



OFFICIAL USE ONLY

GEF/R2015-0007/1

March 24, 2015

**Closing Date: Tuesday, April 7, 2015
at 6 p.m.**

FROM: The Corporate Secretary

Argentina - Rural Corridors and Biodiversity Project

Project Appraisal Document

Attached is the Project Appraisal Document regarding a proposed trust fund grant from the Global Environment Facility (GEF) to Argentina, for a Rural Corridors and Biodiversity Project (GEF/R2015-0007), which is being processed on an absence-of-objection basis.

Distribution:

Executive Directors and Alternates
President
Bank Group Senior Management
Vice Presidents, Bank, IFC and MIGA
Directors and Department Heads, Bank, IFC and MIGA

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No: 59628-AR

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT FROM THE
GLOBAL ENVIRONMENT FACILITY TRUST FUND

IN THE AMOUNT OF US\$6.29 MILLION

TO THE

ARGENTINE REPUBLIC

FOR A

RURAL CORRIDORS AND BIODIVERSITY PROJECT

March 6, 2015

Environment and Natural Resources Global Practice
Latin America and the Caribbean Region

This document is being made publicly available prior to Board consideration. This does not imply a presumed outcome. This document may be updated following Board consideration and the updated document will be made publicly available.

CURRENCY EQUIVALENTS

Exchange Rate Effective

February 26, 2015

Currency Unit = Peso
US\$1 = AR\$8.750 Pesos
AR\$1 Peso = US\$0.114

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AGN	National General Auditors Office (<i>Auditoría General de la Nación</i>)
APN	National Parks Administration (<i>Administración de Parques Nacionales</i>)
BD SP	GEF Biodiversity Strategic Program
BNA	National Bank (<i>Banco de la Nación Argentina</i>)
C eq.	Carbon equivalent
CO ₂ e	Carbon dioxide equivalent
CPS	Country Partnership Strategy
DNCAP	National Directorship for Conservation of Protected Areas (<i>Dirección Nacional de Conservación de Áreas Protegidas</i>)
DA	
EA	Designated Account
	Environmental Assessment
EMP	Environmental Management Plan
FCPF	Forest Carbon Partnership Facility
FDA	Forestry Development Agents
FIRR	Financial Internal Rate of Return
FMR	Financial Monitoring Reports
GDP	Gross Domestic Product
GEF	Global Environment Facility
GPS	Global Positioning System
ha	Hectares
IAU	Internal Audit Unit
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
INTA	National Agricultural Technology Institution (<i>Instituto Nacional de Tecnología Agropecuaria</i>)
IPPF	Indigenous People Planning Framework
IPP	Indigenous People Plan
LAC	Latin America and the Caribbean Region
NCB	National Competitive Bidding
NGO	Non-governmental Organization
PA	Protected Area
PES	Payment for Environmental Services
PF	Process Framework
PGC	Provincial Government of Chaco
POA	Annual Operational Plan (<i>Plan Operativo Anual</i>)

REDD	Reducing Emissions from Deforestation and Forest Degradation
RPF	Resettlement Policy Framework
SAyDS	Secretariat of Environment and Sustainable Development (<i>Secretaría de Ambiente y Desarrollo Sustentable</i>)
SBD	Standard Bidding Document
SEPA	Procurement Plans Execution System (<i>Sistema de Ejecución de Planes de Adquisiciones</i>)
SFM	Sustainable Forest Management
SIFAP	Federal System of Protected Areas
SIGEN	General Syndicate of the Nation
SOE	Statement of Expenditure
TOR	Terms of Reference
UEPEX	Executing Unit for International Loans (<i>Unidad Ejecutora de Proyectos Externos</i>)
UCEFE	Coordinating Unit of Projects with External Co-Financing (<i>Unidad Coordinadora de Ejecución de Proyectos con Financiamiento Externo</i>)
UNDP	United Nations Development Program
WA	Withdrawal Application
WWF	World-Wide Fund for Nature

Regional Vice President:	Jorge Familiar
Country Director:	Jesko Hentschel
Senior Global Practice Director:	Paula Caballero
Practice Manager:	Emilia Battaglini
Task Team Leader:	Peter Jipp

**Argentina: Rural Corridors and Biodiversity Project
P114294**

TABLE OF CONTENTS

I.	STRATEGIC CONTEXT	1
A.	Country Context	1
B.	Sectoral and Institutional Context	2
C.	Higher Level Objectives to which the Project Contributes	4
II.	PROJECT DEVELOPMENT OBJECTIVES.....	5
A.	Global Environmental Objective	5
	Project Beneficiaries	5
	GEO/PDO Level Results Indicators	5
III.	PROJECT DESCRIPTION.....	6
A.	Project Components.....	6
B.	Project Financing.....	8
	Project Cost and Financing	8
IV.	IMPLEMENTATION.....	8
A.	Institutional and Implementation Arrangements	8
B.	Results Monitoring and Evaluation	9
C.	Sustainability	9
V.	KEY RISKS AND MITIGATION MEASURES	10
A.	Systematic Operations Risk-Rating Summary Table	10
B.	Overall Risk Rating Explanation.....	10
VI.	APPRAISAL SUMMARY	10
A.	Economic and Financial Analysis	10
B.	Technical	12
C.	Financial Management	12
D.	Procurement.....	13
E.	Social (including safeguards)	13
F.	Environment (including safeguards)	14
G.	World Bank Grievance Redress	15
	Annex 1: Results Framework.....	17
	Annex 2: Detailed Project Description	20
	Annex 3: Implementation Arrangements.....	29
	Annex 4: Implementation Support Plan.....	43
	Annex 5: Systematic Operations Risk-Rating Tool.....	46
	Annex 6: Economic and Financial Analysis.....	48
	Annex 7: Safeguard Policy Issues.....	51

PAD DATA SHEET

Argentina

Rural Corridors and Biodiversity Project (P114294)

PROJECT APPRAISAL DOCUMENT

LATIN AMERICA AND CARIBBEAN REGION

Environment and Natural Resources Global Practice

Basic Information			
Project ID P114294	EA Category B - Partial Assessment	Team Leader(s) Peter Jipp	
Lending Instrument Investment Project financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 15-Sep-2015	Project Implementation End Date 29-May-2020		
Expected Effectiveness Date 15-Sep-2015	Expected Closing Date 30-Nov-2020		
Joint IFC No			
Practice Manager/Manager Emilia Battaglini	Senior Global Practice Director Paula Caballero	Country Director Jesko S. Hentschel	Regional Vice President Jorge Familiar
Borrower: Argentine Republic			
Responsible Agency: National Parks Administration (APN)			
Contact: Telephone No.:	Lic. Mariano Altamira (54-11) 4777-5357 Email: maltamira@apn.gov.ar		
Project Financing Data (in USD Million)			
[] Loan	[] IDA Grant	[] Guarantee	
[] Credit	[X] Grant	[] Other	
Total Project Cost:	10.27 million	GEF Financing:	6.29
Financing Gap:	0.00		

Financing Source		Amount			
Borrower		3.98			
GEF		6.29			
Total		10.27			
Expected Disbursements (in USD Million)					
Fiscal Year	2016	2017	2018	2019	2020
Annual	1.00	1.50	1.50	1.75	0.54
Cumulative	1.00	2.50	4.00	5.75	6.29
Institutional Data					
Practice Area (Lead)					
Environment & Natural Resources					
Contributing Practice Areas					
Urban, Rural and Social Development; Agriculture					
Cross Cutting Areas					
<input checked="" type="checkbox"/> Climate Change <input type="checkbox"/> Fragile, Conflict & Violence <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Jobs <input type="checkbox"/> Public Private Partnership					
Sectors / Climate Change					
Sector (Maximum 5 and total percent must equal 100)					
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %	
Agriculture, fishing, and forestry	Forestry	50	5	10	
Agriculture, fishing, and forestry	General agriculture, fishing and forestry sector	50	5	10	
Total		100			
<input type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.					
Themes					
Theme (Maximum 5 and total percent must equal 100)					

Major theme	Theme	%
Environment and natural resources management	Biodiversity	67
Environment and natural resources management	Other environment and natural resources management	33
Total		100
Proposed Development Objective(s)		
The Global Environmental Objective of the project is the same as the Project Development Objective, namely, to increase the protection of vulnerable natural areas and conserve biological diversity within the Gran Chaco Ecosystem and the Patagonian Steppe and Coastal-Marine Ecosystems, implement measures to enhance biodiversity resilience to climate change and protect forest carbon assets.		
Components		
Component Name	Cost (USD Millions)	
Component 1: Core Protected Areas	3.19	
Component 2: Conservation Corridors in the Gran Chaco and the Patagonian Steppe and Coastal-Marine Ecosystems	1.55	
Component 3: Collaboration for Corridors' Conservation	0.99	
Component 4: Management, Monitoring and Evaluation	0.55	
Systematic Operations Risk- Rating Tool (SORT)		
Risk Category	Rating	
1. Political and Governance	Moderate	
2. Macroeconomic	Moderate	
3. Sector Strategies and Policies	Moderate	
4. Technical Design of Project or Program	Moderate	
5. Institutional Capacity for Implementation and Sustainability	Substantial	
6. Fiduciary	Moderate	
7. Environment and Social	Substantial	
8. Stakeholders	Substantial	
OVERALL	Substantial	
Compliance		
Policy		
Does the project depart from the CAS in content or in other significant respects?	Yes [] No [X]	

Does the project require any waivers of Bank policies?	Yes []	No [X]	
Have these been approved by Bank management?	Yes []	No [X]	
Is approval for any policy waiver sought from the Board?	Yes []	No [X]	
Does the project meet the Regional criteria for readiness for implementation? Yes, the project meets the regional criteria for readiness for implementation. The fiduciary arrangements are in place. Adequate monitoring and evaluation capacity is available. The Environmental Analysis has been disclosed in the country and is available at the Bank's Infoshop and on APN's website.	Yes [X]	No []	
Safeguard Policies Triggered by the Project			
	Yes	No	
Environmental Assessment OP/BP 4.01	X		
Natural Habitats OP/BP 4.04	X		
Forests OP/BP 4.36	X		
Pest Management OP 4.09		X	
Physical Cultural Resources OP/BP 4.11	X		
Indigenous Peoples OP/BP 4.10	X		
Involuntary Resettlement OP/BP 4.12	X		
Safety of Dams OP/BP 4.37		X	
Projects on International Waterways OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	
Legal Covenants			
Name	Recurrent	Due Date	Frequency
Project Reports	X	Not later than forty-five days after the end of each calendar semester (starting with the first calendar semester of 2015)	Continuous
Description of Covenant			
Section II.A.1. The Recipient shall cause APN to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank.			
Name	Recurrent	Due Date	Frequency
Completion Report		Not later than six months after the Closing Date.	
Description of Covenant			
Section II.A.2. The Recipient shall cause APN to prepare the Completion Report in accordance			

with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

Name	Recurrent	Due Date	Frequency
Fiduciary Monitoring Program	X	Not later than thirty days after the Effective Date	Continuous

Description of Covenant

Section II.A.3. The Recipient shall cause APN to design, implement and thereafter maintain during the execution of the Project, a fiduciary monitoring program acceptable to the World Bank for the purposes of producing reports on the fiduciary aspects and physical performance of Subprojects.

Name	Recurrent	Due Date	Frequency
Mid-term Review		By June 30, 2018, or such other date as the World Bank shall agree upon	

Description of Covenant

Section II.A.4. The Recipient shall carry out jointly with the World Bank, a mid-term review of the implementation of activities under the Project, which shall cover the progress achieved in the implementation of the Project; and, following such mid-term review, act promptly and diligently to take any corrective action as shall be agreed by the Bank.

Name	Recurrent	Due Date	Frequency
Financial Statements	X	Not later than six months after the end of each fiscal year of the Recipient	Continuous

Description of Covenant

Section II.B.3. The Recipient shall cause APN to have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

Name	Recurrent	Due Date	Frequency
Specific Budget Line Entry	X	Not later than six months after the end of each fiscal year of the Recipient.	Continuous

Description of Covenant

Section II.B.4. The Recipient shall, prior to the commencement of each calendar year during Project implementation, create and thereafter maintain throughout each said calendar year of Project implementation, a specific budget line entry in the national annual budget (starting in the calendar year 2015), and shall maintain said budget line entry thereafter in order to keep track of the corresponding expenditures incurred during Project implementation.

