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Report No:ICR0000335

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(TF-024704; TF-024707)

ON A

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT

IN THE AMOUNT OF SDR 7.80 MILLION
(US\$ 9.83 MILLION EQUIVALENT)

AND A

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT

IN THE AMOUNT OF SDR 4.10 MILLION
(US\$ 5.17 MILLION EQUIVALENT)

TO THE

REPUBLIC OF BOLIVIA

FOR THE

SUSTAINABILITY OF THE NATIONAL SYSTEM OF PROTECTED AREAS IN
SUPPORT OF THE FIRST PHASE OF THE SUSTAINABILITY OF THE
NATIONAL SYSTEM OF PROTECTED AREAS PROGRAM

January 18, 2007

Sustainable Development Network
Bolivia, Ecuador, Peru, and Venezuela Country Management Unit
Latin America and the Caribbean Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective 11/01/2000)

Currency Unit = Boliviano

Boliviano 1.00 = US\$ 0.16

US\$ 1.00 = Boliviano 6.32

Fiscal Year

January 1-December 31

ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
CDF	Comprehensive Development Framework
CI	Conservation International
FAN	Fundacion Amigos de la Naturaleza
FONAMA	National Environment Fund
FUNDESNAF	Foundation for the Development of the National System of Protected Areas
GEF	Global Environment Facility
GTZ	German Technical Cooperation Agency
MSD	Ministry of Sustainable Development
PA	Protected Areas
PAD	Project Appraisal Document
SDR	Special Drawing Right
SERNAP	National Protected Areas Service
SFP	Strategic Financial Plan
SNAP	National System of Protected Areas
TCO	Original Communal Territory
WCS	World Conservation Society
WWF	World Wildlife Fund

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Bolivia
Sustainability of the National System of Protected Areas Project

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1. Basic Information			
Country:	Bolivia	Project Name:	Sustainability of the National System of Protected Areas Project
Project ID:	P060474	L/C/TF Number(s):	WBTF-24704, WBTF-24707
ICR Date:	01/23/2007	ICR Type:	Core ICR
Lending Instrument:	SIL	Borrower:	GOVERNMENT OF BOLIVIA
Original GEF grant amount	USD 15.0M	Disbursed Amount:	USD 14.5M
Environmental Category:	B	GEF Focal Area	B
Implementing Agencies			
SERNAP FUNDESNA			
Cofinanciers and Other External Partners			
Government of Netherlands			

2. Key Dates				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	10/10/1998	Effectiveness:	05/16/2001	04/02/2001
Appraisal:	02/28/2000	Restructuring(s):		
Approval:	01/30/2001	Mid-term Review:	09/30/2005	08/11/2003
		Closing:	06/30/2006	06/30/2006

3. Ratings Summary	
3.1 Performance Rating by ICR	
Outcomes:	Moderately Satisfactory
Risk to Global Environment Outcome	Substantial
Bank Performance:	Satisfactory
Borrower Performance:	Moderately Satisfactory

3.2 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):	None
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA):	None
GEO rating before Closing/Inactive status	Satisfactory		

4. Sector and Theme Codes		
	Original	Actual
Sector Code (as % of total Bank financing)		
General agriculture, fishing and forestry sector	41	41
Central government administration	58	58
Law and justice	1	1
	Original Priority	Actual Priority
Theme Code (Primary/Secondary)		
Law reform	Secondary	Secondary
Participation and civic engagement	Primary	Primary
Biodiversity	Primary	Primary
Environmental policies and institutions	Primary	Primary

5. Bank Staff		
Positions	At ICR	At Approval
Vice President:	Pamela Cox	David de Ferranti
Country Director:	Marcelo Giugale	Isabel M. Guerrero
Sector Manager:	Abel Mejia	Maria Teresa Serra
Project Team Leader:	Gabriela Arcos	Elizabeth Monosowski
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6. Project Context, Global Environment Objectives and Design

(this section is descriptive, taken from other documents, e.g., PAD/ISR, not evaluative)

6.1 Context at Appraisal

(brief summary of country macroeconomic and structural/sector background, rationale for Bank assistance)

By 1997 in Bolivia, policy measures had been successful in addressing problems of hyperinflation and creating a stable economic environment. Nevertheless, the country was still in crisis: economic growth was stagnant (1.7% annual growth), poverty remained extremely high (81% in rural areas), the government continued to run significant fiscal deficits in spite of austerity programs, and social unrest was a continuing problem. In 1997 the Bolivian Government drew up a Five-Year National Action Plan with the objective of reducing poverty through higher sustainable growth. The Bank's 1998 Country Assistance Strategy was developed through a participatory process and was specifically designed to support three of the four pillars of that Plan, opportunity, equity and institutionalit. The 1998 CAS document review of recent Bank operations noted that while they had been consistently rated satisfactory, there seemed to be little impact on economic growth or poverty reduction, and the new CAS was designed to address that failure.

In CAS discussions, the government indicated its interest in limiting Bank lending to addressing the twin problems of economic growth and poverty reduction and requested that environmental operations not be included in the lending program. At the same time, however, representatives of other external assistance agencies explicitly requested the Bank to stay involved in the sector, through its non-lending activities. Substantial programs and commitment of resources to the National System of Protected Areas had already been made (and continued to be made) by the German and Dutch cooperation agencies and others. The Bolivia Comprehensive Development Framework (CDF) paper, published in 1999, provided an agreed matrix of responsibilities among external assistance agencies and government, identifying biodiversity conservation as a priority for Bank/GEF support, to complement and link to German, Dutch, NGO and Government efforts. GEF decided to build on the experience of the successful GEF supported Biodiversity Conservation Project (Pilot Phase) and the successful efforts supported by these other agencies to prepare a larger, follow-on operation, the Sustainability of the National System of Protected Areas Program. This program was designed as a 15-year effort, divided into 3 five-year projects. The first project was designed to help achieve the full implementation of the new Protected Areas Law (1992) and the development of the relatively young institutions, including the National Protected Areas Service (SERNAP - established in 1997) and the Foundation for the Development of Protected Areas (FUNDESAP - established 1999). FUNDESAP is a private, nonprofit corporation that was created to replace the ineffective government-managed National Environment Fund (FONAMA) as the manager of a trust fund to finance the operating costs of the system and the principle mechanism for achieving financial sustainability of the system of protected areas. Related to the strengthening these institutions, the 15-year program was designed to address the key threats to the ecosystems identified in the first project, including: (i) lack of regulation of high impact

activities (e.g. logging, mining, agriculture, and hydrocarbon exploitation) in the parks: (ii) lack of sustained financing to maintain management of protected areas; and (iii) increasing, non-sustainable exploitation of park resources by communities located within and outside the parks.

The proposed project was of high priority for GEF as it supported the objectives of the GEF Operation Programs to conserve and provide in-situ protection of biodiversity in the mountain ecosystems of the Andean region, and the forest ecosystems of the Andean slopes, the Bolivian Amazon, and the Chaco region. Coming on the heels of the successful Biodiversity Conservation Project, this program was an opportunity to strengthen the management of 10 priority national protected areas in a way that would substantially improve the protection of these ecosystems.

While the current operation was not explicitly mentioned in the CAS, it was acknowledged to be consistent with and contributing to the objectives of the 3 pillars. With regard to the opportunity pillar, the program would promote the sustainable use and conservation of protected areas, which in the medium to long term would be a valuable resource to both local communities and the country as a whole. With regard to the equity pillar, the program would provide for technical assistance and investment to improve incomes of local, poor communities in a way that is consistent with the sustainable use of the resource. And, with regard to the institutionality pillar, the program gave priority to making local park management processes more transparent and target driven.

Bolivia has one of the richest biological heritages worldwide. Both endemism and species richness are high in Bolivia, much of which is associated with the existence of numerous and varied eco-regions. Bolivia covers extensive areas of three out of five of South America's most important bio-geographic regions: the Amazon; the Andean-Patagonian association; and the Chaco. These eco-regions are under increasing pressure from land use changes that are not necessarily ecologically sustainable.

The Government of Bolivia recognizes the communal rights of local people to the access and use of PA natural resources to support their traditional lifestyles and therefore adopted the principle of "parks with people." In order to address conflicts of interest, protected areas will be demarcated, zoned and categorized through a participatory planning process closely involving these communities. Therefore, the management of protected areas becomes an opportunity to provide additional protection to traditional lifestyles.

Although major advances in recent legislation created a number of useful instruments for environmental management, further efforts were needed to establish a specific legal framework to support the conservation of biodiversity and the integrity of the protected areas. The passing of the Environmental Law of 1992 and its associated regulation for protected areas had been an important step toward ensuring the effective management of protected areas. The GOB was also making attempts to remove the legal contradictions that undermine the integrity of protected areas.

A major bottleneck to ensure the sustainability of protected areas was the shortage of funding for recurrent costs. Although external resources had been consistently available for environmental initiatives in Bolivia, poor donor coordination has led to a fragmented approach, duplication of activities and an emphasis on investment costs. Furthermore, the expansion of the number of protected areas was not accompanied by the government budgets and other resources necessary to ensure their operation and maintenance. The National Environmental Fund (FONAMA) was created in 1993 and was intended to provide recurrent cost funding for the SNAP as complementary fiscal contributions and had a specific account for protected areas, called the Fiduciary Account or SNAP Account. Unfortunately, FONAMA became highly politicized and lacked transparency, which caused it to quickly lose credibility. As a result, FONAMA failed to mobilize or disburse sufficient capital to adequately manage the SNAP.

6.2 Original Global Environmental Objectives (GEO) and Key Indicators (as approved)

The Sustainability of the National System of Protected Areas program was defined as a 15-year, 3 phase program. The purpose of the 15-year program was to ensure that representative ecosystems and biodiversity of Bolivia were conserved and sustainably managed through a national system of protected areas. The development objectives of the first phase of the program (2000-2006) were to ensure the sustainable management of the National System of Protected Areas (SNAP) by establishing and strengthening: (a) the legal, institutional and policy framework; (b) the management capacity at the protected areas and central levels; and (c) the SNAP financing mechanisms. Key indicators of program impact at the end of Phase 1 were defined as: (a) an efficient management system was to be in place for SNAP; (b) a long-term Master Plan was to be developed within an appropriate legal framework; (c) the functionality of 10 protected areas was to be achieved as measured by an increase in management effectiveness by 1.3 points on average and no PA less than 2 (based on the project's protected areas scorecard methodology); (d) operating Protected Area Management Councils were to have increased from 5 to 14; (e) SNAP Trust Fund (FUNDESNAP) was to have been fully operational and its capital endowment increased to at least US\$15.0 million, covering about 30% of SNAP recurring costs; (f) adequate legislation was to have been passed and is enforced to conserve biodiversity and protected areas within two years and a half of project effectiveness.

Key performance indicators were established as follows:

1. An efficient management system is established for the SNAP;
2. A long-term Master Plan is developed within an appropriate legal framework;
3. The functionality of 10 protected areas has been achieved as measured by an increase in management effectiveness by 1.5 points on average and no PA less than 2 (based on the project's protected areas scorecard methodology);
4. Operating Protected Area Management Committees have increased from 5 to 14;
5. SNAP Trust Fund (FUNDESNAP) is fully operational and its capital endowment has increased to at least US\$ 15.0 million;

6. Adequate legislation has been passed and is enforced to conserve biodiversity and protected areas within two years of project effectiveness.

6.3 Revised GEO and Key Indicators (as approved by original approving authority), and reasons/justification

Not applicable.

6.4 Main Beneficiaries, original and revised

(briefly describe the "primary target group" identified in the PAD and as captured in the GEO, as well as any other individuals and organizations expected to benefit from the project)

The primary target group identified in the PAD is a global beneficiary - with the global community benefiting from improved conservation of Bolivia's biodiversity, through the conservation of significant areas with high levels of endemism and species richness. The project was also designed to benefit current and future generations of Bolivians as it was to allow conservation of the natural heritage of the country, and with it cultural, environmental, social and economic benefits coming from a well functioning system of protected areas. Thirdly, the project was designed to benefit the poor communities located within the 10 selected protected areas or their buffer zones, by helping to provide additional sources of revenue for community members through direct employment within the protected area and through investment in income-generating activities. Living within the 10 selected Protected Areas are approximately 30,000 inhabitants, the majority of whom belong to indigenous groups, such as Guarani, Chiquitano, Caimanes, Aymara, Quechua, Siman, Tacana, Mosen, and Esse Eja. Another approximately 170,000 people are located in the buffer zones surrounding these Protected Areas, and in some cases these individuals and communities constitute important sources of pressure on the resources of the reserve.

6.5 Original Components (as approved)

The five project components were:

Component 1. Institutional and Policy Development (US\$6.59 million of which US\$2.79 million GEF). This component was to finance activities to strengthen SERNAP's policy, planning and management capacities, including: a) the articulation of a Master Plan for protected areas to serve as a guide for their re-definition and re-categorization, and for implementing mechanisms for generating income; b) preparation of a Strategic Plan covering institutional and financing issues, including a medium term financing strategy for SNAP and c) strengthening the technical, management and operational capacity of SERNAP

Component 2. Management of Priority Protected Areas (US\$21.92 million of which US\$6.11 million GEF). This component was to finance activities to strengthen the planning and management capacities in 10 priority protected areas. This was to include: a) strengthening protected area management through partial financing of

operational costs, infrastructure and equipment, and capacity development; b) preparation and implementation of Management Plans for at least 3 protected areas and c) strengthening local participation and inter-institutional coordination in those 10 areas.

Component 3. Legal and Regulatory Framework (US\$0.57 million of which US\$0.07 million GEF). This component was to support the preparation of a new Protected Areas law and related laws and regulations.

Component 4. Sustainable Financing (US\$9.78 million of which US\$5.17 million GEF). This component was to strengthen the financial capacity of SNAP by capitalizing a trust fund account within the Foundation for the Development of the SNAP (FUNDESNAP) to finance recurrent costs of managing protected areas. The target would be a fund of a total of US\$15 million, with US\$5.17 provided by the project.

Component 5. Biodiversity Management and Monitoring in Protected Areas (US\$4.83 million of which US\$0.86 million GEF). The objective of this component was to consolidate and complement previous and concurrent efforts to improve resource management and monitoring in protected areas and their buffer zones in collaboration with other external agencies and NGOs (GTZ, FAN, WWF, WCS, CI). The component was to finance: (a) the development of models for biodiversity and natural resources management in protected areas with the participation of selected communities; and (b) monitoring and evaluation of biodiversity conservation through the design, piloting and implementation of a SNAP monitoring system.

The implementation of each of these components was directly linked to the achievement of the project objective of protecting valuable ecosystems, which were well represented in the 10 selected protected areas addressed by the project.

6.6 Revised Components

Not applicable

6.7 Other significant changes

(in design, scope and scale, implementation arrangements and schedule, and funding allocations)

There were two amendments processed to the grant agreement (TF-242704) with SERNAP which modified the financial structure originally agreed, however these modifications did not significantly impact the achievement of the project global objective.

The first amendment was signed on February 27, 2004, and reflected an agreement reached with SERNAP to modify the sliding scale of financing of recurrent costs. This

change took into consideration the difficulty of the Government of Bolivia and FUNDESNAF to provide increasing levels of counterpart funds, given the fiscal crisis within the Bolivian government and the relatively poor performance of the financial markets which had reduced the earnings of FUNDESNAF during the previous three years.

The second amendment, signed on September 24, 2004, increased to one hundred percent (100%) the percentage of financing under all the expenditure categories. This was done as part of the broad application of the new Country Financing Parameters to the entire portfolio of Bolivian projects. With government's ongoing fiscal austerity program, many project activities (including investments in infrastructure, purchase of equipment and contracting of studies) were delayed for over a year (2003- 2004). With the increase of the financing percentage to 100%, the implementation of these critical activities was able to move ahead.

