Total:	21	302.15
Supervision/ICR		

FY00	0	0.00
FY01	0	0.00
FY02	0	0.00
FY03	1	6.09
FY04	4	31.10
FY05	5	68.94
FY06	5	57.35
FY07	6	75.68
FY08	4	44.97
FY09	2	4.00
FY10	0	0.00
Total:	25	288.13

Annex 5. Beneficiary Survey Results

87. A summary of answers to the questionnaire given to a group of Project counterparts is included here; they were asked what the principal contribution of the GPAN Project was. The most important aspects include:

- **Its innovative nature:** *“I think breaking obsolete schemes and innovating (in management) are the main virtues of the Project (Julio Bustamante, President, PAMC, SNLMT).*
- **The Project’s role in the development of a participatory management model for ANPs:** *“The Project’s principal contribution is that it demonstrated the large number of stakeholders with whom to relate the management of an area and the enormous cumulative capacities to directly influence their destiny; at the same time, it demonstrated in practice (through work to organize CGs, to promote local initiatives through the PAES, to attract skills for management through Administration Contracts, etc.) that better management of protected natural areas is not a problem of the lack of resources or capacities to implement actions but rather a problem of resources and capacities to manage interests regarding them, through true participatory management (Rudy Valdivia, Technical Coordinator, SERNANP).*
- **Its role in the implementation of Administration Contracts:** *“Having designed a model to link ANPs with private institutions (such as NGOs), to merge efforts and commitments which, since they are common ones, have often been attempted to fulfill separately. This model has risked impulse financing in order to achieve results-based management” (Jaime Nalvarte, Manager, CA RNTAMB-PNBS – AIDER).*
- **Its role in supporting and monitoring the processes and stakeholders involved:** *“The GPAN team has at all times been supportive of MEDA, seeking solutions to gaps existing in the Administration Contract model and supporting the resolution of problems that we have encountered during implementation (Sonia Domínguez, Manager, MEDA).*
- **Its Project’s management approach:** *“A key contribution of the Project was teamwork and its true commitment in monitoring the processes, all in the context of an intervention strategy based on possible change scenarios, anticipating variables and generating a sort of strategy for contingencies. In addition, the Project’s personnel were small but sufficient, with complementary expertise and capacities. This breaks down the myth that a failure in SINANPE is the lack of more personnel; the key issues are skills and commitment” (Johanna Garay, CA legal specialist, SERNANP).*

Annex 6. Stakeholder Workshop Report and Results

88. During the last year of Project implementation, several workshops with stakeholders of four protected areas were developed. Main participants were the administrators of ANPs, representatives of the CGs, executors of Administration Contracts and approximately 70 members of local communities, grass roots organizations and public and private organizations. The main objective of these workshops was to assess the Project's activities and results.

Salinas y Aguada Blanca National Reserve

89. An important change was observed towards the increased social and institutional support to the management. In 2004, approximately 10 institutions were actively involved, while in 2009, a total of 40 public and private organizations had specific roles and actions in management. The most important change is observed in the significantly increased participation of local communities and organizations, which are landowners within the territory of the ANP. These communities are also members of the CG, currently involved in decision-making.

90. The assessment indicates that this change is mainly related to the actions executed under the Project, being the following the most relevant: i) providing initial financing for technical assistance to AB and CG staff and representatives of local communities, to be capable of establishing coordination mechanisms for planning and decision making; ii) implementing the PAES program as a mechanism to involve local communities in conservation activities to reduce threats to biodiversity and generate revenues; and iii) implementing the Administration Contract to recover habitats and secure the sustainable management of natural resources through the direct involvement of local communities.

Manglares de Tumbes National Sanctuary

91. The main conflict to deal with in this ANP was the use of coastal marine resources. The Project financed the preparation of the management plan for the use of natural resources, in consultation with the AB, the CG and the users associations. The management plan provided the guidance to develop economic sustainable activities in the buffer zones to reduce the existing threats due to over exploitation, converting local users into the most important allies for conservation.

92. The administration contract developed in this strengthened even more the local alliances, through the signing of management agreements to establish more specific

commitments and responsibilities around the use of natural resources, including surveillance, fishing permits and other control mechanisms. These activities have given place to the incorporation of new actors to the management of this ANP, approximately 30 organizations are actively participating and currently represented in the CG. Some of these organizations, like the shrimp farms companies, are financing important activities like water quality control in mangroves.

Tambopata National Reserve

93. In 2004, at the initial stage of implementation, only 9 institutions were involved in the management of this ANP. The assessment indicates that no less than 73 organizations are currently involved, most of them are land owners that participated through the implementation of the PAES program, the CG or both. The open dialogue led by the ANP's Director, facilitated the discussion of issues key to management and conservation of biodiversity. The CG provided with the space to start changing the perception by local stakeholders and assign them with specific responsibilities in the implementation of conservation activities. The ongoing administration contract is not only developing a conservation program, but it is also supporting the continued operation of the CG.