Conditions		
Source of Fund	Name	Type
IBRD	Authorization or ratification of the execution of the Grant Agreement by all necessary governmental action	Effectiveness
Description of Condition		
Article 5.01. (a). The execution and delivery of the Grant Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental action.		
Source of Fund	Name	Type
IBRD	Subsidiary Agreement	Effectiveness
Description of Condition		
Article 5.01. (b). The Subsidiary Agreement has been executed on behalf of the Recipient and APN.		
Source of Fund	Name	Type
IBRD	Retroactive Financing	Disbursement
Description of Condition		
Section IV. B. 1 (a). No withdrawal shall be made in respect of payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$700,000 equivalent may be made for payments made prior to the Signature Date but on or after February 28, 2015 (but in no case more than one year prior to the Signature Date) for Eligible Expenditures for Category (1) if the pertinent conditions set forth in this Agreement, as applicable to each Eligible Expenditure have been complied with.		
Source of Fund	Name	Type
IBRD	Proposed Chaco Seco National Park	Disbursement
Description of Condition		
Section IV. B. 1 (b). No withdrawal shall be made in respect of payments under Category (3) unless: (i) evidence, satisfactory to the World Bank, has been provided showing that the Recipient has obtained full legal ownership of the proposed Chaco Seco National Park, in a manner acceptable to the World Bank; and (ii) the pertinent Action Plan for such national park, acceptable to the World Bank, has been prepared.		
Source of Fund	Name	Type
IBRD	Impenetrable Chaqueño Provincial Multiple Use Reserve	Disbursement
Description of Condition		
Section IV. B. 1 (c). No withdrawal shall be made in respect of payments made under Category (4) unless: (i) evidence, satisfactory to the World Bank, has been provided showing that the Impenetrable Chaqueño Provincial Multiple Use Reserve has been legally established in a manner acceptable to the World Bank; and (ii) the pertinent Action Plan for such reserve,		

acceptable to the World Bank, has been prepared.

Bank Staff

Name	Role	Title	Unit
Peter Jipp	Team Leader (ADM Responsible)	Sr Natural Resources Mgmt. Spec.	GENDR
Gustavo Canu	Procurement Specialist	Procurement Specialist	GGODR
Juan Carlos Serrano-Machorro	Financial Management Specialist	Financial Management Analyst	GGODR
Diana Rodriguez-Paredes	M&E	Consultant	GENDR
Maria Alejandra Bouquet	Land Tenure	Rural Development Specialist	GSURR
Fabiola Altimari Montiel	Counsel	Senior Counsel	LEGLE
Lilian Pedersen	Safeguards Specialist	Consultant	GSURR
Pablo Francisco Herrera	Biodiversity	Consultant	GENDR
Ricardo Larrobla	Safeguards Specialist	Consultant	GENDR

Extended Team

Name	Title	Office Phone	Location

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Argentina	Chaco	Provincia del Chaco	X		
Argentina	Santiago del Estero	Provincia de Santiago del Estero	X		
Argentina	Chubut	Provincia de Chubut	X		
Argentina	Santa Cruz	Provincia de Santa Cruz	X		

I. STRATEGIC CONTEXT

A. Country Context

1. After rebounding from the economic crisis of 2002, Argentina has been one of the top two performers in the Latin America and Caribbean region in terms of reducing poverty and sharing the gains of rising prosperity by expanding the middle class.¹ Total poverty (measured at US\$4 per day) declined from 31.0 percent in 2004 to 10.8 percent in 2013, while extreme poverty (measured at US\$2.50 per day) fell from 17.0 percent to 4.7 percent.² Income inequality, measured by the Gini coefficient, fell from 50.2 in 2004 to 42.5 in 2012. Argentina's poverty rate and Gini coefficient are among the lowest in the region. At the same time, the middle class in Argentina grew by 68 percent between 2004 and 2012, reaching 53.7 percent of the population.

2. Nonetheless significant regional disparities persist with respect to poverty and access to basic services. The gap between regions has grown since the 2002 crisis, with Patagonia far outpacing the Northeast and Northwest regions. The Northern region provinces have poverty rates two to three times higher than the national average and lag behind the rest of the country in social services and basic infrastructure. The illiteracy rate there is three times higher than the national average and more than a third of the population has unsatisfied basic needs. Disparities also exist within provinces. Rural areas have lower levels of access to basic services such as education, health, roads, and water, constraining them in terms of levels of economic and social development and ultimately limiting their ability to participate in economic activities. Improving basic services in impoverished rural communities is critical for human capital formation and building pathways out of poverty.

3. Indigenous people are one of the largest and most vulnerable groups of rural poor in Argentina. Indigenous people (2.5 percent of the population) are present in all provinces of Argentina but more so in the northern provinces of Salta, Jujuy, Chaco, Formosa, Santa Fe, and Tucuman. In terms of access to services, 23.5 percent of indigenous households have unsatisfied basic needs, compared to 13.8 for the rest of the population.

4. Argentina's economy is characterized by its valuable natural resources, accounting for about ten percent of GDP and sixty percent of all exports, and leading the country to be one of the main producers of food thanks to agriculture and cattle breeding. Argentina is one of the largest exporters of beef in the world and the top world producer of sunflower crops, yerba mate, lemons, and soybean oil. Given the importance of natural and environmental resources for long-term growth, their degradation represents an important challenge going forward and poses particular risks for vulnerable and poor households.

5. World Bank estimates³ indicate that the annual cost of environmental degradation amounts to about seven to eight percent of GDP. The economic cost of damage from environmental health problems associated with urban and indoor air pollution, noise, inadequate

¹ Unless otherwise specified, poverty data in this paragraph are from: Socio-Economic Database for Latin America and the Caribbean (CEDLAS and World Bank).

² Poverty measured at US\$1.25 per day declined from 6.3 percent in 2004 to 1.3 percent in 2012.

³ WBG CPS for the Argentine Republic for the period FY15-18 (Report No. 81361-AR), discussed by the Executive Directors on September 9, 2014.

water supply, and sanitation and hygiene are equivalent to about three to four percent of GDP. Vulnerability to natural disasters associated with extreme weather events and deforestation and the corresponding loss of biodiversity result in economic costs of about 4 percent of GDP. The increasing specter of adverse climate change impacts on Argentina's natural resources underscores the need for a sustainable and inclusive growth path, especially for the poorest households that are often the most dependent on these resources.

6. Strong economic growth over the last decade was accompanied by rising macro imbalances. Key macroeconomic challenges include the existence of inflationary pressures, deficits in fiscal and current accounts, and limited international reserves. Argentina has relatively modest fiscal and current account deficits, as well as low public sector debt to gross domestic product. Nonetheless, given the limited access to international capital markets, they create pressures on the economy. These imbalances need to be resolved in order to avoid unwanted effects on the medium-term sustainability of the gains in equity and development achieved during the last decade. In this regard, the GoA has recently implemented various public policy interventions aimed at resolving key macroeconomic imbalances. It must be noted, however, that continued and consolidated efforts are required for achieving the desired results.

B. Sectoral and Institutional Context

7. Poverty and limited development options are driving deforestation and natural resources degradation. Some of the poorest and most isolated people in Argentina (often indigenous and *campesino*) are heavily dependent on natural resources for their livelihoods. Their livelihoods are dependent on forests and the associated goods and services that they produce. These forests, and therefore the livelihoods of the poor people living in and around them, are particularly vulnerable to encroachment and climate change.

8. Argentina, with over 280 million hectares (ha) of land, is rich in biodiversity and contains vast native landscapes over eighteen diverse eco-regions. Yet, twenty percent (sixty million ha) of the country is considered degraded.⁴ The country suffers from high rates of deforestation -- 240,000 hectares (ha) annually,⁵ most of which occurs in the *Parque Chaqueño* (or Gran Chaco),⁶ and disturbances from cropping and ranching in grasslands, especially the Pampas and Patagonian steppe.⁷ The four provinces (Chaco, Salta, Santiago del Estero and Formosa) that make up 88 percent of the Chaco Ecoregion have some of the highest levels of unmet basic needs and poverty nationwide. In the most critical areas⁸, approximately 80 percent of the population is indigenous people and 30 percent of households have unsatisfied basic needs. This

⁴ The GEF (2009) defines land degradation as "any form of deterioration of the natural potential of land that affects ecosystem integrity either in terms of reducing its sustainable ecological productivity or in terms of its native biological richness and maintenance of resilience."

⁵ FAO. 2010. Forest Resources Assessment 2010. Rome, Italy.

⁶ Over 67 percent of the country's 33 million ha of forests are located in the Chaco ecoregion, twelve percent in the sub-tropical Yungas, four percent are in the Upper Parana Atlantic Forests of Misiones Province, and six percent in the Patagonian Andes and Tierra del Fuego, with less than one percent in the north-central Espinal.

⁷ Dinerstein et al. (1995) classify the Chaco and the Patagonian Steppe ecosystems among the highest priorities for conservation in South America.

⁸ A multivariable study to define areas of highest social and environmental criticality in the Chaco was undertaken during preparation. *Determinación de Áreas Críticas Forestales en el Parque Chaqueño*, SAyDS, Diciembre 2011.

population is disproportionately dependent on forest products for their livelihoods, consuming more than 50 percent of the total fuel wood in the country. Their livelihoods are frequently subsistence based, and eight out of ten rural households in these areas use wood or charcoal to cook their food.

9. Despite the importance of these ecosystems for biodiversity, less than two percent are under formal protection and inter-agency conservation efforts outside protected areas are almost completely absent. To confront this threat, the Argentine National Parks Administration (APN) has adopted a “corridor approach” to conservation, to lend more continuity and connectivity throughout the country’s ecosystems, as well as increased coherence in the protection of biodiversity through the national parks’ system.⁹ This poses a sizeable challenge for a national agency, whose official scope of protected areas covers only 1.45 percent of the country’s terrestrial ecosystems;¹⁰ and underscores the need to bring other agencies and stakeholders, particularly provinces, together in a concerted effort to conserve biodiversity.

10. While APN’s protected areas’ coverage is only a fraction of what is needed for effective conservation corridors, provinces along with private, local and community stakeholders can help to bridge that gap. Provinces alone contribute over 18 million ha to the protected areas system, and, though not numerous, private protected areas complement biodiversity conservation in corridors as well. Participation of rural communities and private landholders could also be mobilized outside the protected areas, where connectivity is critical to help bring their practices in line with conservation objectives. Models for such conservation-compatible activities with rural producers were successfully piloted by APN in the Argentine Global Environment Facility (GEF) Biodiversity Conservation Project (TF028372), and provide important lessons learned for scaling them up to the needs of corridors.

11. GoA’s Forest Law 26.331 (*Ley de Presupuestos Mínimos de Protección Ambiental de los Bosques Nativos, 2007*) provides a framework to control deforestation, promote land use zoning (*Ordenamiento Territorial de Bosques Nativos; OTBN*), implement sustainable forest management and strengthen collaboration between the national and provincial forest administrations. This Law also established a crucial Forest Fund, to provide significant public resources to provinces to promote sustainable use of forests and provide payment for environmental services. Annually, for the past six years, GoA has transferred approximately US\$55 million to the Forest Fund. The magnitude and consistency of these transfers demonstrates GoA commitment although the sum is insufficient to confront the enormous challenge of deforestation in the Chaco Eco-region.

⁹ Corridors are spatially and ecologically-specific landscape elements which provide connectivity between discrete patches to form ecological networks -- they are key components for an ecosystem approach to conservation, as recommended by the Convention on Biological Diversity (CBD) (2004).

¹⁰ The national protected areas system, managed by the National Parks Administration (APN) covers 4.055 million hectares and includes 48 protected areas and four “natural monuments” (GTAP/CIDES, 2014).

C. Higher Level Objectives to which the Project Contributes

12. The proposed Project supports the World Bank Group's (WBG) twin goals of reducing extreme poverty and increasing shared prosperity in a developmentally sustainable manner. It is closely aligned with the Country Partnership Strategy (CPS) FY15-18 for the Argentine Republic (Report No. 81361-AR), discussed by the Board of Directors on September 9, 2014. The proposed Project is aligned with the CPS' strategic theme of "Reducing Environmental Risks and Safeguarding Natural Resources" and is expected to contribute to the following CPS Result Areas: "Improving natural forest cover in the Chaco Eco-Region" for which the project would contribute to reducing the annual deforestation rate of natural forests in critical areas of the Chaco, Salta, and Santiago de Estero provinces, from 0.56 percent to 0.28 percent. The proposed Project is also aligned with CPS cross-cutting portfolio management indicators related to increasing the share of WBG financing directed to impoverished Northern Provinces, governance (strengthening institutions to reduce emission from deforestation), and gender (through gender mainstreaming and disaggregated data collection).

13. The proposed Project would complement and reinforce the WBG's focus on sustainable natural resources management and lowering deforestation rates in Northern Argentina. The project objectives are supported through the ongoing International Bank for Reconstruction and Development (IBRD) Sustainable Natural Resource Management Project (P100806, expected to close in FY16), which has identified two pilot conservation corridors in the Chaco region and has designed a preliminary management plan for both of them. Substantial parallel infrastructure investments have been made under the ongoing project, principally in the Chaco Ecoregion. Considering the imminent closure of P100806, the bulk of parallel finance during grant implementation will come from the proposed Forests and Communities Project (P132846; a companion project prepared in parallel to this operation) that will be implemented by the Secretariat of Environment and Sustainable Development (SAyDS). Investments through this later project are mainly targeted to the Chaco ecoregion and provide parallel financing to this GEF operation for the strengthening several corridor ecosystems as well as improving national capacity and infrastructure to conserve biodiversity, and increase sustainable economic development through the sustainable use of the forest by local small producers. The Project would also complement the recently approved Reducing Emissions from Deforestation and Forest Degradation (REDD+) Readiness Preparation Grant (TF019086, P120414) which supports Argentina's efforts to mitigate climate change and access forest carbon markets.