7. Key Factors Affecting Implementation and Outcomes

7.1 Project Preparation, Design and Quality at Entry

(including whether lessons of earlier operations were taken into account, risks and their mitigations identified, and adequacy of participatory processes, as applicable)

Overall, the quality at entry of the project was Satisfactory. The design reflects an innovative approach of simultaneously addressing global conservation objectives and attending to the needs of local communities. This is important, as the Protected Areas included in the project contained indigenous and other poor, rural communities and in some cases overlapped with areas designated Original Communal Territories (TCOs). From the beginning, the project promoted a new model of conservation through community co-management as part of the concept of "parks with people." This design feature was well-suited to the situation in Bolivia. In addition, the project was designed to build conservatively on capacity that was already being developed and avoided the pitfalls of trying to expand biodiversity and conservation management to new areas without adequate strengthening of the current system.

The design of the project built positively on the experience of the first GEF Biodiversity Conservation Project (Pilot Phase) and lessons learned from other operations. The project design was especially effective and appropriate in that it took into account the following lessons:

Use of a long-term programmatic approach. The project team was aware of the need to allow sufficient time for the breadth of changes expected, and therefore adopted a 15 year adaptable program lending (APL) format with clear objectives for long-term changes as well as more modest objectives that could be achieved in the Phase 1 project. The approach was effective in keeping a dialogue with the government about longer term objectives while focusing implementation on a more limited group of achievable goals.

Selection of priority areas to be protected. Using the experience of the first GEF project with the System of National Protected Areas, the design wisely used a criteria-based approach to identify priority areas to be supported during the Phase 1 project. This approach ensured that only the highest priority areas which did not have alternate sources

of support entered the project. It also provided the first step toward the conduct of a Gap Analysis study which was completed during the project and has provided more detailed guidance to decision-makers regarding how to prioritize the use of limited resources.

Establishing a core of well-run, adequately functioning areas. Before promoting the expansion of a national system of protected areas, the program, and specifically the Phase 1 project, was designed to: (i) focus on strengthening the existing system; and (ii) completing a gap analysis to identify the priority areas within the existing system and identify gaps that might be addressed through limited expansion of the system.

Enhancing participation of local actors in the management of Protected Areas. The project helped establish participatory Management Committees for protected areas so that local communities and other stakeholders could be directly involved in the management of protected areas. This proved to be a key component of the project.

Contracting a centrally located team of consultants to oversee project implementation. With the idea of creating a core of professional personnel with a measure of autonomy from political pressures and changes, the project financed the contracting of a team of consultants to take key technical and management positions at SERNAP's central unit. This was a key element in achieving many of the project's objectives.

Some of the risks identified during preparation were to some extent underestimated, for example, the PAD identified as a modest risk the "availability of counterpart funds and staff" and indicated as a mitigation measure "GOB has committed to provide counterpart funds from Ministry budget resources." Lack of counterpart financing was a significant impediment to project implementation in mid-2003 when no counterpart funds at all were made available to the project. The problems with counterpart financing were predictable, as significant government fiscal problems existed even at the time of appraisal. Given this, alternative project strategies should have been articulated within the project design. In relation to staff, while there was continuity of a number of the consultant positions in SERNAP, the frequent changes in SERNAP leadership had a negative impact on implementation. Given the predictability of this problem, the project design should have included greater involvement of institutions outside of SERNAP and the government in the leadership of some of the technical tasks .

7.2 Implementation

(including any project changes/restructuring, mid-term review, Project at Risk status, and actions taken, as applicable)

This project has been one of the largest biodiversity conservation operations in Bolivia in the last years and has provided an important opportunity to harmonize the support of several donors and to optimize the investments in protected areas. The quality of project performance has fluctuated throughout the implementation period. At the beginning, staff and institutional stability at both, SERNAP and FUNDESAP, as well as a regular availability of counterpart funds, allowed a smooth implementation and full accomplishment of the operational plans. During year 2003, the fiscal crisis and initial changes in SERNAP Directors had a negative impact and key activities were delayed.

The project financial gap was solved with the decision to finance 100% of expenditures, however institutional instability and overall conflictive social and political context continued to negatively affect implementation. Towards mid-2004 and during 2005, and in spite of continued changes in SERNAP Directors, implementation came back on track, allowing the completion of the most important aspects of the project, however validation and implementation of strategic planning tools such as the SNAP Master Plans was not possible due to time constraints during the final execution stage.

Some of the factors that contributed to the successful implementation of the project were:

1. Relative stability in the assignment of the Directors of Protected Areas and commitment by them and their staff to engaging local communities and other stakeholders in the management process.
2. Effective use of available scientific resources and information, leading to the development of a high quality Gap Analysis for the SNAP which has provided a framework of future efforts to protect Bolivia's biodiversity.
3. A relatively simple project design that gave priority to a limited number of activities for which there was strong ownership by both the central and field offices of SERNAP and by other involved external support agencies, including Dutch and German cooperation. There was especially broad-based, strong support for the most innovative aspects of the project, that is: (i) the strengthening and capitalization of FUNDESNAP as a strategy to make SNAP financially sustainable; and (ii) the establishment and strengthening of Management Committees for each Protect Area to involve representatives of local communities and local government.
4. The project successfully integrated local and indigenous communities as active participants and beneficiaries in protected areas management and conservation, being the most important mechanism the establishment and operation of the protected areas management committees.
5. The project targeted indigenous and local communities needs in developing and piloting five (5) models for income generation in five protected areas. The treatment of indigenous people during project implementation was fully consistent with the Indigenous Peoples Development Plan, as described in Annex 12 of the PAD, principles contained in Operational Guideline 4.20 (Indigenous People), and the applicable regulations of the Republic of Bolivia.
6. Efforts to develop a new legal framework (the Protected Areas Law) resulted in the development of widely discussed and high quality draft legislation. With the political decision to re-write the national constitution this effort was used to develop specific proposals for the new constitution. While neither the law nor new constitution have been finalized, because of the project, inputs for these processes are fully developed.
7. Coordination and harmonization with donors and co-financiers largely contributed to the achievements of the project. During project preparation, key SERNAP and FUNDESNAP donors were consulted and participated in final project design and financing plans. As a result of this coordinated effort, parallel financing arrangements with Germany and the Netherlands complemented the proposed GEF assistance, and local NGOs supported the project through their activities in the protected areas of the SNAP.

8. Stability of a professional Project Coordinating Unit within SERNAP, which under difficult circumstances contributed to keeping project activities on track and contributed to the high quality of many of the products.

A group of factors hindered project implementation, however these were not under SERNAP's and the project team's direct control. Among the most relevant were:

1. The government's fiscal crisis in 2003-04, which prevented it from providing counterpart financing to the project (15%), temporarily paralyzing the implementation of a number of project activities including contracting of the Master Plan, infrastructure projects in the protected areas and other consulting efforts. The problem of counterpart financing was overcome through an addendum to the Grant Agreement permitting 100% grant financing in each disbursement category as part of a portfolio wide agreement between the Government and the Bank.
2. Frequent changes in government administrations and policies, including changes in the sector Ministry, were accompanied by changes in the approach to implementing policies on protected areas management. In spite of these problems, SERNAP completed the most relevant planning and analytical documents: a Financial Strategic Plan, an Institutional Strategic Plan, the ecological Gap Analysis, and an initial, draft version of the Master Plan.
3. The protected Areas Law was not presented to, much less approved by the Congress. In spite of SERNAP's efforts, the complex political and social context made other legislation a higher priority.

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

The system for monitoring and evaluating project performance was implemented very much as described in the PAD and functioned well in keeping implementation on track and focused on resolving critical issues impacting the achievement of desired outputs and outcomes. As per the design of the system, the indicators identified in the Project Design Summary (Annex 1 of the PAD) were reported on by the Project Coordinating Unit, were discussed by regular supervision missions, and were the focus of the assessments conducted as part of the Mid-Term Review and the final Evaluations done at the end of the project.

A scorecard methodology was designed and applied to rate the management of each Protected Area and provide a reference point for understanding the level of improvement due to the project. This rating system has provided a useful tool to evaluate the impact of the project as well as the quality of the management of the protected areas that have been supported by the project. This method was applied every year to measure the achievements reached by the project in terms of attaining certain management standards.

The methodological concept was taken from the Parks in Peril Program of The Nature Conservancy, based on which the management indicators were prepared and especially adapted to the Bolivian circumstances. The indicators applied were the following:

A. Basic biological diversity protection activities

Infrastructure and equipment: refers to the buildings and equipment within the protected area (including park ranger posts, radio systems, vehicles, demarcation of limits, signaling system, etc.), which are necessary for the appropriate management of the protected area.

Institutional capacity: refers to the existence of a manager and operative staff that executes management actions in the protected area.

Training: The personnel's presence in the protected area is not enough by itself. The personnel of a protected area should also have the necessary capacity to fulfill his or her management responsibilities.

Land tenure: Appropriate and correct information about the land tenure is crucial for the effective management of protected areas.

Threat analysis: A systematic analysis that identifies the threats to the resources, and also points out their origins and proposes strategies to overcome them, is an essential management tool for the conservation of a protected area.

Legal status: An official ordinance is a fundamental component of the long-term security of most of protected areas, but many of the oldest ordinances contain vague information that weakens their capacity to protect an area. Also, many times the "correct" borders of a protected area have not been officially approved or registered. Some ordinances demarcate open polygons that do not accurately reflect the geographical area that needs to be protected.

B. Long-term management

Biological diversity protection plan: The preparation and implementation of a biological diversity protection plan are management decisions of great importance. This plan is a document that guides the medium-term protection of the biological diversity of a protected area.

Inventory of biological diversity: The management of protected areas must be based on an inventory of biological diversity. However, there is often not enough available information for an efficient management of the protected area.

Biological diversity monitoring plan: The monitoring of biological diversity has as a main objective to have a better understanding of the evolution of natural communities and species that receive protection due to their biological importance in the protected area.

C. Long Term Funding

Long-term financial plan for the protected area: is a determinant component of a successful management strategy for a protected area. The plan should identify a diverse funding basis that covers the activities of the basic management of the area.

D. Participation of local groups

Management Committee established and working: The Management Committees allow social groups interested in the protected area, including the local communities, to participate in the management process of the protected area. The presence of a Management Committee indicates an openness of the area's management to incorporate and to approach the concerns of those people interested and their relation with the management.

Community participation in the compatible use of the resources: In those protected areas with communities inside their boundaries or immediately adjacent to them, the conservation of biological diversity depends on the communities' use of natural resources in a way that is compatible with the biological diversity conservation goals for the protected area.

Environmental education programs implemented: Environmental education is a fundamental component of the management of protected areas. The local support to the conservation objectives can depend on the communities' understanding of these objectives. The environmental education program includes a wide range of activities. Many times, the common denominator is a systematic explanation of the importance of the protected area and the rules and regulations related to it.

The scorecard is composed of five points that reflect a quality level for each indicator as follows:

- 5 = Excellent
- 4 = Very good
- 3 = Good
- 2 = Fair
- 1 = Poor

The first application of this methodology provided a baseline value of 2.17 .

In addition, a Protected Areas biodiversity conservation and social monitoring system was designed during implementation. As mentioned in section 7.2 above, this was an overly ambitious instrument that was difficult to apply. Thus the project did not succeed in measuring changes over time in biodiversity values in the Protected Areas giving information on the impact of conservation actions. In spite of this, there were successful instances of the use of information on selected species (e.g. flamingoes and vicunas) that could track impact over time. In a number of cases this monitoring has demonstrated positive trends toward recuperation due to conservation actions.

7.4 Safeguard and Fiduciary Compliance

(focusing on issues and their resolution, as applicable)

Safeguards

Environmental Assessment. As a Category B project, potential environmental impacts were analyzed and mitigating measures defined, as needed, for project activities related to tourism development in buffer zones, infrastructure in protected areas (e.g., small scale civil works such visitors centers, guard posts, tourist trails and access roads), and sustainable economic activities planned within buffer zones under Component 5 (e.g., agro-ecological production, sustainable harvesting of non-timber products).

The SERNAP Environmental Assessment Unit was responsible throughout the project to implement the procedures established in its Environment Analysis Framework (EAF) in coordination with the Ministry of Sustainable Development and Environment (MSD). Based on the assessment carried out during regular supervision missions and the Mid-term Review, SERNAP fully complied with the agreed environmental procedures. In addition, the Protected Area Management Plans included a diagnostic and mapping of threatened or fragile zones and this was used to ensure that infrastructure would be strictly limited to agreed "Special Zones".

During the project the process to obtain the environmental licenses by SERNAP from the sector Ministry, particularly for protected areas infrastructure, was cumbersome and bureaucratic. This contributed to delays in implementation.

Resettlement Framework. The project was designed to harmonize the practices of local communities in each protected area with the ecosystems. No expropriation of resources or displacement of population occurred either as part of the project, or more generally by government in the areas of the project.

Indigenous Peoples. Assessments carried out during the joint supervision missions, indicate that the project has successfully integrated local and indigenous communities as active participants and beneficiaries in protected areas management and conservation, being the most important mechanism the establishment and operation of the Comites de Gestion (protected areas management committees). In addition, the project has targeted the indigenous and local communities in developing and piloting five (5) models for income generation in five protected areas. The treatment of indigenous people during project implementation was fully consistent with the Indigenous Peoples Development Plan, as described in Annex 12 of the PAD, principles contained in Operational Guideline 4.20 (Indigenous People), and the applicable regulations of the Republic of Bolivia.

Fiduciary

Procurement. SERNAP experienced difficulties in following procurement procedures during the first year of project implementation, mainly due to the lack of a procurement specialist in the core implementation team. This situation was solved and based on the procurement assessments carried out during the regular supervisions, the overall

procurement performance was considered satisfactory. The Bank conducted a post-review of procurement for the period January-December 2005. Following an intensive review of several contracts, the Bank specialist judged SERNAP to have demonstrated compliance with procurement procedures.

Financial Management and Audits. The regular audit reports resulted in unqualified opinions on the statement of sources and uses of funds, cumulative investments, the Statements of Expenses (SOEs) and the Special Account. However, the annual audit reports did identify some internal control issues related to the preparation of the Statements of Expenses and the reconciliation of the Special Account. In each case these were addressed by the SERNAP team in a timely way, in accordance with an agreed action plan.

Disbursements. There were no issues regarding the management of disbursements. Delays experienced in disbursement were due to lack of counterpart financing during 2003 and 2004, and later in 2005 and 2006 when disbursements were held up pending the conversion of the Grant Agreements from SDRs to US dollars.

7.5 Post-completion Operation/Next Phase

(including transition arrangement to post-completion operation of investments financed by present operation, Operation & Maintenance arrangements, sustaining reforms and institutional capacity, and next phase/follow-up operation, if applicable)

The recent personnel changes in the Central Unit and Protected Areas Units of SERNAP could affect to some extent the continuity and future sustainability of activities supported by the project and the design for follow-up operations. It is still premature to judge the final evolution of the changes that the institution is currently undergoing. Nevertheless, there exist good levels of information, signed agreements and an institutional structure that would provide a favorable context for proceeding with the design of Phase 2 of the program.

A new operation will provide a unique opportunity to build on the positive results of this project and will allow to expand the support to protected areas, efficiently conserve key components of biodiversity and consolidate the strategic alliances that have been initiated with local communities through the development of local development productive alternatives.