Bahuaia Sonene National Park

94. As in the other ANPs, the establishment of the CG became the most important scenario to develop the social and institutional support to the management of this ANP, with 47 organizations currently involved. The most active organizations are the coffee and cocoa producers, who own territories in the boundaries of the Park.

95. The activities developed under the projects through the PAES program, together with agroforestry projects financed through the regional governments, have allowed the articulation and coordination among 1,500 small farmers and producers, improving the productivity of their parcels and substantially strengthening the surveillance activities in the buffer zones of the Park.

Annex 7. Summary of Borrower's ICR (from PROFONANPE's Closing Report dated March 30, 2011).

96. The project achieved its development objectives, demonstrating that increased participation by institutions from the civil society and the private sector, constitutes an effective strategy for securing their financial sustainability and for making significant progress in conserving biodiversity.

97. At the start of the project, the ANPs had rather weak management structures, with few staff and very low budgets (annual resources allocated by the Public Treasury and sources of cooperation, year 2004: RNSAB US\$5,907, RNTAMB US\$32,387, PNH US\$84,374, SNLMT US\$27,405, PNBS US\$69,479). The management of ANPs was not very conducive to participation. This led to a management approach isolated from the surrounding area, with a high level of conflict with local populations.

Main Results achieved

- A total number of 178 stakeholders in 4 ANPs, have assumed new commitments associated with the development of conservation-related activities, These include 82 communities and local organizations, 31 public sector entities, 28 regional and local government agencies, and 37 private organizations and businesses.
- The CGs have been strengthened as a key mechanism for participatory management. In the 4 targeted ANPs, planning, monitoring and evaluation efforts are now conducted jointly with the CGs.
- Three Administration Contracts with nonprofit private institutions, involving four ANPs, were implemented. The Project provided financing for the first phase US\$3.2 million, the executors contributed with US\$8.7 million, which increased to US\$10 million throughout implementation.
- The Administration contracts have contributed to improve research and knowledge on the status of biodiversity, increase financing on a sustainable basis, increase the participation of local stakeholders, carry out biological on a regular basis and improve ANPs control and surveillance systems.
- PROFONANPE's asset funds increased by US\$6 million as a result of contributions by the World Bank and the Government of Finland.
- Through these mechanisms, the GPAN project, working jointly with PROFONANPE and SERNANP, has contributed to taking steps and achieving decisive progress in the financing of ANPs and the financial sustainability of the system. It has been possible to leverage or generate a total of US\$41 million in short-term financing (five to seven years) for the management of 13 APs and their buffer zones. Equally important, however, is the fact that, in addition to the US\$3 million trust fund, the bases of long-term financial sustainability have been established for nine of them, which has a significant effect on reducing the system's financial gap.

Annex 8. Summary of Comments of KfW and the National Service of Protected Areas

98. ***KfW: summary of letter dated June 8, 2011.*** The Project's main contributions to the improved management of ANP are:

- *Participatory Management.* This is a fundamental aspect of success in the management of ANPs in Peru. The Project contributed to the strengthening of the CGs, allowing its members to get involved in ANPs decision-making processes;
- *Sustainability.* It has been demonstrated that a sustainable use of natural resources with local beneficiaries, contributes to reduce threats to ANPs. The Administration Contracts so far have also demonstrated to support sustainable management and we hope that this mechanism consolidates over the coming years;
- *Financial Sustainability.* This process has been possible due to strategic alliances with regional and local actors. The Financial Strategy was a joint effort with the PAN Project financed by KfW and has served as a framework to develop a portfolio of new projects, bringing additional financing to ANPs;
- *Territorial Development Approach.* During the implementation of the program, the ANP management approach has changed from a centralized scheme to a more integrated and territorial approach. It has been recognized that ANPs are not isolated from the surrounding territory, they do provide local and national services and benefits;
- *Communication actions.* The communications campaigns developed by the Project have substantially helped to integrate local actors to the planning activities of ANPs.

99. ***National Service of Protected Areas, summary of letter dated May 27, 2011.*** The Project contributed to the following aspects:

- The establishment of a joint workprogram with regional governments to support the management of ANPs located within their territories and their active participation in the CGs;
- Strengthening of ANP management with the support of local actors and the private sector through the establishment of the Administration Contracts;
- Implementation of the PAES program provided conservation incentives to local communities in the buffer zones of the ANPs, while improving their livelihoods;
- The SINANPE's Financial Strategic Plan has become one of the most important planning tools for ANPs, through the identification of financing resources and the development of financing plans for ANPs;
- The communication strategy was critical to involve local stakeholders in the planning and management of ANPs and overall local support to conservation has substantially increased.

Annex 9. List of Supporting Documents

1. Project Appraisal Document, Report No. 25074-PE, dated February 20, 2003
2. Project Grant Agreement dated April 1, 2003
3. PROFONANPE's Project Final Report Dated March 30, 2011
4. Mission Aide Memoires
5. Project Status Completion Reports
6. Report on Lessons Learned from the Implementation of the Economic Sustainable Activities Program, PROFONANPE, December 2010
7. Report on Lessons Learned from the Implementation of the Administration Contracts, PROFONANPE, December 2010

MAP