14. The proposed Project is also consistent with the GEF Biodiversity Focal area, in particular the following biodiversity strategic programs (BD SP): including BD SP1 - Sustainable Financing of Protected Area Systems at the National Level; BD SP2 – Increasing Representation of Effectively Managed Marine Protected Areas in Protected Areas Systems; BD SP3 – Strengthening Terrestrial Protected Area Networks; and CC SP6 – Management of Land Use, Land-Use Change and Forestry (LULUCF) as a Means to Protect Carbon Stocks and Reduce Greenhouse Gas Emissions (GHG). And finally, the project approach to conservation corridors is based on the Convention on Biological Diversity (CBD) recommendations and guidelines (2003, 2004 and 2006).

15. Through improved collaboration with stakeholders in the conservation community, especially in provinces, the project will coordinate efforts and conserve biodiversity of global importance in select areas of the Gran Chaco and the Patagonia Steppe and Coastal-Marine Ecosystems. The Patagonia parks supported by the proposed Project are the first national coastal-marine protected areas in Argentina. By using a corridors approach, the project will address measures to mitigate climate change through the protection of carbon sinks and improve adaptation measures by protecting habitats and biodiversity.

II. PROJECT DEVELOPMENT OBJECTIVES

A. Global Environmental Objective

16. The Global Environmental Objective (GEO) is the same as the Project Development Objective, namely, to increase the protection of vulnerable natural areas and conserve biological diversity within the Gran Chaco Ecosystem and the Patagonian Steppe and Coastal-Marine Ecosystems, implement measures to enhance biodiversity resilience to climate change and protect forest carbon assets.

17. The development objectives are in line with the associated IBRD projects, Sustainable Natural Resources Management (P100806; closing FY16) and Forests and Communities (P132846; pipeline) which support sustainable management of forest resources, conservation of biodiversity both within protected areas and in broader forest landscapes, and integrate small forest producers into forest management and conservation.

Project Beneficiaries

18. The beneficiaries of the project include: (i) rural populations living within the protected areas and in the zone of influence of the protected areas and within target corridors; (ii) Government institutions, principally APN and provincial agencies, responsible for the management and sustainable development of protected areas; (iii) park visitors (through the provision of new facilities, management and services in the parks); (iv) the tourism sector (through new infrastructure which attracts park visitors to rural areas); and (v) the education sector (through the development of teaching materials and training programs for rural schools relative to conservation).

GEO/PDO Level Results Indicators

19. The indicators used to measure results at the GEO/PDO level are:
- a) Areas brought under enhanced biodiversity protection (target: 882,000 ha)
 - b) People in targeted forest and adjacent communities with increased monetary or non-monetary benefits from forests (target: 30,000 people)
 - c) Common Action Plan for corridors conservation between Federal and Provincial Authorities Adopted
 - d) Aboveground carbon protected in Chaco forests (target: 10.4 million tons of carbon)

III. PROJECT DESCRIPTION

A. Project Components

Component 1: Core Protected Areas (GEF US\$3.19 million)

20. Establishment, strengthening and operational startup of Selected Protected Areas (SPA)¹¹ within the Gran Chaco Ecosystem and the Patagonian Steppe and Coastal-Marine Ecosystem, through: (i) the provision of the necessary infrastructure for basic management such as administrative buildings, park guard facilities, storage and maintenance infrastructure, information centers, research facilities, small-scale improvements for park access and visitor use, and small infrastructure such as fences, corrals and garages, for Selected Protected Areas; (ii) the carrying out of selected technical studies on, topics including, social, environmental, climate change and management themes, including the provision of support to drafting the legal instruments required for the establishment of the park and reserve, the elaboration of draft management plans and the carrying out of boundary surveys, for purposes of identifying the boundaries of SPAs, as well as the park and reserve, , (iii) the provision of training and capacity building for: (a) personnel ascribed to SPA; and (b) personnel potentially ascribed to the park and reserve mentioned in (i) (a) and (b) above; and (iv) the acquisition and utilization of the necessary selected equipment for park management including, vehicles, small-scale boats, communications, firefighting, Global Positioning System (GPS) and audiovisual equipment, computers and furniture.

21. The carrying out of Sustainable-Use Subprojects with the primary objective of improving small-holder and community land-use practices to enhance their compatibility with biodiversity conservation.

22. Carrying out public consultations including, consultative meetings and workshops, the generation and dissemination of information and the design of a participation plan for purposes of encouraging stakeholder involvement in conservation.

Component 2: Conservation Corridors in the Gran Chaco Ecosystem and the Patagonian Steppe and Coastal-Marine Ecosystems (GEF US\$1.55 million)

23. Design and implementation of a multi-stakeholder process for piloting Conservation Corridors in the Gran Chaco Ecosystem and the Patagonian Steppe and Coastal-Marine Ecosystems, through: (i) mapping of the Pilot Conservation Corridors and Patagonia Steppe Conservation Corridors; (ii) design, validation and dissemination of participatory, operational and strategic plans, programs and management tools for said Pilot Conservation Corridors and Patagonia Steppe Conservation Corridors; (iii) design of cooperation frameworks for Pilot Conservation Corridors' and Patagonia Steppe Conservation Corridors' management, and the

¹¹ Six protected areas were selected to benefit from the project: Copo Provincial Park, Patagonia Austral Inter-Jurisdictional Coastal Marine Park, Punta Buenos Aires Natural Reserve, Penguin Island Inter-jurisdictional Marine Park, Chaco Seco National Park (to be established), Impenetrable Chaqueño Provincial Multiple-Use Reserve (to be established) and any other area, in addition or substitution therefore, selected and agreed between Argentina and the World Bank. These areas were selected by evaluating factors such as biodiversity value, costs, disposition of provincial authorities to cooperate in the formation of the protected areas, etc.

establishment of coordination mechanisms and/or management committees for said corridors; (iv) carrying out of studies and workshops including on social, environmental, biodiversity and climate-change issues in Pilot Conservation Corridors and Patagonia Steppe Conservation Corridors, and the design of draft management plans for legally established provincial protected areas within Pilot Conservation Corridors; (v) establishment of APN field units in the Pilot Conservation Corridors and Patagonia Steppe Conservation Corridors (including the acquisition and utilization of necessary equipment); and (vi) provision of support to Argentina in the designing of financial incentives to promote biodiversity conservation in said Pilot Conservation Corridors and Patagonia Steppe Conservation Corridors.

24. Carrying out catalytic actions to pilot mainstreaming of corridor conservation in the Chaco Húmedo Pilot Conservation Corridor and the Chaco Seco Impenetrable Pilot Conservation Corridor, through: (i) provision of training including to park guards, wildlife agents, extension agents and rural educators, all under terms of reference acceptable to the World Bank; (ii) cataloging of best practices for sustainable land use, conservation and biodiversity monitoring, and the development and dissemination of guidelines on such best practices; (iii) establishment of a network for conservation action, biodiversity monitoring and climate change mitigation; and (iv) carrying out of Demonstration Subprojects.

Component 3: Collaboration for Corridors' Conservation (GEF US\$0.99 million)

25. Strengthening of the Federal System of Protected Areas (SIFAP) through the promotion of a shared vision among its members, comprehensive stakeholder involvement, institutional support and long-term financial planning, including: (i) the provision of operational support to start-up SIFAP's executive committee and secretariat; (ii) the collection, comparison and analysis of provincial- and private-protected area classifications, and the provision of support to Argentina in the drafting of a proposal for common standards for protected areas; (iii) the establishment of a website for online information and registration system, and the design of a management effectiveness evaluation tool for protected areas; (iv) the analysis and preparation of climate change mitigation and adaptation strategies to support conservation, including tie-ins to the Forest Law and REDD initiatives; and (v) the carrying out of national and eco-regional gap analyses and conservation priority setting.

26. Development of management standards and strengthening of provincial and national parks institutional capacity, including: (i) the carrying out of needs assessment studies aimed at acquiring an accurate and comprehensive overview of the strengths and weaknesses of national and provincial protected areas systems for purposes of guiding the enhancement of said systems; (ii) the carrying out of regional and inter-provincial workshops for best practice-sharing, as well as the provision of training for conservation management and climate change mitigation/adaptation (including short-courses and scholarships); (iii) the development of guidelines for provincial protected areas management; and (iv) the carrying out of training visits by personnel of provincial and national protected areas (at national and international level) for capacity building on conservation and climate-change themes.

27. Development of financing mechanisms and improvement of SIFAP's organizational structure, through: (i) the carrying out of analyses and the provision of support to Argentinain

the development of proposals for financing mechanisms for conservation, as well as the review of regulatory frameworks and existing incentive structures for mainstreaming biodiversity conservation at provincial and national levels; and (ii) the carrying out of a diagnostic review and the provision of support to Argentina in the development of a proposal for a regulatory framework for private and community protected areas, as well as the identification of options for funding mechanisms for such private and community protected areas.

Component 4: Management, Monitoring and Evaluation (GEF US\$0.55 million)

28. Provision of technical and operational assistance, as necessary, to support adequate Project management. Development and implementation of a monitoring and evaluation program for the Project (including a monitoring and evaluation program for climate-change themes). Carrying out of Project audits, mid-term review and final evaluation of the Project.

B. Project Financing

29. Financing Instrument. The Instrument is an Investment Project Financing funded by a GEF Grant of US\$6.29 million.¹² APN will provide US\$3.98 million of in-kind financing. Total project costs are US\$10.27 million.

Project Cost and Financing

Components	TOTAL (excluding IBRD)		GEF		Government		IBRD (parallel)
	US\$	%	US\$	%	US\$	%	US\$
1. Core Protected Areas	5.51	54%	3.20	58%	2.31	42%	7.00
2. Conservation Corridor in the Gran Chaco and the Patagonian Steppe and Coastal Marine Ecosystems	2.96	29%	1.55	52%	1.41	48%	5.20
3. Collaboration for Corridors' Conservation	1.05	10%	0.99	94%	0.06	6%	3.50
4. Management, Monitoring and Evaluation*	0.75	7%	0.55	73%	0.20	27%	1.53
TOTAL	10.27	100%	6.29	61%	3.98	39%	17.23

* Note that costs related to project management will remain below the GEF cap of 5 percent)

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

30. The executing agency will be the Coordinating Unit of Projects with External Co-Financing (UCEFE) in APN. At present, UCEFE is coordinating other programs financed by the Bank, and already includes a unit specialized in Bank procedures. The UCEFE will be responsible for undertaking the procurement activities, financial management functions of the

¹² The exact amount of the grant is US\$6,289,030.

project comprising budgeting, accounting and financial reporting, internal control, disbursements and documenting expenditures to the Bank and external auditing arrangements.¹³

B. Results Monitoring and Evaluation

31. Monitoring the impact and performance of the project will be undertaken by the Project Management Team (PMT) in UCEFE. They will do this through: (i) base line studies and the evaluation of key data relative to project objectives and performance, and (ii) short-term consultancies with thematic specialists who would gather and analyze information not routinely generated by the project in order to objectively and impartially assess impacts. Funding for the implementation of the monitoring system is provided under Component 4, and will comprise a joint effort between the Government, private sector, NGOs, consultants, and academia where pertinent. APN has prior experience with monitoring the impact of this type of project.

C. Sustainability

32. *Institutional Sustainability* - Conditions for the permanent management of the six protected areas will be created by the project; including legal designation of the protected areas, infrastructure, vehicles and equipment, boundary surveys, consultative commissions, participatory involvement of local communities in subprojects and management planning, scientific studies and other actions. APN and the provinces will assign the required personnel to the parks, including rangers, fire fighters, and administrative staff, along with annual budget allocations needed for their operation.

33. *Financial Sustainability* – APN’s protected areas are ranked as some of the most financially sustainable in the entire region in the United Nations Development Programme (UNDP) and The Nature Conservancy report *Financial Sustainability of Protected Areas in Latin America and the Caribbean: Investment Policy Guidance* (2010). The Project will leverage GoA resources, through Payments for Environmental Services (PES) available through the Forest Law (26.331), to reinforce and expand ongoing good practices. A specific project activity is included for development of a financing instrument to help maintain and expand practices that enhance biodiversity conservation in the production landscape and in non-APN protected areas.

34. *Replicability* – The parks’ system of Argentina is a model for protected areas management in a developing country. Although the system is relatively small (1.45 percent of the national territory), the quality of conservation is high. Argentina has historically trained park guards from neighboring countries and hosts fora on regional and international conservation issues. The models to be established through the project interventions will be replicable in Argentina, the Mercosur and other countries that face a complicated management regime for biodiversity conservation due to the prevalence of productive activities in the overall landscape.

¹³ See annex 6, for financial management and disbursements arrangements, annex 7 for procurement arrangements.