A new vision of protected areas, developed by the current sector authorities in Bolivia, emphasizes the role of biodiversity and protected areas as strategic resources for local development of poor communities and is being incorporated in the National Development Plan. The principles stated in the Development Plan will be reflected in the design of the new GEF operation.

8. Assessment of Outcomes

8.1 Relevance of Objectives, Design and Implementation

The global objectives, design and implementation identified for the project for the most part still have a high level of relevance as the principle issues needing to be addressed have changed little since project design. Experience during the past six years has shown that while the objectives are fully relevant, the design and implementation would have been more relevant if it were to have: (1) reduced reliance on government implementation, and encouraged the delegation of more management and monitoring tasks to third parties such as local and other NGOs; and (2) stepped away from the emphasis on overall legal reform through the passage of a new Protected Areas law and focused instead on strengthening the existing legal framework through work on discrete regulatory and sector issues.

Bolivia's ecosystems are still under increasing pressure from land use changes that are a threat to ecological sustainability. These include the replacement of forestry for agriculture, and the contamination and degradation of aquatic ecosystems as a result of mining and other extractive activities. One of the main threats to Bolivia's biodiversity is habitat destruction and degradation, primarily through deforestation.

The project components have supported the integration of biodiversity conservation and sustainable use, by consolidating and improving conservation efforts in 10 priority protected areas. The project design was particularly relevant to the conservation of areas of global significance and to the in-situ conservation of biodiversity at three levels: genetic resources; species; and ecosystems. The design and approach has only increased in its relevance, as the estimated population living in and around the SNAP has increased to approximately 40,000 people in 150 communities. Nearly all of these people still live in conditions of poverty. The use of biodiversity is part of the survival strategies of poor rural communities and can lead to overexploitation and illegal wildlife trade.

Project studies and the implementation of pilot projects on biodiversity sustainable use by local communities have contributed to sustainable, equitable utilization of biodiversity. The project has piloted alternative activities to demonstrate how activities can be compatible with biodiversity conservation, and at the same time can generate economic benefits. Specific examples of the positive impacts are the following: in Madidi: i) 60 hectares contain agro-forestry systems addressed to the production of ecological cocoa; ii) 140 beneficiary families have been trained on agroforestry systems, improved management of cacao and improved/environmentally sound agricultural practices; iii) assistance to beneficiary families on silvicultural methods to maintain healthy and productive cocoa plants, as well as the construction of storage, drying and selection facilities has been provided. In El Palmar, 81 families are managing and conserving native forests, developing agro-ecological systems, protecting water streams through reforestation with native species and to implementing low cost technology to optimize the use of rain water for micro-irrigation. Other impacts in terms of improved livelihood to local communities are further discussed in Section 8.2.

In early 1998, the National Service of Protected Areas (SERNAP) was established as an autonomous entity in charge of the SNAP. In spite of the activities developed under the

project to strengthen SERNAP's core functions, its ability to operate as an autonomous entity and to manage the technical and administrative aspects of protected areas is still constrained. Although the technical and professional level of its staff at the central unit and protected areas has substantially improved, additional efforts are needed to locate all the important national protected areas under an acceptable level of management.

SERNAP did not succeed with the passing of the Protected Areas Law in spite of all the joint efforts with key representatives of Bolivian civil society. Although major advances in recent regulations developed by SERNAP have created a number of useful instruments to improve protected areas management, further efforts, once conditions in the country allow them, will still be important and needed to strengthen the legal framework for conservation of biodiversity and protected areas. Also new attempts should be made to remove remaining legal contradictions that threaten to undermine the integrity of protected areas.

One of the major bottlenecks to ensure the autonomous management of protected areas by SERNAP has been the lack of sustained financing. The protected areas trust fund administered by FUNDESNAP has established the basis to cover recurrent operation costs of integrated conservation management of SNAP on a sustainable basis. Contributions to the SNAP from the Government are not expected to increase in the coming years, although other donors such as the Governments of Germany and Netherland will continue implementing specific operations in selected protected areas, this will not ensure a sustained financing. In the worse case scenario, the revenues of the protected areas trust fund administered by FUNDESNAP will become the main financial source to cover recurrent cost of at least 50% of the national protected areas. The financial strategy designed under the project, if implemented, will provide additional mechanisms and sources of self income, however this will still not be enough to elevate the management of the SNAP to an optimum level.

8.2 Achievement of Global Environment Objectives

(including brief discussion of causal linkages between outputs and outcomes, with details on outputs in Annex 4)

The achievement of the Global Objective is rated Moderately Satisfactory. The global environmental objective states that the project would contribute to the long-term management and sustainability of the National System of Protected Areas, focusing on establishing and strengthening: (a) the legal, institutional and policy frameworks; (b) the management capacity at the protected areas and central levels; and (c) the SNAP financing mechanisms.

The success of the project has come in spite of social and political instability in Bolivia during the past five years, with project implementation coming under six different presidential administrations and 7 different SERNAP directors. The project was designed to build on, complement and collaborate with a long term program of support to SNAP by a range of bilateral agencies (especially German and Dutch cooperation) and NGOs as well as efforts by the government to re-establish a SNAP trust fund through the

replacement of the ineffective National Environmental Fund (FONAMA) by the Fund for the Development of SNAP (FUNDESNA). The success of the project depended on: (i) substantial, ongoing support and collaboration of the bilateral institutions, NGOs and others; and (ii) commitment of government to two key innovations, the creation of FUNDESNA and the development of social networks of local communities living inside the protected areas who are represented on and actively participate in the protected areas management committees. Building on these efforts, the project was responsible for substantially increasing management efficiency in Bolivia's protected areas by improving biodiversity management mechanisms and tools and the management of key species and other elements of biodiversity in the field.

The impact indicators for the achievement of the Global Environment Objective are assessed as follows:

The legal, institutional and policy frameworks.

The drafting of the Protected Areas Law has been completed but has not yet been approved by Congress. Although the Protected Areas Law has not been approved by the Congress, complementary sector regulations have allowed and enhanced administration of protected areas and management of biodiversity. In addition, SERNAP has been able to develop the basic regulatory framework to improve PAs management.

Given the social and political context in the last three years, the revision of the Bolivian Constitution has been identified as a priority action. The approval of the Protected Areas Law is now strongly linked to the process of the Constitution. One of the main reasons to pursue the approval of the law was to avoid the existence of conflicts with other sectoral regulations (i. e. hydrocarbons and mining) relating to the use of natural resources in protected areas. A better way of dealing with such conflicts may be to include two new umbrella articles in the new Constitution to clarify and position the role of SERNAP and the SNAP in the conservation of biodiversity within protected areas. If this were to occur, the subsequent approval of the Law by the Congress would be much easier and already have needed political support. SERNAP has already developed these proposed articles and is ready to work with the relevant parties on their inclusion in the new Constitution.

The preparation of the Master Plan experienced several difficulties and delays. The institutional instability and the continuous change of the Directors of SERNAP (7 Directors during the life of the project), each one with a different perspective of the long-term management of the SNAP, did not allow a timely development of this so necessary planning instrument. By the end of the project, SERNAP was able to put together a proposal for the Master Plan, but due to time constraints, consultations and validation with key actors was not possible and the new authorities are currently analyzing the compatibility of this proposal with the new vision of the protected areas management.

The proposal of the Master Plan however set forth policies, strategies and priority actions to manage the country's protected areas. Based on the previously developed gap analysis,

it also identifies ecological representativity and complementary needs. It determines protection priorities and specifies the relationship between the various units and categories of protected areas.

Management capacity at the protected areas and central levels.

GEF funding under the project supported and strengthened 10 protected areas by financing their recurrent costs as well as their investment costs. The following 10 protected areas were defined:

- * Natural Area of Integrated Management Apolobamba;
- * National Park and Natural Area of Integrated Management Kaa-Iya from Gran Chaco;
- * El Palmar Natural Area of Integrated Management;
- * Otuquis National Park and Zone of Integrated Management;
- * San Matias Integrated Management of Natural Areas;
- * Toro Toro National Park;
- * Pilon Lajas Biosphere Natural Reserve and Indigenous Territory;
- * Sama Cordillera Biological Reserve;
- * Eduardo Avaroa National Park; and
- * Beni Biological Reserve.

The functionality of these protected areas has been mostly achieved. The latest monitoring reports indicate that the management effectiveness has increased on average by 1.4 points instead of the expected 1.5, however all the ten protected areas have 2 points or above. Although SERNAP's core functions have been strengthened, capacity for decentralized management has to be developed. Due to fiscal constraints, conversion to regular staff of field and key central unit staff has not taken place. The plan was that the GoB through the National Treasury (TGN) would gradually and partially cover the cost of conversions, and SERNAP through sustainable financing sources would cover the rest.

The Government will probably not increase its financial allocations to the SNAP in the coming years, thus it is likely that the main sources of financing to secure staff conversions and overall management will be the revenues of the protected areas trust fund, currently covering about 30% of the recurrent cost of at least 50% of the national protected areas. The entrance fees system (SISCO) will continue to be a marginal contribution if as currently operated in only few protected areas, it could become an important source of self revenue if developed on a system basis.

Participatory management of protected areas

In terms of participatory processes, currently 15 protected areas have management committees operating on a regular basis. Although the committees show different levels of commitment and capabilities, SERNAP has been able to establish a solid social network which effectively articulates territorial planning and protected areas integrity. The existing overlapping of protected areas with the Territorios Comunitarios de Origen-TCOs, have provided an additional element for territorial integrity. The project has

successfully integrated local and indigenous communities as active participants and beneficiaries in protected areas management and conservation, being the most important mechanism the establishment and operation of the protected areas management committees.

In addition, the project has targeted the indigenous and local communities in developing and piloting models for natural resources management. About 10% of the population living inside protected areas were directly benefited from the implementation of these projects. The following are specific examples of the success of these projects in terms of establishing the basis for and increased productivity and improved access to local markets: i) in Pilon Lajas, the production of honey and sub-products was increased to about 75% (from 1,600 Kg to 2,800 Kg.), 62 small producers were actively incorporated to a local market; ii) in Palmar, small producers have increased their monthly income in about 30% due to the improved production and commercialization of several agricultural products; iii) in Pilon Lajas, monthly income of small coffee producers has increased in about 50%, also due to improved production practices and commercialization mechanisms; iv) in Manuripi, at an initial stage, the diversification of agricultural and forestry products has improved food quality and has provided opportunities for new commercialization alternatives.

The development of these projects would not have been possible without the development of adequate sector regulations, considering key aspects of the Bolivian National economy and social context. Conservation and the sustainable use of biodiversity in rural landscapes demand further development of sustainable productive systems, which in turn require an adequate system of technology transfer. The development of this type of initiatives could help Bolivia to position itself globally as a reservoir of natural resources and a producer of goods and services associated to its environmental capital.

SNAP sustainable financing mechanisms

Today, the vast majority of SNAP's funding comes from donors; the national treasury contributes only about 3% of the system's funding. Historically, most donor funding has come in the form of projects. While this has allowed the creation and strengthening of the SNAP, it creates a potential long-term problem in terms of meeting the recurrent costs of the systems, threatening its sustainability. The FUNDESNAP Trust Fund was created to help fill this gap: by taking in donations and investing them, it can convert a short-term flow of money into a long-term one.

The Protected Areas Trust Fund administered through FUNDESNAP has been successfully established and is currently operating with a capital endowment of US \$ 15 million, the capitalization goal has been met. In the management of its capitalized funds, FUNDESNAP has achieved an average annual income in the last four years of 6.19%. The capitalized and extinguishable funds have allowed FUNDESNAP to finance 31.5% of the basic costs of ten protected areas (about 50% of the national protected areas). Between 2002 and June 2006 FUNDESNAP achieved a cash flow of US\$3,853,751, equivalent to 28% of the capital in the trust fund.

In addition to its initial role in managing investment funds, FUNDESNAPE has expanded its activities to also include the management of project funds. The main such project managed to date is the KfW-financed Biodiversity in Protected Areas (BIAP) project. This project was initially managed by SERNAP directly, but was transferred to FUNDESNAPE in 2002 after SERNAP proved unable to manage it effectively. SERNAP continues to implement BIAP. BIAP funds channeled to SERNAP totaled US\$199,000 in 2002, US\$699,000 in 2003 and US\$420,000 to date in 2004. FUNDESNAPE also managed US\$230,000 for TNC in 2002. FUNDESNAPE is negotiating several similar agreements with other projects. Unlike the capital funds, these funds are explicitly short-term funds. The BIAP project should end in 2006, but a BIAP 2 project may follow it.

It was never intended that FUNDESNAPE would fund SNAP's recurrent costs entirely. Another sources of self income have been identified in the Strategic Financial Plan. The tourist entrance fee-SISCO has been approved in Eduardo Avaroa, Cotapata, Madidi, Carrasco, Noel Kempff Mercado, Sajama, and Amboro, but is currently only being implemented in Eduardo Avaroa and Madidi. A study of tourists in Eduardo Avaroa undertaken by TNC provided strong support for increasing the fee to at least US\$10, but this has not yet been implemented due to tour operator opposition. SERNAP is planning to introduce the fee increase in the coming years, simultaneously with a package of improvements to facilities, to lessen opposition. The Financial Strategy contemplates an increase in SISCO income to about US\$550,000 annually by increasing fees to US\$10 for foreigners and implementing SISCO in a few additional areas.

In addition, the other source of state financing will be the municipalities and prefectures, that will gradually cover the costs of additional field staff, once the decentralized management mechanisms are established. The Strategic Institutional and Financial Plan have been designed to improve organizational aspects and to secure sustainable financing beyond the protected areas trust fund and the support of international donors.

Until the financial strategy and other sources of self income are in place, the main sources of financing of the SNAP will continue to be the revenues of FUNDESNAPE's protected areas trust fund and the ongoing operations of Germany and the Netherlands Governments. Under this scenario, it is expected that in the coming years, with only about 30% of the recurrent costs of 50% of the national protected covered, the minimum staff and equipment required, the SNAP will be operated on the lowest and basic level.

8.3 Efficiency

(Net Present Value/Economic Rate of Return, cost effectiveness, e.g., unit rate norms, least cost, and comparisons; and Financial Rate of Return)

The assumptions at Appraisal were that the total project, including parallel financing from the German and Dutch cooperation and NGOs, would require financing of US\$43.69 million of which US\$31.95 million would be for investment and US\$11.74 million for recurrent costs. Resources would be provided by a variety of sources:

Government of Bolivia (US\$4.50 million); FUNDESNAP (US\$2.29 million); FONAMA Trust Fund (US\$4.61); GEF (US\$15.00 million); Government of Germany (US\$11.37 million); Government of the Netherlands (US\$5.37 million); and local NGOs (US\$0.55 million). During the operational period, US\$2.08 million would be required to cover recurrent and investment costs in the 10 priority areas supported by GEF and in the central unit of SERNAP.

FUNDESNAP income was estimated based on an investment plan contemplating a 6.5% annual net return and additional endowment resources of US\$1.0 million per year during the five years of the project. It was assumed that FUNDESNAP would raise \$5 million in capital contributions during the 5 year project, in order to achieve a total of \$15 million in endowment capital.

The total Government of Bolivia contribution to the project was projected to be US\$3.3 million over five years. In November 2000, the GOB reiterated its commitment to financing for SERNAP articulated earlier that year in the CDR in a policy letter signed by the Minister of Sustainable Development. The letter commits the Ministry to providing a minimum of US\$500,000 for the year 2001, US\$600,000 for 2002, and US\$650,000 for 2003 and for 2004, and US\$680,000 for 2005. For the following years, these contributions will come from resources generated from the national system of protected areas with additional funds provided by the central budget to ensure a minimum total contribution of US\$0.6 million annually. The SNAP was projected to generate US\$1.5 million over the five years of the project implying an additional US\$1.5 million allocation from the central budget. These resources were to be used to support both protected area and central unit recurrent and investment costs. In addition, the GOB would provide counterpart resources necessary to cover any taxes on goods purchased through the project (estimated at US\$0.1 million over the five years of the project).