V. KEY RISKS AND MITIGATION MEASURES

A. Systematic Operations Risk-Rating Summary Table

Risk category	Rating
1. Political and Governance	Moderate
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Moderate
7. Environment and Social	Substantial
8. Stakeholders	Substantial
OVERALL	Substantial

B. Overall Risk Rating Explanation

35. The overall risk rating for the project is Substantial. Individual risk categories rated “substantial” include “Institutional Capacity for Implementation and Sustainability”, “Environment and Social” and “Stakeholders”. Project implementation presents a substantial level of risk, as APN seeks to overcome several challenges simultaneously. The principle challenges are outlined in the Systematic Operational Risk Rating Tool (SORT; Annex 5). These challenges include developing institutional capacity to work effectively with a broad range of institutional partners as APN works outside of their primary jurisdiction and engage multiple public, for profit and non-profit partners (including indigenous groups) with weak participation platforms. APN will have to work collaboratively on developing both the strategy and practice of biodiversity conservation beyond the boundaries of formally protected areas. In addition to challenges relating to institutional and policy frameworks they will confront sensitive issues such as land tenure insecurity and requests for payment for environmental services. In addition, the program has high national visibility, given the growing concerns regarding climate change, deforestation and the expansion of the agricultural frontier. Therefore, legitimate and effective stakeholder involvement, and technically sound grant activities oriented to improving the implementation of the current legal and policy framework for conservation will be critical during implementation.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

36. The establishment and management of six protected areas provide for increased biodiversity conservation in high priority ecosystems of global importance. Along with

biodiversity, valuable environmental goods and services in and around the protected areas will be conserved. This includes support for poor forest communities to sustainably manage public environmental resources, including watersheds which help regulate water quality and quantity. Soils will be protected from degradation and nutrient depletion by avoiding unsustainable cropping and overgrazing; and old-growth forests, which serve as important carbon sinks to mitigate climate-change, will be preserved.

37. The project will achieve financial sustainability for core protected areas by incorporating them into viable national and provincial systems, and through increased tourism revenue generated by APN parks under the ongoing IBRD Sustainable Natural Resource Management operation (P100806) and the proposed Forests and Community Project (P132846). Economic sustainability of conservation activities in both core and non-core areas will be developed through Components 2 and 3. Resources available through the Forest Fund will also help finance conservation in these areas by providing payments for environmental services. Allocations to the Forest Fund over the past five years have averaged US\$55 million per year.

38. The economic analysis demonstrated the potential viability of PES for forest carbon or for the sale of carbon in future REDD markets considering that forests in the Arid Chaco have an emissions potential of about 181 tons of CO₂e per ha. The analysis showed a high likelihood that forest-carbon-PES schemes could give some financial support to the SIFAP and the associated conservation corridors. This finding is especially important given the agreements at the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP) 16 in December 2010, where countries agreed on “[the] use of forest conservation, sustainable forest management and enhancing forest carbon stocks for climate-change mitigation”.¹⁴

39. The financial analysis is based on a projection of increased revenue associated with the upgrading of protected areas in the APN system, and anticipated financial support through the *Ley de Bosques*. A financial analysis was carried out for the eleven national parks the project would support. The results of the cash flow analysis demonstrate that the medium and high scenarios have robust rates of return of 16 percent and 21 percent respectively, while the low scenario was not financially viable (9.6 percent) because of the large investment costs and low revenues. For the proposed GEF project, a financial analysis was carried out using real data from protected areas with similar characteristics as those proposed for the GEF investment. In this case, the analysis showed that as stand-alone protected areas, the proposed GEF-financed protected areas were likely to have a negative Financial Internal Rate of Return (FIRR) in the Chaco. However, the parks in Patagonia might begin to show positive net revenues around 2019. The main driver for increased revenue is tourist income, and the model is most sensitive to this factor.

40. In conclusion, the financial analysis based on increased revenues to the APN system from park upgrades to support increased tourism is promising, as are the anticipated subsidies through the *Ley de Bosques* for conservation and sustainable forest management. In addition, the economic benefits associated with new environmental services, carbon markets and/or

¹⁴ UNFCCC. 2010. http://unfccc.int/meetings/cop_16/conference_documents.

conservation trust funds to be developed under the projects, as well as an improved and more efficient SIFAP, suggest the project has a positive economic rate of return.

B. Technical

41. Argentina is characterized by a broad mix of ecological regions and rich biological diversity due to its wide range of climatic conditions. Of the 178 terrestrial ecoregions in Latin America and the Caribbean (identified in a World Bank/World-Wide Fund for Nature (WWF) study), eighteen are found in Argentina. At appraisal, the country's protected area system (both national and provincial) had grown to cover some 10.66 percent of the national territory.¹⁵ Of this total, some 22 percent was in the national park system, which consisted of 48 national protected areas, while the remaining area was under provincial or other forms of local management. In addition to its importance for biodiversity conservation, Argentina's national park system also represents an important source of revenue.

42. Specifically, the IBRD-financed Sustainable Natural Resource Management Project (P100806) is pursuing these issues by working to improve the sustainable and efficient management of forest resources, conserve biodiversity in protected areas and forest landscapes, and integrate small producers into forestry development and conservation. The GEF support of the Rural Corridors and Biodiversity Project would complement these objectives by assisting the Argentine Republic in its efforts to conserve biodiversity of global and national importance through the strengthening of the Protected Areas System where at least six protected areas including marine and terrestrial ecosystems are to be incorporated into the federal/national system to be managed effectively and protect vital bio-carbon assets in forested areas.

C. Financial Management

43. A Financial Management (FM) assessment of the arrangements for the proposed Project has been conducted. The assessment conclusion is that the FM arrangements are acceptable, meet minimum Bank requirements and the project is ready for implementation. The executing agency has qualified and experienced staff in World Bank-financed activities, capable of undertaking the FM functions for the project. There is an inherent element of risk involved in project implementation; however, proposed mitigating measures will adequately cope with the identified risks. As agreed during preparation the operational manual will include guidelines to document funds flow arrangements and a model agreement which should be used for subprojects including the proposed mechanism to perform ex-ante reviews before signing agreements. The scope of project supervision will review the implementation of FM arrangements and FM performance, identify corrective actions if necessary, and monitor fiduciary risk. It will include: (a) reviewing of IFRs; (b) reviewing of the auditors' reports and follow-up of any issues raised by auditors in the management letter, as appropriate; (c) participation in project supervision, including at least one on site-visit and one desk review per year, and (d) updating the FM rating in the Implementation Status Report (ISR). Additional information is included in Annex 3.

¹⁵ GTAP/SAyDS, 2014

D. Procurement

44. An assessment of the Borrower's procurement capacity was carried out by the team and a detailed action plan was prepared to address all risks identified, as discussed in Annex 7. The overall procurement risk has been rated as moderate. The key features of the procurement risk mitigation strategy for this project include: (i) Grant Agreement with Special Procurement Conditions due to the fact that National procurement regulations are not totally consistent with Bank Guidelines and to support implementation of the Bank publicly accessible Procurement Plans Execution System, known as SEPA); and (ii) prior review thresholds consistent with the assessed level of risks were chosen for the implementation agency.

E. Social (including safeguards)

45. In preparation for the project, APN carried out a comprehensive social assessment. The assessment focused on an analysis of social context, diversity and gender; an analysis of formal as well as informal institutions in the project areas; a detailed stakeholder analysis; a structured consultation and participation framework and process; and a comprehensive analysis of social risk. The APN also initiated a process of project information dissemination with stakeholders (i.e. farmers, landowners, Indigenous Peoples, research and academia, women and youth, among others), community-based organizations and non-governmental organizations about the project's environmental and social aspects, and took their views into account in finalizing the safeguard documents. Safeguard policies triggered include Indigenous Peoples (OP 4.10) and Involuntary Resettlement (OP 4.12). Mitigation measures are included in an Indigenous People's Planning Framework (IPPF), a Resettlement Policy Framework (RPF) and a Process Framework (PF). Updated versions of these documents were approved by the Bank, published on APN's website on February 26, 2015, and submitted to the Bank's InfoShop on February 26, 2015.

46. The creation of a protected area is a complex process that involves participation of diverse stakeholders, including local communities, the producer's organizations and individual small- and medium-scale farmers. Given the range of socioeconomic conditions associated with the target protected areas, site-specific approaches will be developed for consultation with local communities and public participation of various stakeholders, including the establishment and operation of Local Committees and organization of capacity-building workshops.

47. In the Chaco province, where two protected areas are being proposed (a national park and a provincial multiple-use reserve), the province is working hand-in-hand with local inhabitants to protect their interests and promote sustainable development. The province estimates that 370 families live in the proposed protected area which is provincially owned fiscal land. Most of these families do not have formal tenure. The provincial government is now conducting a field census of the families to determine their exact location, the scope of their productive activities and use rights. Once the census is complete, the province will carry out a process of land regularization to ensure that the settlers' livelihoods are protected and so they can remain on the land legally. Upon finalization of the land regularization process will the proposed boundaries be drafted for a new national park (in areas where there are no inhabitants) and a multiple-use reserve (in areas where inhabitants are present). The multiple-use reserve was selected as the

appropriate category of protection, since it allows for the *criollo's* productive activities, while ensuring the fulfillment of conservation objectives.

48. Three indigenous groups are found in the Chaco Province -- the *Wichis*, *Tobas*, and the *Mocovis*. Most indigenous communities are concentrated along the Teuco River (Bermejo) close to critical water sources. Even though there are no indigenous communities in the proposed protected areas in the Chaco Province, indigenous people historically have used the forests in the general area for hunting, gathering of non-timber forest products, and for building materials. Therefore, the APN developed an IPPF to ensure that indigenous needs and perspectives are included should the yet to be-defined limits of one of the protected areas overlap with traditional-use areas. With respect to the corridor, Indigenous Peoples have been informed of the project and will be consulted in order to acquire consent prior for inclusion in activities on their traditional territories or use areas. In the event that Indigenous Peoples are affected by the project, the framework will guide the preparation of site-specific Indigenous Peoples Plans (IPPs). The IPPF is included in the operational manual.

49. Ten families live within the Copo Provincial Park in Santiago del Estero Province. The Provincial Government agreed during preparation that the families could remain in the park with land-use regimes that would ensure their livelihood but still be compatible with conservation objectives and the Process Framework sets out the procedures for such a situation. Alternatively, the families may request to be relocated outside the park with an appropriate compensation package. If any families elect to relocate, a process consistent with World Bank safeguards standards and procedures found in the approved RPF would be followed.

F. Environment (including safeguards)

50. The APN has prepared an Environmental Management Plan (EMP) for the proposed project. Environmental Safeguards policies triggered include Environmental Assessment (OP 4.01), Natural Habitats (OP4.04), Physical Cultural Resources (OP 4.11), and Forests (OP 4.36). An updated EA, including an Environmental Management Plan, was approved by the Bank, published by the APN on its website on February 26, 2015 and disclosed on the World Bank's external website on February 26, 2015. Mitigation and enhancement measures are summarized in an Environmental Management Plan (EMP) that includes screening criteria and environmental procedures.

51. The EA also provides guidance on the application of environmental safeguards and mitigation procedures and no large-scale negative impacts are expected given the focus on biodiversity conservation including investments in capacity building. Some risks remain, primarily related to infrastructure in the national parks and potential impacts from growth in tourism, income-generating activities around protected areas and corridors. Provisions for potential impacts, especially associated with civil works, have been made and the project design has incorporated these issues.

52. Sustainable development Subprojects are included in the project with the primary objective of improving small-holder and community land-use practices to enhance their compatibility with biodiversity conservation. The EA and EMP includes the guidance for the

screening and implementation of subprojects to ensure they: (i) follow and support the approved environmental strategies, (ii) comply with World Bank safeguard policies, (iii) follow the legislative and normative framework for environmental conservation, and (iv) be located in areas that do not create existing conflicts on property rights and land tenure.

53. No cultural or historical resources were encountered or detected in the proposed protected area sites during preparation. However, in compliance with OP 4.11, a chance-find mechanism as well as mitigation measures are included in the EMP and Operational Manual to ensure their protection. The Argentine Republic's policy for the protection and enhancement of cultural resources is consistent with Bank's policy.

54. The project will seek to increase protection of native forests and will not promote its degradation or conversion. To encourage local producers to adopt non-destructive and more sustainable forms of forest use, APN has included small-holder and community forestry in the project. The approved EMP is in compliance with OP 4.36 and provides the screening and guidance to introduce sustainable forest management into the multiple-use or production areas.

55. The project is classified as Category "B". Triggered Safeguards include Environmental Assessment (OP 4.01), Natural Habitats (OP 4.04), Forests (OP 4.36), Physical Cultural Resources (OP 4.11), Involuntary Resettlement (OP 4.12), and Indigenous Peoples (OP 4.10). Additional information is available in Annex 7 on Safeguard Policy Issues.

G. World Bank Grievance Redress

56. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1: Results Framework

Project Outcome Indicators	Baseline	Target Values					Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Project Development Objective (PDO) /Global Environmental Objective (GEO)									
1 Areas brought under enhanced biodiversity protection (ha) *	0		67,000 ha	349,000 ha		882,000 ha	Project Closure	Project report, WWF tracking tool and M/E assessment	UCEFE
2 People in targeted forest and adjacent communities with increased monetary or non-monetary benefits from forests (#)*	0			750		1,200	Annual, and at Project Closure	Project reports	UCEFE
3 Common Action Plan for corridors conservation between Federal and Provincial Authorities Adopted (YES/NO)	NO			YES	YES	YES	Annual, and at Project Closure	Plan endorsed by CONFEMA or independently by cooperating provinces and national agencies	UCEFE
4 Tons C eq. (aboveground) protected in Chaco forests	0					10.4 million tons C eq	Annual, and at Project Closure	Project reports	UCEFE

*Core Sector Indicator

Project Outcome Indicators	Baseline	Target Values					Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Component 1: Core Protected Areas									
1.1 Protected Areas									
1.1 Increase of forests under improved forms of protection and conservation	0		67,000 ha			303,000 ha	Annual, and at Project Closure	Project report , METT tracking tool, and M/E assessment	UCEFE
1.2 Increase of marine environments under improved forms of protection and conservation	0			132.000 ha		279,000 ha	Annual, and at Project Closure	Project report, METT tracking tool and M/E assessment	UCEFE

1.3 Strategy for climate change mitigation and adaptation to support conservation adopted	NO				YES	YES	Annual, PY4	Report final and approved	UCEFE
1.4 Updated or Prepared PA-Specific Management Plans include climate change mitigation and adaptation (#)	0			2	4	6	Semi-annual	Management plans	UCEFE
1.2 Sustainable use Subprojects									
1.5 Sustainable Development Subprojects Completed (#)	0				8	17	Semi-annual, and at Project closure	Subproject final report	UCEFE
1.3 Consultation and Participation									
1.6 Annual review of participation processes and outcomes	0	1	2	3	4	4	Annual	Meeting minutes	UCEFE
Component 2: Conservation Corridors (CC) in the Gran Chaco and the Patagonian Steppe									
2.1 Corridor Strategic Planning and Analysis for an Implementation Framework									
2.1 Chaco implementation framework analysis completed (#)	NO	YES	YES	YES	YES	YES	Annual	Instrument for corridor regulation	
2.2 Rural Corridors Strategic Plans prepared/updated (#)	0		2	3	3	3	Annual	Approval instrument from management committee/Plans	UCEFE
2.3 Proposal to expand conservation corridors to four provinces of the Chaco developed (#)	NO				YES	YES	Annual, and at Project closure	Proposal Document	UCEFE
2.2 Chaco Corridor Conservation Outreach and Capacity Building									
2.4 New areas outside protected areas managed as biodiversity-friendly (ha)*	0			150,000 ha		300,000 ha	Quarterly	Project Reports	UCEFE
2.5 Demonstration subprojects completed	0					3	Annual, and at Project mid-term	Project reports, field visits	UCEFE

Project Outcome Indicators	Baseline	Target Values					Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Component 3: Collaboration for Corridors' Conservation									
3.1 Institutional and financing structures of SIFAP									
3.1 Website for online information and registration system developed and functional	NO		YES	YES	YES	YES	Semi-annual, and at Project closure	Website for online information and registration system	UCEFE or SIFAP secretariat
3.2 Analysis of PA Provincial Systems finalized (#)	0		1	1	1	1	Annual, PY2	Document	UCEFE
3.3 Conservation gap analysis completed (#)	0		1	2	3	4	Annual, PY2	Document	UCEFE
3.4 Study on a sustainable financial mechanisms finalized (#)	NO					YES	Annual, PY5	Document	UCEFE
3.2 Provincial and national capacity strengthening									
3.5 Needs Assessment Studies (%)	0%	50%	50%			100%	Annual	Study completion Document	UCEFE
3.6 Regional and inter-provincial training visits (#)	0		4		8	8	Semi-annual	Record of grants and expenditures	UCEFE
3.3 Framework for public, private and community PAs									
3.7 Private and community PA framework proposal (#)	NO			YES	YES	YES	Annual, Mid-term	Document	UCEFE
Component 4. Management and M&E									
4.1. Direct project beneficiaries (number), of which female (%)	0	30	125	280	600	930 (30%)	Annual, and at Project Closure	Project reports	UCEFE
4.2 Number of training events conducted	0	1	5	11	19	21	Quarterly	Training minutes	UCEFE
4.3 Number of people trained under the project	0	30	125	280	480	540	Quarterly	Training minutes	UCEFE
4.4 Participants in consultation activities during project implementation (number)**	0	60	150	210	270	300	Quarterly	Consultation events minutes	UCEFE
4.5 Beneficiaries that feel project investments reflected their needs (%)**	0%			40%		70%	Annual	Survey at the end of the project	UCEFE

**Civic engagement indicators

Annex 2: Detailed Project Description

Background

1. The proposed project would aim to increase the protection of vulnerable natural areas and the conservation of biological diversity at a systemic level through the establishment of key protected areas within biological corridors, strengthening of the “Federal System of Protected Areas” (SIFAP), increasing provincial and private sector conservation capacities, and through interventions to create model corridors in the Argentine Gran Chaco and Patagonian Steppe and Coastal-Marine Ecosystems.

Consistency with GEF Priorities

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

Incremental Reasoning

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

4. **Project Components.** The project’s three specific objectives are complementary and correspond to the first three project components:

5. **Component 1. Core Protected Areas (GEF US\$3.19 million).** The aim of this component is the establishment, strengthening and operational startup of six protected areas mainly within the Gran Chaco and Patagonia Steppe and Coastal-Marine ecosystems, with the

aim to include them as “anchors” in conservation corridors¹⁶. Factors including biodiversity value, costs, disposition of provincial authorities to cooperate in the formation of the protected areas, etc. were considered in their selection. The project-financed protected areas will serve as “anchors” for protection efforts along the corridors, and, in some cases, as important forest carbon sinks. Infrastructure, training, operating costs and sustainable use subprojects with local communities and producers will be carried out under the component. Sustainable use projects will be carried out to help provide continuity at the landscape level, promote social inclusion in protected area activities and environmentally sustainable practices compatible with conservation and climate change mitigation/adaptation objectives. By project completion, the six project-financed protected areas will be fully operational and financed by national and provincial agencies.

6. **Subcomponent 1.1. Protected Areas.** The subcomponent will help to establish and strengthen national, inter-jurisdictional and provincial protected areas that will serve as “anchors” within the corridors, safe havens for biodiversity migrating within their area of influence and carbon sinks. The PAs to be supported through the project were selected on the basis of their biodiversity value, local and provincial support, and location within proposed corridors. The spatial arrangement of the PAs supports migration of species to enhance biodiversity resiliency to climate change. About 10.4 million tons of C eq. (above-ground) will be protected within the target PAs to support climate-change mitigation. Over twenty years, this is expected to accumulate to 13.2 million tons. While significant stocks of forest carbon will be protected in the PAs, no additional C financing is being proposed.

7. In order to maximize efficiency, ensure provincial ownership and adequate distribution of PAs, during preparation APN formalized arrangements with the Provinces of Chaco, Santiago del Estero, Formosa, Chubut and Santa Cruz; and the Ministry of Defense to work together in project implementation. No funds will be passed to other agencies and APN will be fully responsible for procurement, safeguards and financial management.

8. Protected Areas -- Gran Chaco Forest Ecosystem: The protected areas to be supported in conjunction with the Chaco corridor and ecosystem follow a line from north to south over an area of 250km through the Gran Chaco. This area remains the most densely forested remnant of the Gran Chaco ecosystem in Argentina. Provincial support to these areas was instrumental in their selection, as the areas were already either under their jurisdiction, proposed for conservation, but not yet established, or under limited forms of protection. Specific protected areas to be supported are:

- (i) Chaco Seco, Chaco Province (National Park)¹⁷;
- (ii) Impenetrable Chaqueño, Chaco Province (Provincial Multiple-Use Reserve)¹⁸;
- (iii) Copo Provincial Park, S. del Estero (Provincial Park).

¹⁶ The *Institutional Management Plan for National Parks* (2001) establishes in its strategic guidelines “the creation of new protected areas and total representation of the different eco-regions of the country”, as well as “regional planning strategies placing special interest in improving the connectivity among national protected areas and others of different jurisdiction, in order to revert the process of fragmentation due to human disturbance.

¹⁷ Some pre-appraisal documents use the name “*Parque Nacional Teuco Bermejito (interfluvio)*” for this proposed protected area.

¹⁸ Some pre-appraisal documents use the name “*Reserva de Uso Múltiple Teuco Bermejito*” for this proposed protected area.

9. The proposed Chaco Seco National Park and the Impenetrable Provincial Multiple-Use Reserve are still in the process of being gazetted, and will be legally established during implementation. The Copo Provincial Park was legally established in 2007, but lacks the infrastructure, trained personnel and equipment needed for effective management.

10. Protected Areas -- Patagonian Steppe and Coastal-Marine Ecosystem: Protected areas will be established within and adjacent to the 500 km “Ruta Azul” (“Blue Route”) which follows the Atlantic coast from the Parque Interjurisdiccional Marino Costero (Chubut Province), to the Monte León National Park (Santa Cruz Province). The “Ruta Azul” was established through an agreement in 2009 between APN and the municipalities of Comodoro Rivadavia and Camarones (Chubut) and Caleta Olivia and Puerto Deseado (Santa Cruz) to promote sustainable tourism. The area provides habitats for penguins, sea lions, whales, tuna, and cormorants, among other important biodiversity. Because of the inter-jurisdictional nature of the Patagonian parks and reserves, the multi-stakeholder arrangements already in place with these communities will help to underpin the project’s development. Specific protected areas included for the project in Patagonia include:

- (i) Punta Buenos Aires, Chubut Province (Joint Management Nature Reserve, APN and Min. of Defense);
- (ii) Patagonia-Austral Coastal-Marine Park, Chubut Province (Joint-management Park, APN and Province of Chubut);
- (iii) Isla Pingüino, Santa Cruz Province (Joint-management Park, APN and Province of Santa Cruz).

11. During preparation, APN worked successfully with the provinces of Chubut and Santa Cruz in the legal establishment of the Patagonia-Austral Coastal-Marine and the Isla Pingüino Parks. Punta Buenos Aires Nature Reserve was established in 2007. However, all of these areas still lack infrastructure, sufficient trained personnel, management plans, and other support to ensure they are effectively providing protection of biodiversity.

12. Eligible activities for financing for the protected areas include:

- (i) Infrastructure for basic management such as administrative buildings, park guard facilities/housing, storage and maintenance infrastructure, information and outreach centers, research facilities, and other small-scale improvements for park access and visitor use. Small infrastructure such as fences, corrals, garages, etc. are also eligible;
- (ii) Studies, drafting of legal proposals, draft management plan formulation, boundary surveys and updates, training and capacity building for personnel.
- (iii) Activities to mainstream climate-change mitigation and adaptation concepts into Protected Area (PA) management and plans;
- (iv) Goods necessary for park management including vehicles, boats, communications and firefighting equipment;
- (v) Operating costs including computers, furniture, office supplies, and audiovisual equipment, GPS, travel costs and rental of office space and staff quarters.

13. **Subcomponent 1.2. Sustainable-Use Subprojects.** This activity focuses on the strengthening of the protected areas through engaging communities within and around them as partners in conservation efforts. APN has developed an activity for implementing small-scale community development and income generating activities that are compatible with conservation of biodiversity, sustainable development and climate change mitigation. The proposed activities are consistent with national and international conservation and development policies, agreements, and legislation in the areas of biodiversity, indigenous peoples, and sustainable development. Activities will be supported by one of the three following categories of investment, according to the capacity and needs of each organization and/or community that it supports:

- (i) Technical assistance (including technical strengthening activities);
- (ii) Pre-investment activities (finance of consultancies for project development and the development of business plans, information dissemination, workshops, etc.);
- (iii) Direct investment.

14. In general, the following sub-project themes would be supported: improvement of socio-economic systems through the development of sustainable-use and agro-ecological models; diversification of farm and community economic activities, promoting the production of crafts and the development of low-impact, economically viable tourist services; strengthening the capacity of community organizations; and promotion of cultural values of local communities. Climate-change mitigation and adaptation themes will be included in the subprojects.

15. **Subcomponent 1.3. Consultation and Participation.** Consultative commissions will be supported for each protected area to ensure wide public participation in the development of park management plans, helping to define internal regulations and technical assistance needs, participation and priority setting for subprojects; assistance and participation in technical studies and workshops for training and information dissemination; and evaluation of monitoring plans. Training and information dissemination includes climate change awareness building and instruction on mitigation and adaptation. The following activities will be supported:

- (i) Meetings and workshops for organization, training, consultation and monitoring;
- (ii) Information generation and dissemination;
- (iii) Participation plan (including monitoring) (Chaco)

16. **Component 2. Conservation Corridors (CC) in the Gran Chaco and the Patagonian Steppe and Coastal-Marine Ecosystems (GEF US\$1.55 million).** Corridors are key components for an ecosystem approach to conservation, as recommended by the CBD (2004). Within the framework proposed in the CBD Technical Note No. 23 (2006) the component aims to design and initiate a multi-stakeholder process for piloting conservation corridors in the Gran Chaco ecosystem and to design corridors for the Steppe Coastal-Marine Ecosystems. APN will lead the process, working closely with the provinces of Chaco, Formosa, and Santiago del Estero in the Chaco. Given the immense size of the Chaco ecosystem, over one million square kilometers in Argentina alone, APN will also engage with a number of other provinces in the ecosystem in planning and strategy development, though they are not envisioned to take part in implementation through the project. Pilot corridors will be linked to the establishment and strengthening of the core protected areas under Component 1.