The situation at the closing of the project is assessed as follows:

Based on the costs and financial information at closing (Annex 2), the total project costs decreased to US \$ 36.47, corresponding to 83.7% of the amount estimated at Appraisal. It is important to mention that GEF resources were mostly invested throughout the five project component as originally planned, the funding shortages mainly correspond to the GOB and parallel financing that was not provided as projected. Although some key aspects of the project such as the finalized version of a Master Plan, the legal framework and the conversion of staff were not achieved, it could not be directly attributed to the financial shortfall, other factors such as institutional instability had more impact on the final results. These facts can take us to the conclusion that project costs were over-estimated compared to the period of implementation and the expected outcomes.

The only component of the financial plan that had a direct impact on achieving some of the project objectives was the Government's fiscal crisis and the impossibility to provide the counterpart financing, only 27% of the originally committed amount was provided during the life of the project. This decision was partially solved with the decision by the Bank to apply the new Country Financing Parameters (100% financing to all expenditure

categories), however key aspects such as the protected areas staff conversion was not fulfilled. The alternative mechanisms proposed under the Strategic Financial Plan, if implemented, might solve to some extent this financing gap.

The capitalization of the Protected Areas Trust Fund administered by FUNDESNAPE experienced some shortcomings. During the first year of the trust fund operation, FUNDESNAPE negotiated the transfer of funds from two loan agreements between the Government of Bolivia, IDB (\$US 1.97 million) and CAF (\$US 1.0 million). These projects were jointly financing the construction of the Santa Cruz-Puerto Suárez road, and the funds to be invested in FUNDESNAPE were supposed to finance activities to mitigate the impacts along the road and specifically affecting the buffer zones of three national protected areas (Otuquis, San Matías and Gran Chaco). The implementing agency in both cases was the National Road Service.

In January of 2005, an amendment to the IDB loan changed the beneficiary agency from FUNDESNAPE to the Bolivian Indigenous Fund, an action that was taken without consultation with SERNAP and FUNDESNAPE. Apparently the same action was going to take place with the CAF loan agreement. SERNAP and FUNDESNAPE did not succeed in persuading the National Road Service to revert this situation, however by the end of September 2006, the funds from the CAF's loan were finally transferred to FUNDESNAPE.

Although the resource from the IDB loan were not made available, FUNDESNAPE, applying a financial security band, managed to raise \$5 million in capital contributions during the 5 years of the project for a total of \$15 million in endowment capital. Except for short periods, it was also able to maintain average annual returns of 6.5 %.

Some of the technical studies including certain protected areas Management Plans, the Strategic Financial Plan and the previous baseline studies to implement the biodiversity management plans were directly implemented by SERNAP, with strong support of the project technical team. This modality of implementation resulted in a good quality product at a significantly lower cost to the project. Savings from this allowed additional funding to be used for protected areas infrastructure, substantially increasing management efficiency in those protected areas.

Finally, the implementation of ten pilot biodiversity management projects in five protected areas provided an opportunity to increase the co-financing of the project from different sources, including the in kind contribution provided by the beneficiary communities.

8.4 Justification of Overall Outcome Rating

(combining relevance, achievement of GEOs, and efficiency)

Rating: Moderately Satisfactory

Based on the information provided in Sections 8.2 and 8.3, out of six impact indicators of the Global Objective, four have been fully achieved and two (Master Plan and

Protected Areas Law) have been partially achieved. As previously indicated, these six key performance indicators are:

1. An efficient management system is established for the SNAP;
2. A long-term Master Plan is developed within an appropriate legal framework;
3. The functionality of 10 protected areas has been achieved as measured by an increase in management effectiveness by 1.5 points on average and no PA less than 2 (based on the project's protected areas scorecard methodology);
4. Operating Protected Area Management Committees have increased from 5 to 14;
5. SNAP Trust Fund (FUNDESNAP) is fully operational and its capital endowment has increased to at least US\$ 15.0 million;
6. Adequate legislation has been passed and is enforced to conserve biodiversity and protected areas within two years of project effectiveness.

The level of impact and the implications on protected areas management and sustainability in relation of those indicators partially achieved is different, since some are more critical than others.

The lack of a Protected Areas Law has been addressed to some extent with sectoral regulations that have improved the management of protected areas by SERNAP. However, the impossibility to convert staff will pose a risk to an effective management in the medium and long term. Hopefully the proposed Master Plan will be compatible with the vision of the new administration and will become a tool for long-term planning.

8.5 Overarching Themes, Other Outcomes and Impacts

(if any, where not previously covered or to amplify discussion above)

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

Sustainable biodiversity and natural resources management models for protected areas and their buffer zones have been designed. Based on these models, natural resources management subprojects have been piloted in selected protected areas with the following criteria: (i) the capacity to adapt to the protected areas communities' livelihood practices, natural resource use patterns, cultural values and other socio-economic conditions; (ii) consistency with protected areas management goals; (iii) responsiveness to communities' priorities; and (iv) ease of replication. The main objective of these subprojects was to support the conservation of protected areas while generating local development processes and benefits and contributing to food security while improving the quality of life local communities. Successful examples are:

60 hectares within the Madidi Reserve contain agro-forestry systems addressed to the production of ecological cocoa; 140 beneficiary families have been trained on agro-forestry systems, improved management of cocoa and improved/environmentally sound agricultural practices; assistance to beneficiary families on silvicultural methods to maintain healthy and productive cocoa plants, as well as the construction of storage, drying and selection facilities. El Palmar Protected Area: this project benefits 81 families from the communities of Rodeo El Palmar, Aramasi, Loman and Molani. The objective

is to manage and conserve native forests, develop agro-ecological systems, protect water streams through reforestation with native species and to implement low cost technology to optimize the use of rain water for micro-irrigation. These practices are helping to conserve key components of biodiversity such as the native palm Janchicoco and remnants of mountain pine.

An additional mechanism to benefit the communities of some Protected Areas was the dedication of some of the funds collected through entrance fees (SISCO) to community works such as schools, sanitation, and mini-generators, as well as providing counterpart financing for community projects supported by the Prefectures (Department administrations).

(b) Institutional Change/Strengthening

(particularly with reference to impacts on longer-term capacity and institutional development)

SERNAP is a young institution and has yet to be fully established in terms of having a solid technical team not dependent on international cooperation and a sustainable financing mechanism in addition to the protected areas trust fund. The projects has helped to consolidate SERNAP's role as the regulatory agency of the SNAP by strengthening its policy, planning and management capacities and its ability to operate as an autonomous institution. SERNAP will continue to articulate a long-term, national strategy for protected area management taking into account Bolivia's national policies and sustainable development objectives.

(c) Other Unintended Outcomes and Impacts (positive or negative, if any)

Not applicable.

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

(optional for Core ICR, required for ILI, details in annexes)

SERNAP

(From Executive Summary from the Independent Evaluation of SERNAP, March 2006)

The project was coherently formulated from an institutional vision of SERNAP, oriented toward the social and financial sustainability of the System of National Protected Areas (SNAP). This vision grew from a concept of "Parks with People," a vision generated in Bolivia and expressed in the Environmental Law of 1999 in accordance with the Bolivian circumstances and the political and legal changes in recent years.

Although the majority of expected results have been achieved, the efficiency of project management has been low, due to various mainly external factors (lack of provision of the 15% counterpart financing committed by the Bolivian Government, political

instability with consequences of changes in the directors of SERNAP with six changes of directors during project management, and internal bureaucracy of SERNAP) but also factors internal to the project (conflicts between visions and interest groups within the strategic associates of SERNAP, planning within the PAD that was not realistic, indicators that were outside the control of the project), which have created severe delays. It was not possible to accomplish all of the "triggers" defined for the second phase.

At the level of the protected areas, the project has increased the efficiency of participative management through the provision of infrastructure and equipment for protection and for ecotourism, but above all else the advances in the Participative Management Plans, the accumulation of experience of the Management Committees, which show indications of growing consolidation, a pre-requisite to the more cost-efficient management necessary for the long term sustainability of SNAP. There are also advances in the financial sustainability of some Protected Areas.

FUNDESNAP

(Executive Summary from the Independent Evaluation of FUNDESNAP, February 2006)

Beginning in February 2001 the Fundación para el Desarrollo del Sistema Nacional de Áreas Protegidas (FUNDESNAP), a private, non-for-profit entity with a legal status recognized by the Bolivian government, became the implementing agency for part "D" of the GEF II project, "Achieving financial sustainability of the Protected Areas of Bolivia" in accordance with the grant agreement No. TF24707 signed between the World Bank and FUNDESNAP.

For component "D" (Sustainable Financing) the World Bank allocated US\$ 5 million with resources from previous projects forming a counterpart fund of US\$ 9.94 million allocated to improve the financial capacity of SNAP and consolidate and strengthen the financial and operational structure of FUNDESNAP with the objective of ensuring the effective administration of the transferred resources and therefore the achievement of the project objectives.

One of the goals of the capitalization strategy was to obtain and at least maintain during the life of the project a revenue of about 6.5%, which was partially achieved. The average revenue in four years was about 6.19%. The goal was not fully met due to two main reasons: i) revenues were used before achieving the maturity of the trust fund and ii) the low revenues registered during 2005 (5,69%), due to the overall behavior of international markets. However, by the end of 2005, revenue increased to 6,89% due to an adequate management of the investment portfolio and the selection of the appropriate instruments to achieve the required annual cash flow.

More details in Annex 7.

9. Assessment of Risk to Global Environment Outcome

Rating: Substantial

The risk to the Development Outcome is rated Moderate based on the fact the two performance indicators partially achieved were developed at the point to which the processes were totally under control of SERNAP. The draft Protected Areas Law was prepared through a highly participatory process, ensuring an excellent technical level and the inclusion of all the necessary mechanisms to provide the country with a solid instrument for the sustained management of the SNAP. The lack of this instrument did not prevent SERNAP from preparing sector regulations that allowed the implementation of crucial actions such as the use of biodiversity by local communities and the control of the procedures for the environmental assessment of hydrocarbon and mining activities, also reducing to some extent the existing conflicts among different legal bodies.

On the other hand, the Master Plan, although very delayed and with not enough time available to carry out a consultation at the national level, provides the operational framework to consolidate and execute the management tools developed under the project such as the protected areas management plans, also provides the operational strategies for a sustained financing, decentralized management and the harmonization and optimization of funds from different sources.

The adoption of the Master Plan in the future will allow a fully integrated management of the protected areas, however if not adopted, it will not pose a serious risk to the sustainability and integrity of the SNAP itself. The strong social network that has been established through the operation of the Management Committees will mitigate the impacts of the lack of a protected areas law and the delayed implementation of the Master Plan. The overlapping of protected areas with TCOs will also secure the territorial identity.

Financial sustainability has a basis through the protected areas trust fund and will cover the basic recurrent costs to secure the integrity of important ecosystems. Further efforts are necessary to consolidate the trust fund and to implement the mechanism for generation of additional revenue as proposed in the Strategic Financial Plan.

10. Assessment of Bank and Borrower Performance

(relating to design, implementation and outcome issues)

The Bank's performance preparing and obtaining approval of the project is considered Satisfactory. The composition of the Bank team was very good and reliance on the local team members was an advantage to secure quality at entry. This project was the second national GEF protected areas project in Bolivia and the design was strongly supported by the lessons learned during the first project. The Bank successfully addressed key aspects of protected areas management, under a 15 year vision to secure institutional, social and financial sustainability. While some aspects of the project's design could have been strengthened to avoid setting up ambitious objectives, this does not diminish the Bank's satisfactory performance.

The close collaboration and harmonization of actions with the most important donors of the SNAP also contributed to a better project design and to a good performance of the Bank preparation team.

(b) Quality of Supervision

(including of fiduciary and safeguards policies)

Rating: Satisfactory

Bank supervision is considered Satisfactory. At the initial stage of implementation, the Bank carried out all the necessary actions to secure that all technical and administrative aspects were properly addressed. The Mid-Term Review was a highly technical exercise, comprising a team of specialists in diverse areas who contributed to a deep analysis of the performance of the project and helped to identify critical actions to improve implementation. The mission comprised specific assessments on safeguard compliance, institutional aspects, monitoring systems, and the operation of the Management Committees. The Bank reacted to the fiscal crisis of the Government on an efficient way, processing the corresponding amendment to create new sub-categories for recurrent costs and allowing the flow of funds to the protected areas.

A total number of ten missions, including the MTR, took place during the life of the project. There was a permanent follow-up on project participatory processes. Substantial attention and support was provided to the consultations on the proposed Protected Areas Law. Given the continuous changes of the Directors of SERNAP, the Bank provided the necessary support to the project team to secure a smooth transition and avoid interruptions of the critical processes. The supervision team efficiently managed to keep the project on track in the middle of a complex and highly volatile political and social context.

The Financial Management Specialist and Procurement Officer based at the Bolivia Country Office provided support and guidance far beyond the regular supervision missions and contributed substantially to the analysis and processing of the numerous project transactions.

A particularly important aspect was the continuous support to the supervision team by the Sector Management Unit and the Country Management Unit. The Country Managers

provided continuous guidance, insight and political advice. The TTL was strongly supported by the Country Director and Country Manager when the shortfalls with the protected areas trust fund took place in relation to the IDF and CAF loans. The Country Director supported the project team by raising this issue at the highest political level within the Government of Bolivia.

(c) Justification of Rating for Overall Bank Performance

Rating: Satisfactory

10.2 Borrower

(a) Government Performance

Rating: Satisfactory

The Borrower's performance in project preparation is considered Satisfactory. Preparation of this project was very challenging for the Government of Bolivia, because it was the second GEF project and the overall design was located under a long-term planning umbrella with very specific targets, while huge efforts were taking place to avoid the collapse of the National System of Protected Areas. A strong technical team managed the process, taking advantage of the lessons of the first project.

During implementation, however, the Government was not able to provide the committed counterpart producing serious shortcomings in project implementation, however its ability and capacity to handle this problem was demonstrated when the new Country Financing Parameters were agreed with the Bank and several projects, including this one, were subject to a change in the financing plan to cover 100% of the expenditures in all the categories.

Throughout the project period, the sector Ministries provided the necessary support to SERNAP for the treatment of the Protected Areas Law and the adoption of policies related to conservation, however the approval of the Law was not the direct responsibility of the Government.

(b) Implementing Agency or Agencies Performance

Rating: Moderately Satisfactory

Implementing Agency	Performance
SERNAP	Moderately Satisfactory
FUNDESAP	Satisfactory

(c) Justification of Rating for Overall Borrower Performance

Rating: Moderately Satisfactory

SERNAP

The successful implementation of the most important components of this project was due in large part to a capable project coordination team, which worked together with SERNAP staff in the technical and administrative aspects of the project. In spite of the frequent changes of Directors, the project team managed to secure uninterrupted execution. Thus, performance of SERNAP as a whole was moderately satisfactory, with the main weakness being the lack of consistency of the management and therefore vision regarding key tasks undertaken by the project.

The participatory manner in which relevant planning tools such as the annual operating plans and protected areas management plans were developed and monitored, served as an efficient tool for internal communication and for ensuring that the project was focused on achieving the Global Objective. It is important to mention the excellent job preparing the Mid-Term Review and SERNAP's contribution to the ICR.