17. Corridor planning will embrace aspects such as territorial management, development of partnership agreements and a financing plan, the establishment of management committees and a monitoring system for tracking and guiding the corridors' development and effectiveness. The financing plan will consider specific tie-ins to the new Forestry Legislation, Argentinean law No. 26.331 approved in 2007, which will aim to bridge conservation efforts in areas between protected areas within forested areas. The planning will also include efforts to employ conservation corridors as a means to facilitate adaptation of biodiversity to climate change and climate resilience.

18. Final outputs include Strategic Management and Participatory Operational Plans for corridors conservation in the Gran Chaco ecosystem, along with supporting studies including agreements with provinces and other stakeholders for implementation of the plans. During preparation, APN developed the initial Strategic Plan for the Chaco, which will be tested and refined under the project¹⁹. No such plan exists for Patagonia. Consequently actions in Patagonia will focus on the conservation corridors' design, awareness and consensus building with provinces and stakeholders, and information dissemination and a plan for future efforts.

19. Subcomponent 2.1. Corridor Strategic Planning and Implementation Framework. Corridor planning will be implemented under the component to develop the vision and means to guide management of the Argentine Chaco Pilot Corridors (ie. the Chaco Húmedo and Chaco Seco-Impenetrable Pilot Corridors) and the Patagonia Steppe Conservation Corridors²⁰. Planning tools will be combined with other component outputs to promote effective conservation within the proposed corridors.

20. In addition, the component will support the design of institutional and regulatory instruments to ensure incremental investments can be sustained over the long term. Current regulatory frameworks from various sectors managing public investment and incentive systems will be reviewed to identify options for mainstreaming biodiversity and climate change throughout the corridors targeted under the project and other potential corridors.

21. Key activities:

- (i) Mapping of the Pilot Conservation Corridors and Patagonia Steppe Conservation Corridors;
- (ii) Corridor Plans (Participatory-Operational and Strategic);
- (iii) Studies and draft management plans for sub-national protected areas;
- (iv) Design of incentives to promote environmental services programs (including those for carbon sequestration) for biodiversity conservation;
- (v) Consultation (including workshops), validation and dissemination for corridor plans, programs, and management tools;
- (vi) Establishment of coordination mechanisms or corridor committees;

¹⁹ Administración de Parques Nacionales. 2010. Plan Estratégico de Gestión de los Corredores de Conservación Piloto del Gran Chaco. (Versión de 17 de Mayo de 2010).

²⁰ The Coastal and Marine areas in Patagonia will be addressed through the *Consolidation and Implementation of the Patagonia Coastal Zone Management Programme for Biodiversity Conservation Project* executed by the NGO Patagonia Natural, while the Rural Corridors and Biodiversity Project will focus on the Steppe areas of Patagonia.

- (vii) Design of cooperation frameworks for corridors management;
- (viii) Establishment of APN field units in corridors (includes vehicles, consultants, office rental and other operating costs)

22. **Subcomponent 2.2. Chaco Corridor Conservation Outreach and Capacity Building.** The subcomponent will support catalytic actions to pilot mainstreaming of corridor conservation in the Argentine Chaco Pilot Corridors (ie. the Chaco Humedo and Chaco Seco-Impenetrable Pilot Corridors). The activities will cover interventions that include the social, scientific, biodiversity, productive, and communication dimensions of corridor conservation.

23. Key activities:

- (i) Training including for park guards, wildlife agents, extension agents, and rural educators;
- (ii) Catalog and guidelines for best practices in sustainable land use, conservation and biodiversity monitoring (for both the Chaco and Patagonia);
- (iii) Agreements with universities and technical agencies to establish a network for conservation action, biodiversity monitoring and climate-change mitigation.
- (iv) Information management, dissemination and environmental education campaigns in pilot corridors;
- (v) Demonstration subprojects which promote best practices for conservation and climate change mitigation and adaptation
- (vi) Limited equipment for corridor and other non-core protected areas including communications, fire-fighting gear, and technical instruments (excludes vehicles).

24. **Component 3. Collaboration for Corridors' Conservation (GEF US\$0.99 million).** The component aims to strengthen the Federal System of Protected Areas (SIFAP) to ensure it has the capacity, mandate, and funding to plan and coordinate multi-stakeholder participation for biodiversity conservation, and particularly those involving corridors. Under the component, a new draft policy and blueprint for the SIFAP would be developed, financing mechanisms designed, personnel trained and assigned, and work programs developed and implemented. The project would seek to mainstream national and international standards of parks management and CBD principles for biodiversity conservation at sub-national levels.

25. The component would draw on lessons learned under Component 2 to develop a model for eventual replication by SIFAP. By project closure, the SIFAP would be fully operational and serve as a platform for planning and coordination of conservation activities both inside protected areas and within the overall landscape. Proposed outcomes would be achieved through the implementation of the following components:

26. **Subcomponent 3.1 SIFAP Strengthening.** Presently the SIFAP is composed of a loose association of national and provincial representatives, who have little incentive to participate as the system is underfunded and provides negligible support. Although SIFAP has been in existence since 2003 under the aegis of the Federal Environmental Council (COFEMA), it is currently unable to help strengthen provincial and other sub-national conservation initiatives due to the absence of a strategic plan, lack of coordinated participation and funding. By

strengthening the SIFAP, ensuring it has a shared vision among its members, comprehensive stakeholder involvement, adequate institutional support and a solid long-term financial plan, it will be in a position to manage and attract more resources for conservation. A national gap analysis will also be carried out to guide future interventions and identify conservation priorities.

27. Key activities:

- (i) Operational startup of SIFAP working group/Secretariat;
- (ii) Strategic and financial planning for internal operation of the SIFAP;
- (iii) Promoting provincial participation (for example, through workshops, consultations and information dissemination);
- (iv) Collection, comparison and analysis of provincial- and private-protected area classifications;
- (v) Proposal for common standards for protected areas;
- (vi) Online information/registration system for protected areas;
- (vii) Design of a management effectiveness evaluation tool;
- (viii) Analyze issues and prepare climate change mitigation and adaptation strategies to support conservation, including tie-ins to the *Ley de Bosques* and REDD initiatives; and
- (ix) National and Eco-regional gap analyses and conservation priority setting.

28. **Subcomponent 3.2 Capacity strengthening.** The subcomponent will develop management standards for provincial and national parks and provide training and capacity building. In addition, studies on the impacts of climate change on biodiversity and the potential role that protected areas may play in mitigation and adaptation are included.

29. Key activities:

- Needs assessment studies;
- Regional and inter-provincial workshops to share best practices;
- Training for conservation management and climate change mitigation/adaptation (short-courses and scholarships);
- Training visits (national and international study tours) for capacity building on conservation and climate-change themes;
- Develop guidelines for Provincial Protected Areas Management.

30. **Subcomponent 3.3. Financial incentives and framework for public, private and community conservation.** The subcomponent aims to develop the financing mechanisms and organization structure needed for sustaining and expanding SIFAP to achieve its conservation objectives. It will also carry out activities to promote formal recognition of private protected areas, and exchanges between other countries for knowledge sharing on private (and community) funded conservation efforts.

31. Key activities:

- (i) Analyses and proposals for finance mechanisms for funding conservation through the SIFAP;

- (ii) Review regulatory frameworks and existing incentive structures for opportunities to mainstream biodiversity conservation at provincial and national levels;
- (iii) Diagnostic review and proposal for a regulatory framework for private and community protected areas;
- (iv) Identify options for funding mechanisms for private and community protected areas.

32. **Component 4. Management, monitoring and evaluation of the project (GEF US\$0.55 million).** This component will support the efficient and effective implementation of the project, including the administration of funds, execution of technical activities financed under the grant, and procurement of goods and services. This subcomponent will permit the hiring of a core project team to execute the project. The team will be responsible for maintaining relations with national and provincial governments, private sector organizations, and NGOs; participating in relevant national and international events; and disseminating information on the project and its achievements. The component will also design and implement a program to collect baseline data, monitor the outcomes of project activities, evaluate the results, and incorporate the findings into the implementation of the project. Activities relating to the mid-term review and final evaluation of the project are included as well. The results of ongoing monitoring and evaluation will be disseminated to support the goals of sustainability. M&E has a specific budget.

33. Using standard practice, the project will make an assessment by closure of the carbon stocks protected by the project and contributions to carbon sequestration. Barring the possibility of updated information from the national forest inventory or other appropriate information from SAyDS's Forestry Directorate, remote sensing (satellite imagery) will be used along with a manual interpretation to determine both state and change of forest cover within the target areas from project inception (t_1) to closure (t_2). Once the area estimates have been obtained the calculation below is proposed to assess the change in the C stocks*:

$$\Delta C_{fLB} = (C_2 - C_1) / (t_2 - t_1) \text{ and } C = [V * D * BEF_2] * CF$$

where

ΔC_{fLB} = change in carbon stocks in living biomass in forest land remaining forest land in project areas, tons C yr⁻¹

C_{t_2} = total carbon in biomass calculated at time t_2 (tons)

C_{t_1} = total carbon in biomass calculated at time t_1 (tons)

V = commercial volume, m³ ha⁻¹

D = basic wood density, tons of dry matter m⁻³ commercial volume

BEF_2 = biomass expansion factor for conversion of commercial volume to aboveground biomass (dimensionless)

CF = carbon fraction of dry matter (0.5), tons of d.m.⁻¹

*BEF, volume, WD and carbon (C eq.) estimates (aboveground and total) are available from the SAyDS Forestry Directorate. Estimates at t_1 were made during preparation.

34. Included under this subcomponent are:

- (i) Core project coordination;
- (ii) Financial and technical administration of project funds and activities;

- (iii) Procurement of goods and services;
- (iv) Development and implementation of a monitoring and evaluation program (including for climate-change themes in the project area);
- (v) Mid-term review and final evaluation of project.

Annex 3: Implementation Arrangements

Introduction

1. The project will be implemented at three levels: (i) the national level for overall project coordination, planning, monitoring and evaluation, as well as implementation of Component 3 in support of a common action plan for corridors conservation; (ii) the provincial level to coordinate national and provincial strategies and operations for implementation of all Components; and (iii) the protected area/corridor site level for implementation of Component 1 and 2 in support of conservation site planning and management.²¹ Implementation arrangements respond to existing capacity of Government structures at national, provincial and site levels, and will contribute to building management processes for long-term sustainability beyond the project's lifespan.

A. National Level

2. ***Project Oversight at the National Level.*** The National Parks Administration (APN: *Administración de Parques Nacionales*) is the lead agency responsible for managing the country's national protected areas, a semi-autonomous agency within Ministry of Tourism (*Ministerio de Turismo*). APN is headed by a Board of Directors (*Directorio*), which consists of a president, a vice-president, and two representatives from the Ministry of Tourism, one representative from the Ministry of Defense, and one representative from the Ministry of Interior. Under this Board, there are two national directorates and one coordination directorate (i) the *Dirección Nacional de Conservación de Areas Protegidas*; (ii) the *Dirección Nacional del Interior*; and (iii) the *Dirección General de Coordinación Administrativa*.

3. APN will provide strategic advisory guidance and assistance in resolving intersectoral challenges to project implementation. APN will be acting through the UCEFE (*Unidad Coordinadora de Proyectos con Financiamiento Externo*) for the project's overall operational functions regarding project administration, financial management, etc. Specific functions of APN will include: (i) approval of all project expenditures; (ii) providing conceptual and strategic guidance to the UCEFE on project design, implementation and coordination of project activities; (iii) ensuring overall conformity with Government policies and strategies; (iv) reviewing project progress and performance; (v) resolving implementation issues. Specifically, the Board of Directors are critical in facilitating political and institutional linkages with the provincial government and further assisting the UCEFE in obtaining Government and Development Partners support as appropriate.

4. ***Project Management at the National Level.*** The UCEFE of APN will be the *Executing Body* and will be responsible for the day-to-day management, coordination, supervision and monitoring of project activities. The UCEFE will include a small project management team (PMT) for the GEF including a Project Manager. Technical specialists including those with skills in biodiversity conservation site planning and management, social and rural development, biodiversity survey and monitoring, policy and regulatory aspects of conservation, and communications and outreach will continue to be part of APN's National Directorate of

²¹ The Project Organizational Chart is presented in Appendix 1 of this Annex.

Conservation of Protected Areas (DNCAP), who will advise and coordinate technical aspects of the project with the PMT. Specifically, the PMT will be responsible for: (i) preparing, implementing and monitoring the annual work plans and budgets, as well as quarterly and mid-term project implementation reviews; (ii) supervising and providing logistic, administrative and technical backstopping for the Inter-Agency Committees (IAC), local and corridor management committees (*Comités de Gestión de Corredor y Comité Locales de Gestión*) and implementing partners; (iii) liaising closely with implementing and development partners and other stakeholders; and (iv) preparing and periodically circulating progress reports.

5. ***Corridors Coordination at the National Level.*** The Federal System of Protected Areas (SIFAP: *Sistema Federal de Áreas Protegidas*) is a group of existing parks and reserves created and administered by national, provincial and/or municipal entities, or by intermediary or private entities. SIFAP entails a tripartite institutional framework integrated by: (i) the Federal Council of the Environment (COFEMA: *Consejo Federal de Medio Ambiente*); (ii) National Parks Administration (APN); and (iii) Secretary of Environment and Sustainable Development (SAyDS: *Secretaría de Ambiente y Desarrollo Sustentable*). SIFAP will support collaboration in strengthening and mainstreaming capacity, policy and financing aspects into conservation policy and management throughout the country at the federal and provincial levels. The project will support strengthening of SIFAP to ensure it has the capacity, mandate, funding and authority to coordinate multi-stakeholder participation for biodiversity conservation, and particularly through a corridor's approach.

B. Provincial Level

6. **Inter-Agency Committees** (defined as *Comision Mixta*)²² will be established, at the protected area level, composed of representatives from: (i) provincial governments; (ii) APN; (iii) Project Management; and (iv) Ministry of Defense²³ depending on the jurisdictional arrangement established for each site. In the specific cases of the protected areas in the Chaco and the Inter-jurisdictional Coastal-Marine Park, a Mixed Commission and a Management Committee has been already established, respectively. As an inter-institutional decision-making body, the Inter-Agency Committees (*Comisiones Mixtas*) will be responsible for aligning national and provincial strategies and priorities as well as providing guidance on activities implemented on the ground. Based on the federal system of the country, specific agreement frameworks for establishing jurisdictions and management were formalized between the relevant entities:

- (i) ***Copo Provincial Park.*** The protected area is in the semiarid Chaco in the Province of Santiago del Estero, and was part of the Copo Provincial Reserve created in 1968. Neighboring lands were donated by the Province of Santiago del Estero in 2000 for the creation of the Copo National Park and include 114,250 hectares of forest and grasslands in the Semi-Arid Chaco ecosystem. The Copo Provincial Reserve constitutes the buffer zone of the Copo National Park and will be managed by the provincial government. An

²² Committees are formed for each protected area site in accordance with each Agreement of Cooperation between APN and the corresponding Provincial Government.

²³ Representatives from the Ministry of Defense and the Navy along with APN will compose the Inter-Agency Working Group for Punta Buenos Aires in Chubut.

agreement and cooperation framework between the Province of Santiago del Estero and APN was approved on February 4, 2011, and includes the implementation arrangements for the provincial park.²⁴

- (ii) ***Chaco Seco National Park and Impenetrable Chaqueño Multiple Use Reserve.*** A Framework Agreement for Cooperation was signed on February 23, 2009, between APN and the Provincial Government of Chaco. Subsequently, a Mixed Committee²⁵ was created in May 2010 composed by representatives from APN and the provincial government of Chaco to jointly articulate the guidelines under the Agreement Framework of Cooperation. Specifically for the Chaco areas, APN would manage the core areas as a national park and the province would manage the Multi-Use Reserve that constitutes the buffer zones. A specific agreement was signed on September 29, 2010, regarding the protected areas.²⁶
- (iii) ***Punta Buenos Aires Joint-Management Nature Reserve.*** An Agreement for Institutional Cooperation²⁷ was established in 2007 between the Ministry of Defense and National Parks Administration (APN) to incorporate a policy of biodiversity protection through the development of the Natural Areas of Interest for Biodiversity Conservation (ENIC: *Espacios Naturales de Interés para la Conservación de la Biodiversidad*) in areas that are currently under the administration of the Ministry of Defense. Under this 2007 Framework, Additional Protocol No. 1²⁸ refers to the specific creation of the Punta Buenos Aires Nature Reserve in 2008 and establishes a cooperation framework between the Ministry of Defense and APN to jointly develop common actions for biodiversity conservation of the area.
- (iv) ***Patagonia Austral Inter-jurisdictional Coastal-Marine Park.*** A treaty under Law No. 26.446 was signed in 2007 establishing the Inter-jurisdictional Coastal-Marine Patagonia Austral Park between the State and the Province of Chubut.²⁹ The Treaty sets common objectives for biodiversity conservation and natural resource management under a joint and coordinating administrative agreement in managing the Park. A Management Commission³⁰ (*Comisión de Manejo del Parque Interjurisdiccional Marino Costero "Patagonia Austral"*) is created in May 2010 to initiate planning for the development of the Management Plan for the Park.

²⁴ *Convenio Marco de Cooperación entre el Gobierno de la Provincia de Santiago del Estero y la Administración de Parques Nacionales.*

²⁵ *Acta de Constitución del Comité Mixto, Convenio Marco de Cooperación entre el Gobierno de la Provincia del Chaco y la Administración de Parques Nacionales*, May 18, 2010.

²⁶ Acuerdo entre la Administración de Parques Nacionales y la Provincia del Chaco para la implementación de Áreas Naturales Protegidas en los Departamentos Generales Güemes y Almirante Brown "Impenetrable Chaqueño."

²⁷ *Convenio Marco de Cooperación* established on May 14, 2007 signed by Hector Mario Espina (Board President of APN) and Nilda Celia Garré (Representative of the Ministry of Defense).

²⁸ Protocolo Adicional No. 1: Creación de la Reserva Natural "Punta Buenos Aires" was established on September 12, 2008, between the Ministry of Defense and APN.

²⁹ The Treaty was authorized by the former President Néstor Carlos Kirchner and the Governor of Chubut, Mario Das Neves.

³⁰ The Management Commission (*Comisión de Manejo*) met for the third time on April 27, 2010, which was headed by the Minister of External Commerce, Tourism and Investment and Board President of APN.

(v) ***Isla Pingüino Inter-jurisdictional Marine Park***. An agreement for joint management of the Park between APN and the provincial government of Santa Cruz was established in 2009.³¹ This is also part of an Agreement in developing *Ruta Azul*³² signed between APN and the localities of Comodoro Rivadavia and Camarones (Chubut) and Caleta Olivia and Puerto Deseado (Santa Cruz).

(vi) ***Corridor Committees (Comites de Gestión de Corredor)*** will be established as part of project outcome in the Chaco Humedo-Interfluvio Corridor, Chaco Seco-Impenetrable Corridor and, providing the work advances sufficiently, in the Patagonia Corridor. These Corridor Committees will coordinate activities of biodiversity conservation and climate change by encouraging sustainable use and conservation in through voluntary cooperation of stakeholders in the areas of interest. The specific terms of reference for the Corridor Committees are included in the Project's Operational Manual.

C. Protected Area -- Site Level

7. ***Protected Area Local Committees (Comites Locales de Gestión)*** will be established at each protected area site, and will include representatives of local communities, NGOs, and other local stakeholders, such as producers and town associations. The overall purpose of the Local Committees is to provide guidance and assistance in addressing inter-sectoral challenges to implementation of the protected areas both during project implementation and after project closure. The PACC will: (i) provide guidance to the Project Management Team (PMT) in preparing, implementing, and monitoring site management plans; (ii) ensure that project activities are integrated into the Provincial Development Plans if existent; (iii) foster local stakeholder ownership and commitment; and (iv) facilitate the resolution of any obstacles and/or conflicts to implementation. Representatives from each protected area Local Committee will form part of the Corridor Committees in order to maintain close operational and strategic coordination. The specific role of the Local Committees will be further specified in the Project Implementation Manual.

Financial Management and Disbursement Arrangements

Executive Summary and Conclusion

1. A Financial Management (FM) Assessment of the arrangements for the project has been performed in accordance with OP.BP 10.02 and in line with Bank specific guidelines³³. The assessment conclusion is that the project FM risk is Moderate and FM arrangements are acceptable because they meet minimum Bank requirements. The executing agency has qualified and experienced staff in World Bank-financed activities, capable of undertaking the FM functions for the project. There is an inherent element of risk involved in project implementation; however, proposed mitigating measures will adequately cope with the identified

³¹ This Agreement is currently pending ratification by the provincial legislation.

³² *Ruta Azul* is a proposed coastal-marine corridor with an extension of 500 kilometers along the Patagonia coast from the Inter-jurisdictional Coastal-Marine Park (Chubut) to Monte León National Park (Santa Cruz).

³³ Financial Management Manual for World Bank-Financed Investment Operations; document issued by Operations Policy and Country Services OPCFM. March 1, 2010.

risks. As agreed during preparation the operational manual will include guidelines to document funds flow arrangements and a model agreement which should be used for subprojects including the proposed mechanism to perform ex-ante reviews before signing agreements.

Implementing Entity

The proposed project will be implemented by APN. This agency is experienced in implementing WB-financed activities as evidenced by previous/ongoing project FM performance³⁴, which has been consistently assessed as Satisfactory. By utilizing established human capacity, systems, and procedures, these arrangements will greatly reduce the initial training and costs required to correctly implement the project and will assure a much higher quality administration and management. APN Coordinating Unit will perform the FM functions of the project comprising budgeting, accounting and reporting including preparation of interim unaudited financial reports (IFR), internal control and flow of funds.

Budgeting and Accounting

2. Budget execution in Argentina is recorded in the Federal Government integrated budget and accounting system (SIDIF, *Sistema Integrado de Información Financiera*) and subject to control over the budgetary execution process. The agency has skilled and experienced financial management staff capable of fulfilling the budgeting project needs. A separate budgetary line in APN annual budget will be required to allocate budgetary resources and keep track of the project execution specifying the sources of funds

Internal Control and Internal Auditing

3. The Government entities in Argentina are subject to internal audit of the General Syndicate of the Nation (SIGEN), which is the Federal Government's internal audit agency under the jurisdiction of the executive branch. SIGEN supervises and coordinates the actions of Internal Audit Units (IAUs) in all federal agencies, approves their audit plans, conducts research and independent audits, systematizes the information from its own reports and those produced by the IAUs. If necessary, the internal audit reports on the project performance will be reviewed during project supervision.

Funds Flow and Disbursement Arrangements

4. The following Disbursement Methods may be used under the Grant:

- (i) Reimbursement
- (ii) Advance
- (iii) Direct Payment

To facilitate project implementation the executing agency will operate a segregate Designated Account (DA) in US dollars. As it is the normal procedure in Argentina, the DA will be opened in Banco de la Nación Argentina (BNA). APN will manage the DA and will be also responsible

³⁴ Including the Native Forests and Protected Areas Project and the GEF Biodiversity Conservation Project.

for preparing the bank account reconciliation on a monthly basis. Funds deposited into the DAs as advances will follow the Bank’s disbursement operating policies and procedures described in the Disbursement Letter. Withdrawals from the Designated Account will be solely made for payments of eligible expenditures. As eligible expenditures arise, funds will be converted to local currency and deposited into a dedicated payment account open in BNA in pesos from which payments will be made for contracts of goods and services, including vendors and consultants, as incurred. The proposed ceilings for advances and supporting documentation that should be provided to the Bank for reporting on the use of advances are described in the paragraph following this. The proposed ceiling to be on deposit to the Designated Account is US\$1,000,000.

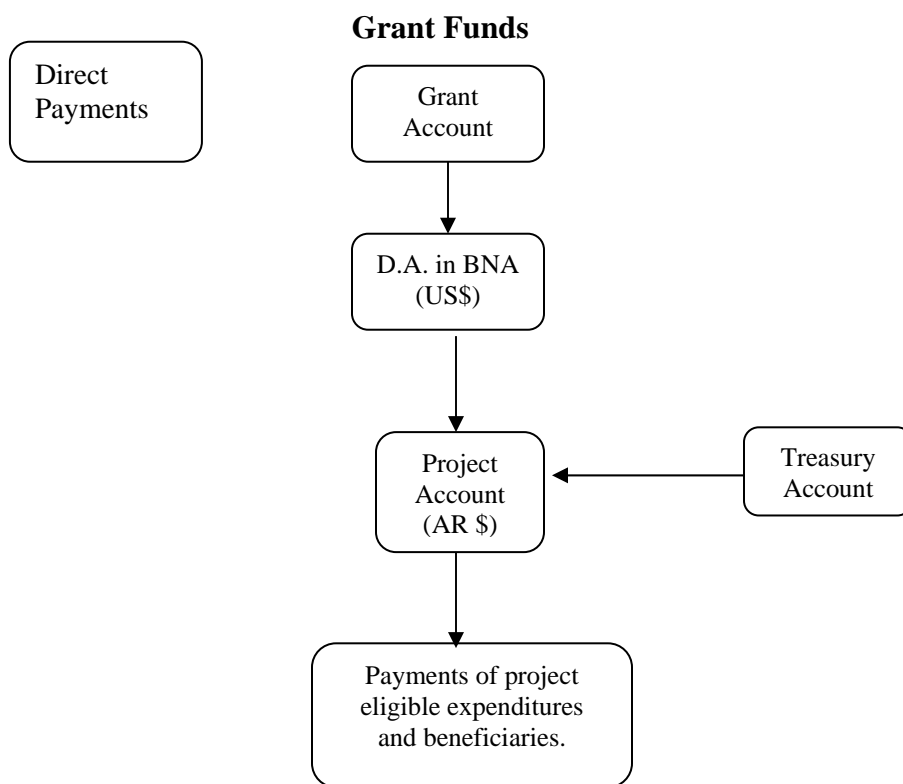
5. To avoid complexities and increase control over the uses of funds, payments for goods, services and training expenses will be made by APN directly to beneficiaries. Any other institution proposed to receive advances of a total above US\$50,000 during project implementation; will be assessed by the Bank FMS prior to start disbursements to said entity. It shall be subject to FM arrangements acceptable to the Bank to be included in the Operational Manual. APN will carry out a simplified assessment (desk review) of every NGO or Community proposed to receive advances to carry out a subproject, before an agreement with such NGO or Community is signed.