Regarding donor coordination, SERNAP could have been more strategic and efficient. Generally, the lack of a clear vision for the management of the SNAP due to the continuous changes in authorities, did not provide a clear guidance to donors and limited to some extent a stronger joint effort to optimize funds and concentrate actions on solving key problems.

FUNDESNAP

FUNDESNAP's implementation of its project component was satisfactory. It is important to mention FUNDESNAP's strong commitment to carry out a transparent management of the protected areas trust fund and the enormous efforts to meet the capitalization goal on a very unstable country context. There was not a single issue related to the investment procedures that were not reported and consulted with the Bank. The Bank has been fully informed during the implementation period on the reports of both, the Asset Manager and the Independent Financial Advisor.

11. Lessons Learned

(both project-specific and of wide general application)

Project Design

It was useful to take a long term (15-year) perspective in project design, as this resulted in a well focused project which addressed the priority first steps in reaching longer term goals. Any new operation should keep the vision of a long-term strategic framework provided by the Master Plan.

Planning instruments for the long-term management of protected areas must be clearly articulated to national development plans and agendas in order to incorporate sustainable biodiversity management as a key element for national and local development. The initial stage of implementation of the Master Plan should consider specific strategies to secure such linkages.

Financial Sustainability

Although the establishment and operation of the protected areas trust fund through FUNDESNAP has met the project goals, SNAP's financial sustainability is still an important bottleneck on Bolivia's protected areas management. At project's closing, the majority of funding was still coming from international donors. The national treasury will not substantially increase its contribution in the coming years.

In addition to establish the operational mechanisms to implement the financial strategy proposed under the project which includes further development of the tourist entrance fee system (SISCO), it is important that both, the State planning agencies and SERNAP establish clear agreements and new institutional arrangements to allow municipalities and prefectures to gradually participate in the management of the SNAP and share recurrent costs and investments. The Strategic Institutional Plan also developed under the project has been designed to improve organizational aspects and to secure sustainable financing beyond the protected areas trust fund.

Poverty, land tenure and biodiversity conservation

The implementation of the Master Plan in a next phase should give priority to the following (i) aspects: (i) supporting institutional development at various levels (national, departmental and municipal); (ii) supporting administrative decentralization without hindering the development of the central government; (iii) respecting Bolivia's particular cultural and ethnic diversity; (iv) ensure that conservation and sustainable use initiatives result in local benefits, and (v) relate natural resource management to rural development.

Articulation of natural and social capitals

Sustainable biodiversity and natural resources management models for protected areas and their buffer zones were developed and implemented by communities with assistance from SERNAP. These models were successful in promoting sustainable natural resource management and biodiversity conservation because they: (i) built on and adapted existing community livelihood practices, natural resource use patterns, cultural values and other socio-economic conditions; (ii) were consistent with protected areas management goals; (iii) responded to communities' priorities; and (iv) were relatively simple and easy to replicate. The success of these activities on a local, community level underlines the potential of these initiatives to meeting system objectives while helping Bolivia to become a producer of goods and services associated with its environmental capital. Further actions should be implemented to consolidate this type of activities and

to strengthen the existing social networks.

Biodiversity management projects were fundamentally focused on establishing sustainable biodiversity and natural resources management models, seeking to reduce threats to protected areas, while improving to some extent the welfare of local communities. Although very positive impacts were obtained at this pilot stage in increased productivity and access to local markets, it is expected that in the future, the continued and expanded support to this type of initiatives will allow to substantially increase productivity and improve access to markets for small producers. It will also help them innovate, add value, and remove barriers to become actively involved in productive alliances with other local market actors. Conservation and the sustainable use of biodiversity in rural landscapes demand further development of sustainable productive systems, which in turn require an adequate system of technology transfer. The development of this type of initiatives could help Bolivia to position itself globally as a reservoir of natural resources and a producer of goods and services associated to its environmental capital.

These initiatives has been jointly implemented and co-financed with the German cooperation through the MAPZA project and other co-financiers that were identified during the design of the pilot projects. Once the GEF project has closed, SERNAP must secure a continued support in the coming years in the form of technical assistance, training, and co-financing that will be made available additional capacity building to consolidate productive chains and even develop business plans.

Protected Areas Management Plans

The participatory process of preparation of the protected areas management plans was not sufficient, by itself, to secure the ownership and full understanding of the proposed conservation strategies by stakeholders. For its future implementation it is essential to develop specific implementation strategies to secure the direct participation of the protected areas Management Committees.

While the implementation of the natural resource management and biodiversity projects resulted in greater community support for the protected areas and their management plans, our experience led us to believe this support would likely disappear if follow-up to the projects were absent or ineffective.

Monitoring System

In spite of significant efforts in developing a monitoring system, the project did not succeed in taking all the steps needed to articulate, measure and inform the Management Committees and other stakeholders regarding the indicators of biodiversity and of the current and projected future resource use patterns by communities in each Protected Area. These steps to be further developed in future projects.

Given the limited capacity of SERNAP to continue operating the biodiversity

monitoring system, it is highly recommended the development of new strategic alliances with other institutions to secure the data collection, processing and analysis and leverage additional resources to maintain the updating of the databases and the generation of relevant information.

Government Commitment and Sustainability

The project helped to finance the protected areas staff on a decreasing basis, at the project closing, such staff was fully covered with the protected areas fund. SERNAP and FUNDESNAP must continue their joint efforts to implement the Strategic Financial Plan to secure the contracting of additional staff for an improved management of the SNAP. The implementation of the SFP will reduce SERNAP's dependence on international cooperation to finance SNAP's recurrent costs and will allow to direct donor's support to other strategic investments.

Administrative and Project Management Aspects

The success of the project depended greatly on the continuity of the project technical staff. The missing component was continuity of SERNAP's management which produced delays on project implementation and continuous interruptions on the development of the most relevant planning tools such as the Master Plan. In the future it is important the sector Ministry secures as far as possible the stability of the head of SERNAP and provide a space for better policy and operational coordination.

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

(a) Borrower/implementing agencies

long-term vision of the management of the SNAP and all the associated strategies needed to implement such vision.

During the implementation of the project, there was a permanent interest and willingness to coordinate actions among donors, however the constantly changing policies due to the changes of authorities limited such efforts. In spite of this limitations, this is a period in which the highest levels of coordination have been achieved regarding the consolidation of the Bolivian protected areas.

(c) Other partners and stakeholders

(e.g. NGOs/private sector/civil society)

Annex 1. Results Framework Analysis

Global Environment Objectives

The Sustainability of the National System of Protected Areas program was

Revised Global Environment Objectives

Not applicable.

(a) GEO Indicator(s)

Indicator	Baseline Value	Original Target	Formally	Actual Value
Indicator 1 :	An efficient management system is established for the SNAP			

Indicator 1 :	An efficient management system is established for the SNAP			
Value (quantitative or Qualitative)	The National System of Protected Areas (SNAP) is created with national protected areas operating at the basic level, the majority lacking of management plans, sufficient staff and financing	Ten protected areas (about 50% of the existing) under efficient management	not applicable	Ten protected areas covered by the project are under efficient management
Date achieved	01/31/2001	06/30/2006	06/30/2006	06/30/2003
Comments (incl. % achievement)	This indicator has been fully achieved.			
Indicator 2 :	A long-term Master Plan is developed within an appropriate legal framework			
Value (quantitative or Qualitative)	A 15-year program with general objectives and targets is developed. A long-term operational tool is not in place	A Master Plan for the SNAP is developed in consultation with stakeholders and operating under a legal framework	not applicable	Master Plan proposal is ready by the closing date. This draft has not been consulted with stakeholders and the legal framework has not been developed
Date achieved	01/31/2001	06/30/2006	06/30/2006	06/30/2005
Comments (incl. % achievement)	This indicator has been achieved in about 80%, the delays in developing this tool due to changes in SERNAP management did not allow its completion.			
Indicator 3 :	The functionality of 10 protected areas has been achieved as measured by an increase in management effectiveness by 1.5 points on average			
Value (quantitative or Qualitative)	Management effectiveness is 1.7 points in average	Management effectiveness increased by 1.5 points in average, no protected areas with less than 2 points	not applicable	Management effectiveness increased by 1.4 points in average, no protected areas with less than 2 points.
Date achieved	01/31/2001	06/30/2006	06/30/2006	06/30/2006
Comments (incl. % achievement)	Although effectiveness reached only 1.4 average, it is important to highlight that the ten PAs under the project are 2 points or more in average. For this reason this indicator is considered 100% achieved.			
Indicator 4 :	Operating Protected Area Management Committees have increased from 5 to 14			
Value (quantitative or Qualitative)	Management Councils operational in 4 protected areas	Management Councils increased from 4 to 15	not applicable	Management Councils established and operational in 17 protected areas
Date	01/31/2001	06/30/2006	06/30/2006	06/30/2006

achieved				
Comments (incl. % achievement)	This indicator has surpassed the original target, Management Councils were established in two additional protected areas.			
Indicator 5 :	SNAP Trust Fund (FUNDESNAP) is fully operational and its capital endowment has increased to at least US\$ 15.0 million			
Value (quantitative or Qualitative)	SNAP Trust Fund with initial operational mechanisms and with a capital endowment of US \$ 4.8 million.	SNAP Trust Fund (FUNDESNAP) is fully operational and its capital endowment has increased to at least US\$ 15.0 million	not applicable	SNAP Trust Fund (FUNDESNAP) is fully operational and its capital endowment has increased to US\$ 15.0 million
Date achieved	01/31/2001	06/30/2006	06/30/2006	06/30/2006
Comments (incl. % achievement)	This indicator is 100% achieved.			
Indicator 6 :	Adequate legislation has been passed and is enforced to conserve biodiversity and protected areas within two years of project effectiveness.			
Value (quantitative or Qualitative)	Lack of sector-specific legal and regulatory framework to ensure sustainable management of protected areas	Protected Areas Law passes and approved within two years of project effectiveness	not applicable	The drafting of the Protected Areas Law has been completed but not approved by the Congress
Date achieved	01/31/2001	06/30/2006	06/30/2006	06/30/2006
Comments (incl. % achievement)	This indicator was partially achieved (80%). The Government carried out the preparation and consultation processes, however the approval by the Congress is out of the Government's control.			

(b) Intermediate Outcome Indicator(s)

Indicator	Baseline Value	Original Target Values (from	Formally Revised	Actual Value Achieved at Completion or Target
Indicator 1 :	Management system of 10 protected areas strengthened.			
Value (quantitative	Eight out of the ten protected areas	Management system of 10 selected protected	not applicable	Management plan for three additional protected
Date achieved	01/31/2001	06/30/2006	06/30/2006	06/30/2006

Date achieved	01/31/2001	06/30/2006	06/30/2006	06/30/2006
Comments (incl. % achievement)	This indicator has been 100% achieved.			
Indicator 2 :	Protected Areas law prepared and presented for approval by Congress			
Value (quantitative or Qualitative)	Lack of sector-specific legal and regulatory framework to ensure sustainable management of protected areas	Protected Areas Law passes and approved within two years of project effectiveness	not applicable	Protected Areas Law has been completed but not approved by the Congress
Date achieved	01/31/2001	06/30/2006	06/30/2006	06/30/2006
Comments (incl. % achievement)	This indicator was partially achieved (80%). The Government carried out the preparation and consultation processes, however the approval by the Congress is out of the Government's control.			
Indicator 3 :	FUNDESNAPE established as a capitalized trust fund to support recurrent costs of 10 priority areas covers recurrent costs and mobilizes a total capital endowment of US\$15 million			
Value (quantitative or Qualitative)	SNAP Trust Fund with initial operational mechanisms and with a capital endowment of US \$ 4.8 million.	SNAP Trust Fund (FUNDESNAPE) is fully operational and its capital endowment has increased to at least US\$ 15.0 million	not applicable	SNAP Trust Fund (FUNDESNAPE) is fully operational and its capital endowment has increased to US\$ 15.0 million
Date achieved	01/31/2001	06/30/2006	06/30/2006	06/30/2006
Comments (incl. % achievement)				
Indicator 4 :	Models for biodiversity management developed and piloted at 3 PAs (MAPZA/GTZ)			
Value (quantitative or Qualitative)	Few pilot experiences developed by previous projects financed by GTZ.	Models for biodiversity management developed and piloted at 3 PAs.	not applicable	Models for biodiversity management developed and piloted at 5 PAs.
Date achieved	01/31/2001	06/30/2006	06/30/2006	06/30/2006
Comments (incl. % achievement)	This indicator surpassed the target value, pilot projects were developed in two additional PAs.			
Indicator 5 :	Monitoring and evaluation system of biodiversity conservation established and operating			
		Monitoring and		Monitoring and evaluation

(quantitative or Qualitative)	monitoring system has been developed	evaluation system of biodiversity conservation established and operating for SNAP	applicable	system of biodiversity conservation established and operating for SNAP, regular application in the ten selected PAs.
Date achieved	01/31/2001	06/30/2006	06/30/2006	06/30/2006
Comments (incl. % achievement)	This indicator was 100% achieved. Although the monitoring system was re-scaled due to its complexity, it is currently operating on a regular basis.			

Annex 2. Restructuring (if any)

Not Applicable

Annex 3. Project Costs and Financing

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

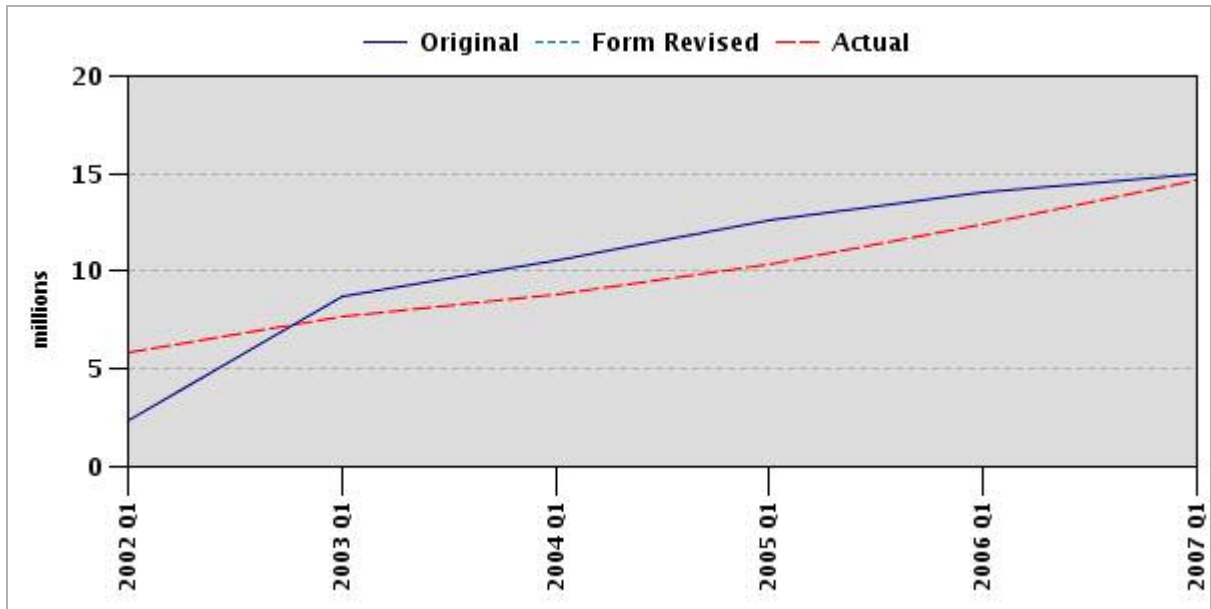
Components	Appraisal Estimate (USD M)	Actual/Latest Estimate (USD M)	Percentage of Appraisal
POLICY AND INSTITUTIONAL DEVELOPMENT	6.56	3.74	57.01
MANAGEMENT OF PRIORITY PROTECTED AREAS	21.82	16.41	75.21
LEGAL AND REGULATORY FRAMEWORK	0.57	0.12	21.05
SUSTAINABLE FINANCING	9.78	15.00	153.37
BIODIVERSITY MANAGEMENT AND MONITORING IN PROTECTED AREAS	4.83	1.20	24.84
Total Baseline Cost	43.56	36.47	
Physical Contingencies	0.10		
Price Contingencies	0.30		
Total Project Costs	43.96		
Project Preparation Facility (PDF-B)	0.37	0.35	94.59
	0.00	0.00	0.00
Total Financing Required	44.33	36.82	

(b) Financing

Source of Funds	Type of Cofinancing	Appraisal Estimate (USD M)	Actual/Latest Estimate (USD M)	Percentage of Appraisal
Borrowing Agency	National Counterpart	3.03	0.81	26.73
Borrower	National Counterpart	1.47	1.50	102.04
GLOBAL ENVIRONMENT FACILITY	Trust fund earnings	2.84	2.84	100.00
GERMANY, GOV. OF (Except for BMZ)	Trust Fund capitalization	1.00	1.00	100.00
NETHERLANDS, GOV. OF THE (Except for MOFA/Min of Dev. Coop.	Trust Fund capitalization	1.10	1.10	100.00
BILATERAL AGENCIES (UNIDENTIFIED)	Trust Fund capitalization	1.97	1.97	100.00
NON-GOVERNMENT ORGANIZATION (NGO) OF	Parallel	5.37	4.57	85.10

BORROWING COUNTRY				
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(c) Disbursement Profile



Annex 4. Outputs by Component

Component 1: Institutional and Policy Development

- a. Although the elaboration of the Master Plan was not accomplished, the following planning instruments were created: Integrated Plan, Financial Strategic Plan, and Institutional Strategic Plan. The Integrated Plan, drafted in place of the Master Plan, does not constitute an operational plan as was expected. It does, however, provide a general planning framework for SERNAP. The principal elements of the Financial Strategic Plan are: (i) a strategic plan for the development of the financial sustainability of the National System of Protected Areas; (ii) a financial plan presenting an analysis of the financing requirements and gaps of the National System of Protected Areas; and (iii) a revenue plan providing guidelines for achieving required financing of the System in the context of financial concurrence.
- b. Identification of mechanisms to generate income. Two project activities contributed to achieving self-financing of the Protected Areas: (i) the development of a user/entrance fees (SISCO) which were successfully applied in two Protected Areas, one of which succeeded in becoming fully self-financing (REA); and (ii) the articulation of the concept of environmental service and concession fees, including the drafting of proposed regulations for tourism concessions.
- c. The project established an efficient project team during implementation. Because of the austerity conditions of the government plans to convert contracted personnel to regular government staff could not be carried out. In addition, during the recent political changes, the majority of SERNAP staff were fired and replaced.

Component 2: Management of Priority Protected Areas

- a. SERNAP's central/national office was strengthened by the contracting of large numbers of technical personnel with the goal that these would later form part of the organization. This objective was not achieved due to political instability and government's fiscal restrictions. A proposal has been sent to the Finance Ministry for the conversion of SERNAP personnel to become permanent government personnel. If this proposal were approved the target of 80% would be superseded given that in reality it would cover 100% of the personnel of Protected Areas (park guards, heads of protection, administrators, and directors of Protected Areas) and key personnel of SERNAP's central unit. This proposal indicates that the salaries for these positions would be covered by permanent and sustainable sources which SERNAP already has at hand for the next 5 years. These funding sources include: income from FUNDESNAP capitalized trust funds, other funds of FUNDESNAP (extinguishable funds), Bolivian Treasury funds, the Kaa Iya trust fund, the Noel Kempff Mercado trust fund, SISCO (park fees). These funding source will generate approximately US\$2,430,000 annually, which will cover the basic operational costs of the 19 project areas under SERNAP management, plus the technical and administrative team of SERNAP's central unit.

- b. The project provided infrastructure and basic equipment to ensure effective management and operation of each area (computers, communication equipment, vehicles, motorcycles). Two sizeable infrastructure projects were done – interpretive centers in REA and Pilon Lajas.
- c. The project contributed to the preparation and implementation of Management Plans for three Protected Areas. Although the project has been closed it is expected that three more plans will be completed shortly.
- d. The project also provided training and environmental education and other capacity building for communities surrounding the Protected Areas.
- e. Local and institutional participation and coordination in protected area management was strengthened for the 10 targeted Protected Areas through the establishment and support to the Management Committees for each Protected Area.

Component 3: Legal and Regulatory Framework

- a. The project supported the development of a new, proposed Protected Areas law and revision of other laws and regulations to ensure a consistent and supportive legal framework. In spite of all the consultation and effort, this Law has not yet been approved by the Bolivian Congress.
- b. A range of internal regulations were developed and approved for the National Protected Areas System addressing: zoning in Protected Areas, environmental impacts, environmental service charges, tourism, and concessions.

Component 4: Sustainable Financing

The implementation of Component 4 depended on the creation of FUNDESNAPE. As part of the project, in February 2001 a grant agreement (TF24707) was signed between the World Bank and FUNDESNAPE formalizing FUNDESNAPE's role as the implementing agency of Component 4 of the project.

During the period of 2001 to 2005, FUNDESNAPE's capitalization grew to US\$ 13,787,625, with a rate of increase in its capitalization from its starting point of US\$4,923,121 of 280% in those 4 years. In September 2006, three months after project closing, the capitalization target of US\$15 million was reached with the addition of funds from CAF.

The capitalization of FUNDESNAPE was achieved in the following way:

**Consolidated Capital for the SNAP Trust Fund
Managed by FUNDESNAPE, 2001 – 2006
US\$**

Source	Dated of Consolidation/Donation	Capital
Switzerland	2001	1.479.801
USA (PL-480)	2001	1.000.000
Great Britain	2001	2.443.320
GEF- Banco Mundial	2001	5.030.496
CAPITALIZATION		
German Trust Fund (*)	2002	2.784.006
Gas Oriente Boliviano	2002	400.000
Madidi Trust Fund	2005	650,000
Andean Development Corporation	2006	1.000,000
Security margin established	2006	212,377
TOTAL		15,000,000

(*) The only sinking funds in FUNDESNAF.

Of the US\$15 million, 80% are part of the capitalization of the Trust Fund, and 20% are extinguishable funds. Of the capitalized resources, 90% come from bilateral and multilateral sources and 10% from private sources.

In the management of its capitalized funds, FUNDESNAF has achieved an average annual income in the last four years of 6.19%. The capitalized and extinguishable funds have allowed FUNDESNAF to finance 31.5% of the basic costs of SNAP. Between 2002 and June 2006 FUNDESNAF achieved a cash flow of US\$3,853,751, equivalent to 28% of the capital in the trust fund.

The operation of FUNDESNAF has followed its internal regulations. For example, it has made conservative, low risk investments, and the channeling of funds to SERNAP has been done based on defined, required procedures for joint planning, efficient management and oversight. To manage the funds various levels of management and coordination mechanisms were established:

- The Asset Manager was selected by an open international recruitment process, receiving the review and no objection by the World Bank and other funders. The Asset Manager is responsible for the supervision of the funds. Currently the Asset Manager is Solomon, Smith and Barney of City Group. The Asset Manager manages the buying and selling of investments based on instructions from FUNDESNAF. The Asset Manager maintains a permanent information system on line and provides monthly reports to FUNDESNAF.
- Financial Advisor is located within FUNDESNAF and advises in the management of investments. Currently the Financial Advisor is Master Capital S. A., headquartered in Mexico, which has a lot of international experience with environment funds.
- FUNDESNAF management administers the investments and the general

management of the Trust Fund with the help of the Financial Advisor and in coordination with the Investment Committee of the FUNDESNAP Board of Directors, in accordance with FUNDESNAP's established investment strategy and guidelines.

- Investment Committee of the FUNDESNAP Board of Directors provides monitoring and control of the management of the Trust Fund, and issues policies and recommendations to be applied by FUNDESNAP management in the management of the portfolio.

In addition, mechanisms for safeguarding the capital invested were established as part of FUNDESNAP's investment guidelines. A margin of security, or risk-free reserve fund, was established. This reserve fund was calculated based on the average volatility of the investment instruments and takes up between 3% and 5% of the portfolio.

Component 5: Biodiversity Management and Monitoring in Protected Areas

- a. Through the project SERNAP's monitoring systems have improved, specifically the Measurement of Management Effectiveness of SNAP and the System for Biodiversity Monitoring.
- b. The objective of the component was to consolidate and complement prior efforts in natural resource management and monitoring of the Protected Areas and their buffer zones. For this reason the project worked closely with other donors (GTZ, FAN, WWF, WCS, CARE, CI) to increase knowledge and develop coherent models of the country. The subcomponents implemented were:
 - To develop models for biodiversity and natural resource management in the Protected Areas based on the work of MAPZA/GTZ in the buffer zones of 3 Protected Areas. GEF funds were programmed to analyze those experiences, develop specific models for each Protected Area, conduct follow-up of the implementation of the models to be able to identify and disseminate lessons learned. This subcomponent required the participation of selected communities.
 - To monitor and evaluate the conservation of biodiversity and implementation of SNAP's monitoring system. As part of the component there was to be the design of a system for measuring the efficiency of the conservation programs and provide guidance to SERNAP for decision-making. The expected outcome was a system that could be applied at a low cost as part of the daily activities of park personnel and provide critical information to support the conservation and management of Protected Areas.

Within this component contracts were given: (a) in 2001 for short consultancies to conduct a diagnosis of the Protected Areas and generate a conceptual basis for the implementation of resource management projects within SNAP; (b) in 2003 for the identification of criteria for prioritizing the Protected Areas; and (c) for the identification and implementation of 10 pilot projects. There was a delay in the implementation of the pilot projects because of the requirement for 15% national counterpart financing. Among the projects implemented were the production of cacao, hearts of palm, honey, and coffee.

With regard to the monitoring system, the project starting from zero, as previous work on

such a system had been lost. A consultancy designed the system, which included a system for the measurement of the management effectiveness of SNAP. This system was developed prior to the introduction of a similar methodology by the World Bank and WWF. Nevertheless, the methods development by the SERNAP consultancy was highly compatible with the Bank's instrument and it was possible to make consistent the respective scales for evaluating management.

Annex 5. Economic and Financial Analysis (including assumptions in the analysis)

Economic:

Type: Incremental Cost Analysis

The project's general objective was to contribute to the conservation of Bolivia's highly diverse biota by generating a long-term development strategy and establishing a reliable basis for sustainability of its protected area system. The GEF alternative would achieve these outputs at a total incremental cost of \$15.0 million.

Under the Baseline scenario, Bolivia was to be able to manage a sub-set of its protected areas, (mostly those that received support through the GEF Pilot Phase Project) as well as to maintain an adequate level of central support to the system. Total expenditures under the Baseline Scenario are estimated at US\$ 28.69 million.

Under the *GEF Alternative* scenario, Bolivia was to be able to set the basis for sustainability of its SNAP based on long-term planning and social and financial tools. This will result in an organic system of protected areas with presence of SERNAP and with mechanisms in place to achieve effective management. Specific outcomes include:

- (i) Integrated approach for SNAP that responds to social, economic, and political realities; clear long-term "State Vision" for the SNAP;
- (ii) Ecoregional representation within the SNAP, and greater coverage of globally significant areas.
- (iii) Establishment of financial mechanisms that will stabilize the fiscal burden on the state;
- (iv) Increased community participation, system ownership, and poverty alleviation in areas in and around protected areas;
- (v) Established basis for sustainability at all levels (social, financial, and ecological);
- (vi) Definition of long-term management needs for the entire system and identification of funding gaps;
- (vii) Development of biological monitoring and evaluation systems.

Total expenditures under the GEF Alternative scenario were estimated at US\$ 43.56 million.

Financial

The assumptions at Appraisal were the following:

The total project costs of US\$43.69 million was to be divided between investment (US\$31.95 million) and recurrent (US\$11.74 million) costs. The resources to fund these costs will be provided by a variety of sources: Government of Bolivia (US\$4.50 million); FUNDESNA (US\$2.29 million); FONAMA Trust Fund (US\$4.61); GEF (US\$15.00 million); Government of Germany (US\$11.37 million); Government of the Netherlands (US\$5.37 million); and local NGOs (US\$0.55 million). During the operational period, US\$2.08 million will be required to cover recurrent and investment costs in the 10

priority areas supported by GEF and in the central unit of SERNAP. These resources will be provided by government, international and NGO sources.

FUNDESNAP income was estimated based on an investment plan contemplating a 6.5% annual net return and additional endowment resources of US\$1.0 million per year during the five years of the project. FUNDESNAP disbursements from the Trust Fund income will be used to finance primarily the recurrent costs of the management of the 10 priority PAs supported by GEF. The recurrent costs for other areas was to be progressively covered, as additional funds are raised by FUNDESNAP; this would allow for shifting other donors' resources to additional investment and technical assistance, as needed.

It was assumed that FUNDESNAP was to raise \$5 million in capital contributions during the 5 year project, and \$15 million in endowment capital. However, given the uncertainty about the flow of these contributions over time, it was difficult at that stage to estimate the potential income generated by them during the first phase.

Fiscal impact: The total Government of Bolivia contribution to the project was projected to be US\$3.3 million over five years. In July 2000, under the Comprehensive Development Framework, the GOB committed increasing amounts to SERNAP: US\$600,000 for the year 2000, US\$700,000 for 2001, and US\$800,000 for 2002. For the following years, these contributions were to come from resources generated from the national system of protected areas with additional funds provided by the central budget to ensure a minimum total contribution of US\$0.6 million annually. The SNAP was projected to generate US\$1.5 million over the five years of the project implying an additional US\$1.5 million allocation from the central budget. These resources were to be used to support both protected area and central unit recurrent and investment costs. In addition, the GOB was to provide counterpart resources necessary to cover any taxes on goods purchased through the project (estimated at US\$0.1 million over the five years of the project).

The situation at the closing of the project taking into consideration the Incremental Cost Analysis and the Financial assumptions at Appraisal is assessed as follows:

Based on the costs and financial information at closing (Annex 2), the total project costs decreased to US \$ 36.47, corresponding to 83.7% of the amount estimated at Appraisal. It is important to mention that GEF resources were mostly invested throughout the five project component as originally planned, the funding shortages mainly correspond to the GOB and parallel financing that was not provided as projected. Although some key aspects of the project such as the Master Plan, the legal framework and the conversion of staff were not achieved, it could not be directly attributed to the financial shortage, other factors such as institutional instability weighted much more on the final results. These facts can take us to the conclusion that project costs were over-estimated compared to the period of implementation and the expected outcomes.

The only component of the financial plan that had a direct impact on achieving some of the project objectives was the GOB fiscal crisis and the impossibility to provide the

counterpart financing, only 27% of the originally committed amount was provided during the life of the project. This decision was partially solved with the decision by the Bank to apply the new Country Financing Parameters (100% financing to all expenditure categories), however key aspects such as the protected areas staff conversion was not fulfilled. The alternative mechanisms proposed under the Strategic Financial Plan, if implemented, might solve to some extent this financing gap.

As indicated in other sections of the ICR, FUNDESNAP was able to raise \$5 million in capital contributions during the 5 years of the project and \$15 million in endowment capital and except for short periods, it was able to maintain average annual returns of 6.5 %.

In contrast, many of the relevant processes such as protected areas Management Plans, the Strategic Financial Plan and the previous baseline studies to implement the biodiversity management plans were directly assumed by SERNAP with a strong support of the project technical team. Contrasting with the option of contracting with external consultants or firms, this alternative saved costs to the project. This provided with additional funding to protected areas infrastructure, substantially increasing management efficiency.

The implementation of pilot biodiversity management project in five protected areas provided an opportunity to increase the co-financing of the project from different sources, including the in kind contribution provided by the beneficiary communities.

Annex 6. Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

Names	Title	Unit	Responsibility/Specialty
Lending			
Gonzalo Castro	Lead Environmental Specialist	GEF	
Silvia Charpentier	Consultant	LCSSD	
Irani G. Escolano	Procurement Spec.	LCSPT	
Richard M. Huber	Consultant	LCSSEN	
Christine E. Kimes	Sr Operations Off.	AFTRL	
Maximo Liberman	Consultant	LCCBO	
Juan Antonio Martinez Yanes		LCSSD	
Kathleen G. Mikitin	Sr Auditor	IADDR	
Elizabeth Monosowski	Sr Environmental Spec.	LCSSEN	Task Team Leader
Jeffrey Muller	Natural Resources Economist	LCSAR	
Alberto Ninio	Lead Counsel	LEGEN	
Elma I. Rossel	Executive Assistant	LCCBO	
Paul Edwin Sisk	Sr Financial Management Specia	SARFM	
David F. Varela	Sr Public Sector Spec.	LCSPS	Country Lawyer
Supervision/ICR			
Gabriela Arcos	Environmental Spec.	LCSSEN	TTL since January 2005
Carla Avellan	Consultant	LCCEC	
Miriam Cespedes	Procurement Asst.	LCSPT	
Marcello R. Coelho	Operations Analyst	LCSRFB	
Alexandra Del Castillo	Team Assistant	LCSSD	
Lourdes Consuelo Linares	Financial Management Specialis	LCSFM	
Isabella Micali Drossos	Sr Counsel	LEGLA	Country Lawyer
Elizabeth Monosowski	Sr Environmental Spec.	LCSSEN	Task Team Leader
Stefano P. Pagiola	Sr Environmental Econ.	ENV	
Santiago V. Sandoval	Language Program Assistant	LCSSEN	
Marianela Zeballos	Consultant	LCSUW	

(b) Ratings of Project Performance in ISRs

No.	Date ISR Archived	IP	GEO	Actual Disbursements (USD M)
1	06/19/2001	Satisfactory	Satisfactory	0.38
2	11/28/2001	Satisfactory	Highly Satisfactory	6.49
3	05/22/2002	Satisfactory	Highly Satisfactory	7.20
4	12/20/2002	Satisfactory	Highly Satisfactory	8.05
5	06/17/2003	Satisfactory	Satisfactory	8.49
6	11/19/2003	Satisfactory	Satisfactory	9.11
7	06/21/2004	Satisfactory	Satisfactory	9.77
8	08/19/2004	Satisfactory	Satisfactory	10.18
9	05/04/2005		Satisfactory	11.53
10	11/18/2005		Satisfactory	12.69
11	05/30/2006		Satisfactory	14.39
12	12/14/2006		Moderately Satisfactory	14.48

(c) Staff Time and Cost

		Staff Time and Cost (Bank Budget Only)	
		No. of staff weeks	USD Thousands
Lending			
	FY99		82.54
	FY00	4	112.09
	FY01		97.40
	FY02		0.00
	FY03		0.00
	FY04		0.00
	FY05		0.00
	FY06		0.00
	FY07		0.00
	Total:	4	292.03
Supervision/ICR			
	FY99		1.40
	FY00	1	2.40
	FY01		5.26

FY01		5.26
FY02		48.13
FY03		62.98
FY04		63.34
FY05		64.90
FY06		31.80
FY07		17.61
Total:	1	297.82

Annex 7. Detailed Ratings of Bank and Borrower Performance

Bank	Ratings	Borrower	Ratings
Ensuring Quality at Entry:	Satisfactory	Government:	Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Moderately Satisfactory
Overall Bank Performance:	Satisfactory	Overall Borrower Performance:	Moderately Satisfactory

Annex 8. Beneficiary Survey Results (if any)

Annex 9. Stakeholder Workshop Report and Results (if any)

Annex 10. Summary of Borrower's ICR and/or Comments on Draft ICR

Ms. Connie Luff
Manager, World Bank in Bolivia
La Paz

I refer to correspondence no. BIRF-E of 2006 through which you request the presentation of a final evaluation report of the GEF II project, No. 24704. I am please to present to you the following final evaluation report.

I. BACKGROUND

The GEF II project entitled "Sustainability of the National System of Protected Areas" corresponds to a grant project of the Global Environment Facility through the World Bank to the government of Bolivia. The project was approved on February 16, 2001 and began implementation in April 2001. The project had the objective of protecting biodiversity and representative ecosystems of Bolivia through activities and management of a team of consultants and personnel who work in the National Protected Area Service (SERNAP).

The fundamental objective of GEF II project, and its first phase of five years, is to ensure the sustainable management of the System of National Protected Areas (SNAP) through the implementation of activities in five components or lines of action described below.

COMPONENT 1.- Institutional and Policy Development

This component included a group of activities that allowed SERNAP to develop basic technical knowledge through the development of tools and policies. Among these activities are:

- a) Elaboration of a Master Plan and Analysis of Gaps in Representativity of SNAP, and study for the re-categorization and demarcation of the boundaries of protected areas,
- b) Institutional and financial strategic plan for SNAP,
- c) Development of mechanisms for the generation of SNAP's own resources,
- d) Institutional strengthening,
- e) Contracting of a project coordinator.

COMPONENT 2.- Management of Priority Protected Areas

This component provides technical and financial assistance to ensure the effective management of all of the protected areas of the system for which the project provides financial support for 10 priority areas. For the achievement of these activities the following activities were planned:

- a) Strengthening of the operational capacity of the 10 areas,
- b) Construction of infrastructure and procurement of equipment for the protected areas,
- c) Financial of management plans for protected areas,
- d) Strengthening of local participation in the management of SNAP.

COMPONENT 3: Legal and Regulatory Framework

This component proposed the development and approval of the Protected Areas Law and the development of a range of sectoral environmental regulations. They included:

- a) The establishment of a participative process for the elaboration of the Protected Areas Law so that it would be approved by the Parliament,
- b) Review and proposal of amendments to sector regulations,
- c) Preparation of specific regulations for the management of protected areas (zoning, environmental impacts, tourism, concessions).

COMPONENT 4.- Financial Sustainability:

This involves financial support for the establishment of the trust fund administered by FUNDESNAP (a public/private institution). The resources generated by the trust fund would serve for the management and sustainable support of the 10 priority protected areas of the GEF II project.

COMPONENT 5.- Management of Biodiversity and Monitoring of Protected Areas:

This component was designed to consolidate the management and monitoring of the protected areas and their buffer zone. It has two subcomponents: a) development of the biodiversity models and management of natural resources in the protected areas, b) monitoring and evaluation for the conservation of biodiversity.

II. RESULTS AND EVALUATION OF THE AGREEMENT

COMPONENT 1.- Institutional and Policy Development:

Elaboration of the Master Plan:

The GEF II Project Coordination team elaborated the Management Plan for the System that constituted the basic instrument for planning and management of SNAP, which oriented the strategic development of the System. The SNAP Management Plan document contains the policies, principles, diagnostic, objectives, lines of action, management instruments, and strategies for the implementation of the plan. This instrument constituted the foundation so that the new management of SERNAP will be able to define with the inhabitants and others involved in the protected areas SNAP's management guidelines.

Analysis of Representativity Gaps of SNAP:

This consultancy was satisfactorily conducted within the established timeframe, using an analysis of approximately 50 ecological units as the basis for analyzing the representativity of SNAP with regard to ecosystems, the state of conservation of ecosystems, and the singularity of ecosystems. In addition the level of degradation or man-made conversion from recent or historical impacts was analyzed. Other factors were also reviewed, including those related to indigenous peoples and protected areas and conservation. Also included was a preliminary analysis of ecosystems which offer environmental services related to the prevention of erosion on hillsides, the regulation of water flows, and the storing of carbon dioxide.

Study for the re-categorization and demarcation of protected area boundaries:

The study was not carried out because of difficulties with some indigenous peoples in the

final years of the project who were demanding the elimination of protected areas, especially by communities located next to protected areas, as such is the case in Amboró, Carrasco, Pílon Lajas, Tipnis, El Palmar and Madidi. To re-categorize and demarcate new boundaries implied a process involving great risk for the protected areas and the system as a whole. Important in these final years was the incorporation in the national system of a new protected area, El Iñaño, in the Department of Chuquisaca. This protected area was promoted by the local population.

Institutional strategic plan:

This study included the realization of the Institutional Strategic Plan, the Proposal for the Organizational Design of SERNAP, and the Implementation Plan. The vision for SERNAP was defined as well as five strategic objectives which constituted the themes around which actions and indicators of the strategic plan were developed. The plan includes nine strategies which guide the activities to be carried out. The organizational structure includes that of the Central Unit of SERNAP and the modular organizational structure of the Protected Areas which can be adapted depending on the particularities of each Protected Area. An implementation plan and proposed, draft regulation for organization and functions were also developed. This consultancy had some problems in becoming finalized because of the change in SERNAP directors which didn't allow a timely approval of the products generated. Final payment for the consultancy will be made with non-project, SERNAP resources.

Financial strategic plan of SNAP:

SERNAP elaborated a financial strategic plan for the next ten years with financing from KfW. A second phase of the plan, a strategy to obtain additional resources, was financed by TNC.

Development of mechanisms for the generation of own resources by SNAP:

SERNAP developed and implemented mechanisms for the generation of resources in three protected areas (Madidi, Toro Toro and the Reserva Eduardo Avaroa) through the establishment of SISCO (system of entrance charges for ecotourism visitors) A consultancy was contracted regarding alternative fee collection procedures for SNAP.

Institutional Strengthening:

During the six years of the project, GEF II financed the contracting of personnel for SERNAP's central unit and also some technical personnel in the protected areas. In the central unit an average of 20 to 25 consultants were contracted, in different stages of the project, working in support of the Legal, Planning, and Monitoring Divisions. This included the contracting of specialists in environmental and administrative law, budget, tourism, information systems, communications, geographical information systems, biology, environmental monitoring, resource management, participatory and social processes, etc. In response to the needs of protected areas, technical personnel were contracted to assist with ecotourism training, environmental education, legal problems, and municipal and organizational strengthening.

Contracting of a Project Coordinator:

A project coordinator was contracted who maintained his position during the entire implementation of the project, in spite of the reductions of salary to less than half the original amount and the passing of 9 different directors of SERNAP in the six years of the project. He was accompanied by a team composed of an administrator, technical assistant, and support person. His work consisted of coordinating different activities of the project including the preparation of terms of reference for consultancies, follow-up of the implementation of these consultancies, and the administration of financial resources. He undertook a range of administrative tasks including: signing of checks, receipts and payroll of personnel in SERNAP's central unit and protected areas contracted by the project; and presentation of quarterly and annual project reports. The coordinator wrote, together with another consultant, a book entitled "The use of land and biodiversity resources in Bolivia 's protected areas," which summarized the state of conservation of Bolivia 's protected areas and presented a critical analysis of proposals for its conservation and sustainable management.

COMPONENT 2.- Management of Priority Protected Areas:

Strengthening of the operational capacity in the 10 priority protected areas:

The operational capacity of the protected areas was strengthened by the payment of the salaries of technical and administrative personnel (directors, heads of protection, park guards, administrators, drivers and secretaries) during the project period. In the protected areas professionals were also contracted in tourism, land titling, environmental education, communications, resource management, etc. Training was given to park guards and heads of protection. There were also special courses regarding environmental impact and monitoring.

Construction of infrastructure and procurement of equipment for the protected areas:

Seventeen infrastructure works in the 10 protected areas supported by the GEF II project were designed and constructed. Works constructed included: interpretation centers, and principal and secondary encampments. All infrastructure works had environmental impact studies. The operational capacity of the protected areas was strengthened with the purchase of office equipment (photocopiers, computers, and printers), furniture (bookcases, tables, desks, etc.), radio transmitters, pumps, solar panels, and transport vehicles (pick-up trucks, four-wheel drives, boats, bicycles, etc.).

Financing of protected areas management plans:

The elaboration and implementation of management plans were financed for the following protected areas: Reserva Eduardo Avaroa; Estación Biológica del Beni, El Palmar, Apolobamba and Sama. The management plan for Toro Toro was contracted, but the contract was rescinded due to poor execution by the consultant.

Strengthening of local participation in the management of SNAP:

During the project, the participation of inhabitants in the management committees of the 10 protected areas supported by the project was financed. The cost of travel for the community representatives from the interior of the protected area or buffer zone was paid for by the project. With the objective of strengthening local participation in the

management of protected areas, consultants in participation, organization, and socio-cultural issues were contracted.

COMPONENT 3: Legal and Regulatory Framework

Protected Areas Law

On two occasions participatory processes were undertaken for the elaboration of proposals for a Protected Areas Law to be approved by parliament. On one occasion, the proposed law received the first stage of approval ("*en grande*") by the Chamber of Deputies of the Parliament. Unfortunately, no further progress was made due to the political instability of the country. SERNAP authorities decided not to continue with the initiative because of the risk of negatively affecting the current legal framework (i.e. having a new law passed that was weaker than the existing law). This decision was accepted by GEF.

Review and proposals for amendments to sector regulations:

The most important achievement was the incorporation in the new Hydrocarbon Law of articles requiring prospecting for new sites of hydrocarbon extraction in protected areas to conduct Strategic Environmental Evaluations. This law provides opportunities for the involvement of local actors through their representatives. Regulations for the law were developed that include specific terms of reference for such prospecting projects that are conducted in the interior or buffer zones of protected areas.

COMPONENT 4.- Financial sustainability:

This component provided financial support for the establishment of the trust fund administered by FUNDESNAP.

COMPONENT 5.- Management of biodiversity and monitoring of protected areas

Development of biodiversity models and management of natural resources in protected areas. Various studies were carried out, including: "Biodiversity Products in Protected Areas", "Diagnostic of the Potentials and Barriers for the Provision of Environmental Services in SNAP", "Market Analysis for Biodiversity Services and Products," "Project for the Commercialization and Marketing of Biodiversity Products," and "Ecological, community production of ornamental plants in protected areas."

Among the projects for resource management and conservation were:

- Exploitation of water resources and enrichment of the native forests in El Palmar, Department of Chuquisaca.
- Improvement of the capacity to produce and commercialize ecological coffee in Pilon Lajas, Department of Beni.
- Management and commercialization of ecological cacao in Madidi, Department of La Paz.
- Management of *jatata* in Pilón Lajas, Department of La Paz.
- Exploitation of water resources in Sama, Department of Tarija.
- Management and production of honey in Pilón Lajas, Department of Beni.
- Management of Brazil nut in Manuripi, Department of Pando.

Monitoring and evaluation for biodiversity conservation

A system of environmental monitoring has been developed for the protected areas. Monitoring is a management tool through which the collection, systematization and analysis of information allows the state of conservation and the economic, productive, political, cultural and social factors in the Protected Areas to be documented in order to orient decision-making. It was decided to conduct an experiment in three pilot protected areas (Reserva Eduardo Avaroa, Amboró and the Estación Biológica del Beni) with a group of limited indicators that would serve as an example of the distinct problems in order to tailor the monitoring program to logistical limitations. In each pilot area indicators were selected that best represented the monitoring priorities of that area, working from an analysis of baseline information relating to the objectives of conservation, the principle threats, and integrating both subjects, the principle conflicts. The monitoring program focused on modeling the information flow from the collecting of field data to the methodological aspects of analyzing the data. The set of indicators allowed for the definition of the state of the natural resources, their threats, management and the surrounding socio-economic dynamic; detailed methodologies and formats were developed.

IV. SUSTAINABILITY OF RESULTS

- The interest from the trust fund will finance the operational and personnel costs of a great part of the system's protected areas..
- The conservation of biodiversity had increased in SNAP.
- The SNAP park guards have been trained to carry out protection functions in the protected areas of the system.
- Protected Areas have been incorporated to the National Development Plan, strategies have been incorporated for: a) socially sustainable economic development with social participation in the management of protected areas; b) the promotion of bio-commercial products and services; c) the preservation and conservation of biological and cultural diversity; d) the positioning of biodiversity products in international markets; e) the conservation of ecosystems, species, and genetic resources of ecological importance; d) for the sustainable use and conservation of biodiversity.
- The successful experiences in the management of biodiversity resources in protected areas show that it is possible to make conservation compatible with sustainable development. These activities are alternatives for the inhabitants of the protected areas.
- Environmental regulations for hydrocarbon projects increase the possibility of biodiversity protection in protected areas of the system.

V. EVALUATION OF PERFORMANCE OF THE IMPLEMENTATION AND MANAGEMENT UNIT

- The management of financial resources by the project has followed the procedures of the World Bank, although there have been a few observation in the external audit reports.
- The procedures for selecting and contracting consulting firms and individual experts has been realized based on the requirements of the World Bank, although

there are some observations by the external procurement audit regarding the ECYT S.R.L firm..

- During the implementation of the project, the Coordination Unit of the project maintained constant coordination with the institutions directly involved in the development of the project such as the Ministry of Sustainable Development and Planning, SERNAP, the Vice Ministry of Public Investment, other agencies of international cooperation, and the World Bank.

VI. EVALUATION OF THE PERFORMANCE OF SERNAP

- During the project there have been problems because of the instability and lack of continuity of the SERNAP authorities. The changes, including a total of nine directors, technical personnel, and technical managers, affected the implementation of activities planned for the GEF II project.
- The lack of counterpart resources committed by the government of Bolivia delayed the implementation of many consultancies and infrastructure works.
- Some consultancies, especially for Component 4 regarding the legal and regulatory framework, could not be carried out due to the political instability in the country.

VII. EVALUATION OF THE PERFORMANCE OF THE WORLD BANK

- In general, the performance of the technical and administrative personnel of the World Bank can be considered good.
- The no objections to terms of reference and disbursements in general were attended to rapidly. In only on opportunity, when modifications were being made to the disbursement system and there was a proposal to finance project costs at a rate of 100% was there a delay that affected project performance.
- Recommendations of the aide memoires helped in the majority of cases to usefully orient and re-direct the activities of the project.
- The two task managers who worked with the project were actively involved in following the activities of the project. It is notable that they had prolonged and important presences in the protected areas that they visited.
- The technical administrative personnel of the Bank were always ready to resolve problems and recommend actions to lead to effective financial performance of the project.

VIII. CONCLUSIONS

- In general, it can be concluded that in spite of the grave problems of political instability in the country that resulted in changes in the leadership of SERNAP, the GEF II project was able to achieve the majority of its objectives.
- The political problems of the country and the excessive paperwork and waiting time, within the national government and within the World Bank, delayed implementation of some programmed activities and in other cases some consultancies had to be cancelled.

IX. RECOMMENDATION

- Considering the technical and financial achievements of the GEF II project which facilitated the achievement of the majority of its objectives, the financing of a new phase of the project is recommended in order to consolidate the benefits of the first phase.

**Foundation for the Development of the National System of Protected Areas of Bolivia
(FUNDESNAP)
Final Report
Grant Agreement TF024707**

This report corresponds to the final evaluation of FUNDESNAP with respect to Component 4, Sustainable Financing, of the National System of Protected Areas Project, Grant Agreement no. TF024707

**CONSOLIDATION OF THE FINANCIAL TRUST FUND OF SNAP AS PART OF
THE GEF II, PHASE I, PROJECT**

FUNDESNAP has been able to coordinate with different sources of bilateral, multi-lateral and private founders to achieve the capitalization of a trust fund for SNAP, in alliance and collaboration with the government and its public policies.

By 2001, an initial trust fund was created within FUNDESNAP with capital transferred from the Fondo Nacional del Medio Ambiente (FONAMA), amounting to US\$ 4,923,121. In the period 2001 to 2005 this seed fund grew with additional capital donations to US\$13,787,625 in FUNDESNAP.

The GEF II, Phase I project contributed in 2001 US\$5,030,496, resulting in the total, initial capitalization of FUNDESNAP of US\$9,953,617. The FUNDESNAP capitalization target established for the project was US\$15 million. This goal was met in the following way:

**Consolidated Capital for the SNAP Trust Fund
by FUNDESNAP, 2001 – 2006
US\$**

Sources	Date of Consolidation/Donation	Capital
Switzerland	2001	1,479,801
PL-480 (USA)	2001	1,000,000
Great Britain	2001	2,443,320
GEF- World Bank	2001	5,030,496
CAPITALIZATION		
German Trust Fund(*)	2002	2,784,006
Gas Oriente Boliviano	2002	400,000
Madidi Trust Fund	2005	650,000
Andean Development Corporation (**)	2006	1,000,000
Security margin established from gains on portfolio (***)	2006	212,377
TOTAL		15,000,000

(*) The

only

extinguishable fund in FUNDESNAF..

(**) Established capitalization agreement of the Servicio Nacional de Caminos, SERNAP and FUNDESNAF, amount to be disbursed through the end of September 2006.

(***) Portfolio gains used to increase the capital as a security margin.

Source: Agreements of FUNDESNAF

Eighty percent of these funds are part of a perpetual trust fund, and 20% are part of an extinguishable trust fund. Of the perpetual trust fund, 90% come from bilateral and multi-lateral and 10% from private sources.

MANAGEMENT OF THE SNAP TRUST FUND

a. Administration of the SNAP Trust Fund

The administration of the SNAP Trust Fund in FUNDESNAF involves three levels of management and coordination that permit an efficient management of the fund, exchange of information, timely controls and high levels of security.

The fund is fundamentally governed by an investment strategy expressed in the Investment Guidelines which were established jointly by the financial supporters of the Fund and are reflected in their respective, official agreements.

To manage the funds various levels of management and coordination mechanisms were established:

- The Asset Manager was selected by an open international recruitment process, receiving the review and no objection by the World Bank and other founders. The Asset Manager is responsible for the supervision of the funds. Currently the Asset Manager is Solomon, Smith and Barney of City Group. The Asset Manager manages the buying and selling of investment instruments based on instructions from FUNDESNAPE. The Asset Manager maintains a permanent information system on line and provides monthly reports to FUNDESNAPE.
- The Financial Advisor is located within FUNDESNAPE and advises on the management of investments and positioning of resources. Currently the Financial Advisor is Master Capital S. A., headquartered in Mexico, which has a lot of international experience with environment funds.
- FUNDESNAPE management administers the investments and provides the general management of the Trust Fund with the help of the Financial Advisor and in coordination with the Investment Committee of the FUNDESNAPE Board of Directors, in accordance with FUNDESNAPE's established investment strategy and guidelines.
- Investment Committee of the FUNDESNAPE Board of Directors provides monitoring and control of the management of the Trust Fund, and issues policies and recommendations to be applied by FUNDESNAPE management in the management of the portfolio.

These levels of management, coordination and monitoring permit a secure, efficient and balanced administration of the SNAP Trust Fund under the control of the Foundation.

b. Mechanisms for safeguarding capital

Mechanisms for safeguarding the capital invested were established as part of FUNDESNAPE's investment guidelines. A margin of security, or risk-free reserve fund, was established.^{1[1]} This reserve fund was calculated based on the average volatility of the investment instruments and takes up between 3% and 5% of the portfolio.

In a similar way, new funds (e.g. the case of the Madidi Trust Fund) will not be used during the first year (period of establishment), and until the maturity of the portfolio is secured.

INDICATORS OF PERFORMANCE OF FUNDESNAPE

Consolidation of US\$13,787,623, with a rate of capitalization (growth of the initial seed capital) of 280% in 4 years by FUNDESNAPE, with the completion of US\$15 million by September 2006 with funds committed by CAF.

FUNDESNAPE has achieved an average annual return in the last four years of 6.19%.

The trust funds and extinguishable funds allow for financing of 31.5% of the basic costs of SNAP, within the framework defined by SERNAP as the responsible public entity.

Between 2002 and June 2006 FUNDESNAP achieved a cash flow of US\$3,853,751, equivalent to 28% of the capital in the trust fund.

June 30, 2006

Sergio Eguino
Executive Director

FUNDESNAP

Annex 11. Comments of Cofinanciers and Other Partners/Stakeholders

Comment from the Embassy of the Netherlands:

Collaboration and Inter-relationship among the World Bank, the GEF Project, and the Embassy of the Netherlands

The Embassy of the Netherlands has supported the System of National Protected Areas (SNAP) through the National Protected Areas Service (SERNAP) since 1996, under a twenty-year agreement.

This long term support has allowed PASNAPH (the name of the project) to serve as a foundation of support for SERNAP's institutional structure and basic operations, principally in response to needs arising from the emergencies it has faced rather than the implementation of the project design,

Because of the diversification of sources of financing, the impulse given by the GEF project to the definition of a framework document and related strategic plans, and the commitments made to reaching "harmonization," the external cooperation agencies working with SNAP and SERNAP have agreed on coordination mechanisms to strengthen planning processes and to achieve coordinated, joint action toward the consolidation of a sustainable system for the protected areas.

Before and after the signing of the joint agreement in March 2005, which later would become formalized by the government at the end of that year (with the constitution of the Committee to Promote the Integrated Program), agendas have been coordinated and shared, consensus has been reached on actions to support and defend the institution, and above all, there have been joint efforts to bring about a dialogue with the Bolivian government authorities.

Although common basket financing has never been formally instituted, at an operational level, the resources of GEF and PASNAPH have been combined to support activities and investments in protected areas such as Manuripi, and at certain times in EBB and in Pílon Lajas, and in a sustained way in the integrated management of protected areas and support to the national office of SERNAP.

Reciprocal support between GEF and PASNAPH has also been given to external mission teams, to the processes of preparing new project phases and/or adjustments to existing projects, as well as attention to similar activities of other donors.

Compared to others sectors where we are also providing support, efforts in this sector have achieved more full collaboration and readiness for joint action. This sector has been an area in which consensus could be reached, where it was possible to establish agendas reflecting common interests and where we saw an openness to achieve global objectives, something which does not frequently occur.

**Comment from the Embassy of Germany, German Cooperation in Bolivia for the GEF II project, Phase 1
La Paz , October 6, 2006**

We would like to thank the World Bank for asking us for our views on the work of the GEF II, Phase 1 project to contribute to its evaluation. This interchange of opinions about the project is important, especially in view of the joint efforts made since 2004 to create an integrated program of support to the sustainable and participatory management of protected areas.

1. Positive Aspects

The principal, positive effect of GEF II, Phase 1, has been the financial sustainability of protected area management. This has been achieved, although not to the extent originally envisioned, through the creation and consolidation of FUNDESNAIP, and the contribution of GEF to the trust fund capital *per se* and to the establishment of administrative mechanisms within FUNDESNAIP which will guarantee the ongoing financing of the operational costs of SNAP. In addition, the project contributed to the financing of investments in infrastructure, operations and personnel in 10 protected areas and the central unit of SERNAP during the 5 years of implementation.

2. Problematic Aspects

With regard to other aspects of the institutional and technical management, the effects of the project have been less successful, visible and sustainable. This refers to the components addressing legal-political issues, the management of natural resources, and monitoring. In general terms, there was little flexibility in the planning and implementation of the project given the processes of rapid change in the political, social and institutional context experienced within Bolivia during recent years, which reduced considerably the potential impact of the project.

The following is a summary of the internal elements of the project which may have influence performance:

2.1 Design of the project

- The project was too ambitious and insufficiently realistic with regard to its targets in the policy, regulatory and technical areas; for example, the processes required for the achievement of agreement regarding the Protected Areas Law was underestimated (this process was initiated two times by the project and remained inconclusive).
- The project was oriented toward achieving "products," and not "processes" which were required by the political, social and institutional context of the country.
- The project approach to planning and implementation was one of "classical" conservation, with an emphasis on the "defensive" environmental preservation; among other ways, this was expressed in a monitoring system oriented toward

biological monitoring and giving little real weight to the natural resource management subcomponent (less than 4% of the investment went for pilot natural resource management projects).

2.2 Structure and modality of implementation

- In spite of an initial proposal to conduct joint missions, evaluations, consultations and coordination between SERNAP and the various donors, in practice this only was initiated with the processes for developing the Plan Integral in 2004 with was undertaken by SERNAP with the support of various donors, including GEF/World Bank. In the first years of the project important opportunities to create synergy with other projects were lost.
- Project implementation delays occurred because of slow procedures and parallel administrative mechanisms (the heavy bureaucracy of GEF, depending on "no objections" from Washington, etc.).
- SERNAP did not participate sufficiently in the administrative processes carried out by the GEF Implementing Unit.
- There was limited and deficient technical coordination; coordination was focused more on administrative than technical issues, with little qualitative follow-up of the consultancies; this was notable in the elaboration of the protected area management plans and in the local natural resource and biodiversity management projects, which by their nature require constant accompaniment.
- There was a lack of ownership by SERNAP to the range of changes required and delays in incorporation of these changes in among other things the Master Plan and the Institutional Strategic Plan.

3. General Assessment of Results

- There were positive effects related to financial sustainability and the financing of personnel and operations.
- There were also products and positive results that will endure beyond the conclusion of the projects, however with limited concrete utility for system management; among others: i) The study of gaps of representativity; ii) Technical work done in the areas of participation, biodiversity management, the Constituent Assembly, biological monitoring, and management effectiveness (MEMS) and iii) Management plans for certain protected areas, although they have some deficiencies related to the participation and ownership by social actors/community stakeholders
- There are other products which are not sustainable and which are not applicable to the reality of system management, for example the monitoring system which ended up being overly complex
- There is little local capacity in the protected areas to sustain the projects initiated. Attention was not paid to training.
- Contributions to the structure and policies of SERNAP and SNAP were limited.

This situation is obviously due, in part, to factors external to the project (political and institutional), frequent changes and inefficiencies in SERNAP management, as well as

the factors mentioned above.

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Annex 12. List of Supporting Documents

Project Appraisal Document (PAD), Report No. 21447-BO, December 20, 2000
Global Environment Facility Trust Fund Grant Agreement No. 24702
Global Environment Facility Trust Fund Grant Agreement No. 24707
Aide Memoire Mid-Term Review and Technical Report, October, 2003
GEFSEC Independent Assessment Mid-term Review, October, 2003
SERNAP, Independent Assessment of Parts A, B, and C of the Project, March, 2006
FUNDESNAP, Independent Assessment of Part D of the Project, January, 2006
Country Assistance Strategy, Report no. IDA/R, 1998
SERNAP, Final Report of Parts A, B and C, June, 2006
FUNDESNAP, Final Report of Part D, June, 2006

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