Retroactive expenditures	
Reimbursement of eligible expenditures pre-financed by the GOA made on or after February 28, 2015	<ul style="list-style-type: none"> ▪ Reimbursement of eligible expenditures and outputs into a bank account controlled by APN. The minimum application size for reimbursement requests would be US\$200,000.
Other Disbursement Methods	<ul style="list-style-type: none"> ▪ Direct payments to suppliers. The minimum application size for direct payment requests would be US\$3,000 ▪ Advance to a segregated Designated Account in US dollars managed by APN, in BNA, with a ceiling of 1,000,000.
Supporting documentation	<ul style="list-style-type: none"> ▪ Statement of Expenditures (SOE) ▪ Records (supplier contracts, invoices and receipts).

6. In the event there are transfers of funds to beneficiaries, they will be disbursed as per provisions included in the sub project agreements. It is envisioned that the first installment will be disbursed upon signature of a subproject agreement, and additional installments will be made on the basis of documented expenditures and or the achievement of targeted outcomes.

7. The project Operational Manual incorporates specific arrangements to ensure the adequacy of the administrative unit control to monitor over the use of funds for Subprojects or non-governmental organizations (NGO), including any other beneficiaries. The procedures prepared by APN have been reviewed and are acceptable to the Bank.

8. The following flowchart presents the flow of funds from the Grant Account to the project Designated and operative accounts, as follows:



9. The proceeds of the Grant would be disbursed against the following disbursement categories:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, Training, consultants' services, Non-consulting Services and Operating Costs (other than works under Categories (2), (3) and (4), and goods, Training, consultants' services, Non-consulting Services and Operating Costs under Category (2))	4,973,630	100%
(2) Goods, works, Training, consultants' services, Non-consulting Services and Operating Costs under Subprojects	460,400	100%
(3) Works under Part 1.A.(i) (a) of the Project (Chaco Seco National Park)	590,000	100%
(4) Works under Part 1.A.(i)(b) of the Project (Impenetrable Chaqueño Provincial Multiple Use Reserve)	265,000	100%
TOTAL AMOUNT	6,289,030	

10. The project unit will access the Bank’s Client Connection web page to get the Withdrawal Form from the web and to perform on a periodic basis the reconciliation between its bank account and funds received from different sources.

Financial Reporting

11. Given existing capacity and features of the project, APN will be in charge of preparation of the annual and interim financial statements for the project in line with the Bank requirements.

12. The UEPEX system will be used by the executing agency to produce the requisite financial statements following public sector accounting standards in Argentina or international public sector accounting standards (IPSAS). The public sector standards and rules followed by APN are comprehensive and consistent with international public sector accounting standards. Such standards are set by the Accountant General Office, *Contaduría General de la Nación* (CGN).

13. A draft format of the annual financial statements to be prepared by the project and acceptable to the Bank will be part of the Operational Manual. In addition, the Unit shall also prepare semiannual Interim Financial Reports (IFRs) for monitoring and evaluation purposes that will be part of the Project progress reports,.

External Auditing Arrangements

14. The annual financial statements of the project will be audited by an acceptable auditor, following terms of reference and conducted in accordance with auditing standards acceptable to the Bank as well. It is proposed that Argentina’s Supreme Audit Institution, *Auditoría General de la Nación* (AGN) be the external auditor for the project. The annual audit will cover all funding and expenditures reported in the project financial statements and will be submitted to the Bank within six months after the end of the reported period. For audit purposes the fiscal year will be the calendar year. Acceptable audit reports were submitted to the Bank in previous projects implemented by APN and Bank requirements were generally complied with. The following chart identifies the audit reports that will be required to be submitted by the project and the due date for their submission.

Audit Reports and Due Dates	
<i>Audit Report</i>	<i>Due Date</i>
1) Project Financial Statements	June 30 of each year
2) Special Opinions	June 30 of each year
<ul style="list-style-type: none"> • SOE an opinion on the eligibility of expenditures reported and the correct Grant funds 	
<ul style="list-style-type: none"> • Designated Account 	

Action Plan

15. A specific budgetary line in APN annual budget 2015 to follow Project execution; and Guidelines (*Instructivo*) to document funds flow arrangements and a model agreement with subprojects documented in the operational manual including the proposed mechanism to perform ex-ante reviews before signing of agreements with subprojects, in format and substance acceptable to the Bank.

Procurement Arrangements

General

8. Procurement for the proposed project would be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits and Grants by the World Bank Borrowers" dated January 2011 and revised July 2014; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011 and revised July 2014, and the provisions stipulated in the Legal Agreement. The various items under different expenditure categories are described in general below. For each contract to be financed by the GEF Grant, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the APN and the Bank in the Procurement Plan. The Procurement Plan will be updated at least twice a year or as required to reflect the actual project implementation needs and improvements in institutional capacity.

9. **Procurement Implementation.** APN will be responsible for the all procurement actions have its own internal through UCEFE and its own designated procurement specialist.

10. **Procurement of Works.** Works procured under this Project would include small civil works consist of administrative buildings, park guard facilities, storage and maintenance infrastructure, information centers, research facilities, small-scale improvements for park access and visitor use, and small infrastructure such as fences, corrals and garages. The use of ICB is not foreseen. The procurement will be done using National Competitive Bidding (NCB) and Standard Bidding Documents (SBD) satisfactory to the Bank. Contracts for works estimates to cost US\$20,000 or less will be procured through shopping procedures and the provisions of paragraph 3.5 of the Bank Guidelines.

11. **Procurement of Goods.** Goods procured under this project would include IT equipment, vehicles, boats, communications and firefighting equipment, Geographical Information System software and systems. The use of International Competitive Bidding (ICB) is not foreseen. The procurement will be done using NCB and SBD satisfactory to the Bank. Contracts for goods estimated to cost less than \$100,000 per contract, may be procured using shopping.

12. **Procurement of Non-consulting Services.** All contracts for services not related to consultant services (logistics, organization of seminars, workshops, printing services) may be procured under the same methodologies and thresholds specified for goods.

13. **Selection of Consultants.** Consultant services procured under this Project are expected to include: (i) under *Component 1*: studies of legal proposals and formulation of draft management plans and work's supervision; (ii) under *Component 2*: studies and draft management plans for sub-national protected areas; and under *Component 3*: baseline biodiversity reviews and studies in the pilot corridors.

14. Short lists of consultants for services estimated to cost less than \$500,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. Specialized advisory services would be provided by individual consultants selected by comparison of qualifications of at least three candidates and hired in accordance with the provisions of paragraph 5.1 to 5.3 of the Consultant Guidelines. Individual consultants may be selected sole-source with prior approval of the Bank in accordance with provisions of paragraphs 5.4 of the Consultants Guidelines.

Others

15. **In addition to procurement of works, goods, non-consulting services and consultant's services to be conducted by APN** as discussed above, the following will be financed by the project:

16. **Grants for Sub-projects.** Sub-projects would be financed through competitive grants for sub-projects under project sub-components 1.2 and 2.2 that may include the purchase of goods and services to be procured by comparison of at least two quotations and/or proposals to hire individual consultants selected by comparison of qualifications of at least three candidates. The ceiling amount per Subproject is US\$50,000 and the beneficiary would prepare a procurement plan as part of the proposal. The Operational Manual will describe the grants procedures in detail.

17. The implementation of these grants will be subject to oversight by a concurrent technical-financial-procurement audit.

18. **Operating Costs.** Would be procured using the implementing agency's administrative procedures, which were reviewed and found acceptable to the Bank. This includes expenditures for the operation and maintenance of facilities required for the implementation of the project, transportation fares, travel expenses and per diem related to supervision activities, based on an annual budget previously approved by the Bank.

19. **Training.** The Project will finance expenditures (other than those for consultants service) incurred by the APN and/or staff at national and regional level, as approved by the Bank on the basis of an annual plan, to finance reasonable transportation costs, per-diem and training registration fees; which would be procured using the implementing agency's administrative procedures that were reviewed and found acceptable to the Bank.

Assessment of the Agency's Capacity to Implement Procurement

20. Procurement activities will be carried out by APN through the UCEFE which was created for the implementation of Projects P040808 and P100806.
21. An assessment of the Implementing Agency's capacity in executing procurement actions for the project was carried out by Ana Grofsmacht (GGODR). The assessment reviewed the organizational structure for implementing the project and the coordination among the different institutions that would be participating in the project implementation.
22. The conclusion was that the UCEFE is well organized and the staffing is adequate and with relevant experience to implement Bank financed projects.
23. The key issues and risks concerning procurement for implementation of the project have been identified and include: limited procurement capacity to carry out the procedures for both projects (this project and P100806). Currently, given P100806 is on its final stage (the closing date is September 30, 2015), the expected workload would not be an obstacle to the implementation of the new Project. However, some weakness of the Unit was detected in the last Procurement Post Review of P100806 on the quality of the documents issued in connection with procurement processes (bidding documents, evaluation reports, etc)..
24. To address these, the following measures have been agreed upon: (i) a project operational manual including the implementation arrangements and the procurement procedures has been developed, and (ii) if needed, additional qualified procurement staff would be hiring in order to maintain the quality of service standards. Bank team will periodically assess the staffing versus workload and service standards in management of bidding processes, and will provide feedback to the APN.
25. The overall project risk for procurement is **Moderate**.

Procurement Plan

26. The Procurement Plans of the project for the first eighteen months were discussed and the final version was approved before negotiations.
27. This plan has identified about forty procurement activities; most of them are hiring of individual consultants (20) and also there are two works, five procedures of goods, minor non-consulting services for workshops and dissemination activities.
28. The Procurement Plan will be updated in agreement with the Project Team annually, or as required to reflect the actual Project implementation needs and improvements of institutional capacity. The Procurement Plan will be available in the SEPA web (www.iniciativasepa.org).

Frequency of Procurement Supervision

29. In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended annual supervision missions to visit the field to carry out post review of procurement actions. The Bank's ex-post review shall cover no less than one of ten contracts signed.

Details of the Procurement Arrangements Involving International Competition

30. Goods, Works, and Non Consulting Services

- (a) Not envision the need for ICB;
- (b) Contracts for Works estimated to cost above \$5,000,000 per contract, contracts for Goods and Non-Consulting Services estimated to cost above \$500,000, the first process procured under each procurement method and all direct contracting will be subject to prior review by the Bank.

31. Consulting Services

- (a) List of consulting assignments with short-list of international firms: not foreseen.
- (b) Consultancy services estimated to cost above US\$500,000 per contract, the first process under each selection method and all single source selection of consultants will be subject to prior review by the Bank.

32. Special Procurement Provisions

General

- (a) All procurement shall be done using standard bidding documents, standard requests for proposals, model bid evaluation forms, model proposal evaluation forms and contract forms previously agreed with the Bank. As for consultant services contracts, only the types of contracts listed in Section IV of the Consultant Guidelines may be used and "Convenios" will not be permitted.
- (b) Foreign and local contractors, service providers, consultants and suppliers shall not be required: (a) to register or (b) or establish residence in Argentina, as a condition for submitting bids or proposals.
- (c) The invitations to bid, bidding documents, minutes of bid opening, requests for expressions of interest and information of bids and proposals evaluation of contract award of all processes aimed at the procurement of goods, works and services (including consultants' services), as the case may be, shall be published in the web page of *Oficina Nacional de Contrataciones* in a manner acceptable to the Bank.
- (d) The APN: (a) will provide the Bank publicly accessible Procurement Plans Execution System (SEPA) within thirty days of Loan Effectiveness with the information contained in the initial Procurement Plan, (b) will update the Procurement Plan at least every three months, or as required by the Bank, to reflect the actual Project implementation needs

and progress, and shall supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter.

- (e) The APN will keep updated a list of contracts signed under the Project, and such list will be produced by the Argentine Republic's Financial Management System known as UEPEX.
- (f) Bidders and consultants shall not be allowed to review or make copies or others bidders' bids or consultants' proposals, as the case may be.
- (g) Bidding documents for NCB shall include Anticorruption Clauses that shall be substantially identical to those pertaining to Bank Standard Bidding Documents for ICB.

Goods, Non-consulting Services and Works

- (h) A two-envelop system of procurement will not be used for the procurement of goods, services (other than consultants services) or works.
- (i) Contracts of goods, services –other than consultants' services- and works shall not be awarded to the “most convenient” bid but to the one that has been determined to be substantially responsive and the lowest evaluated bid, provided that further the bidder is determined to be qualified to perform the contract satisfactorily.

Works

- (j) Price Adjustment for Civil Works Contracts shall follow the Price Adjustment Methodology agreed between the Argentine Republic and the Bank.

Goods

- (k) Compliance with ISO quality standards shall not be required to foreign bidders. Local bidders may be requested to comply with such standards whenever mandated by local law.

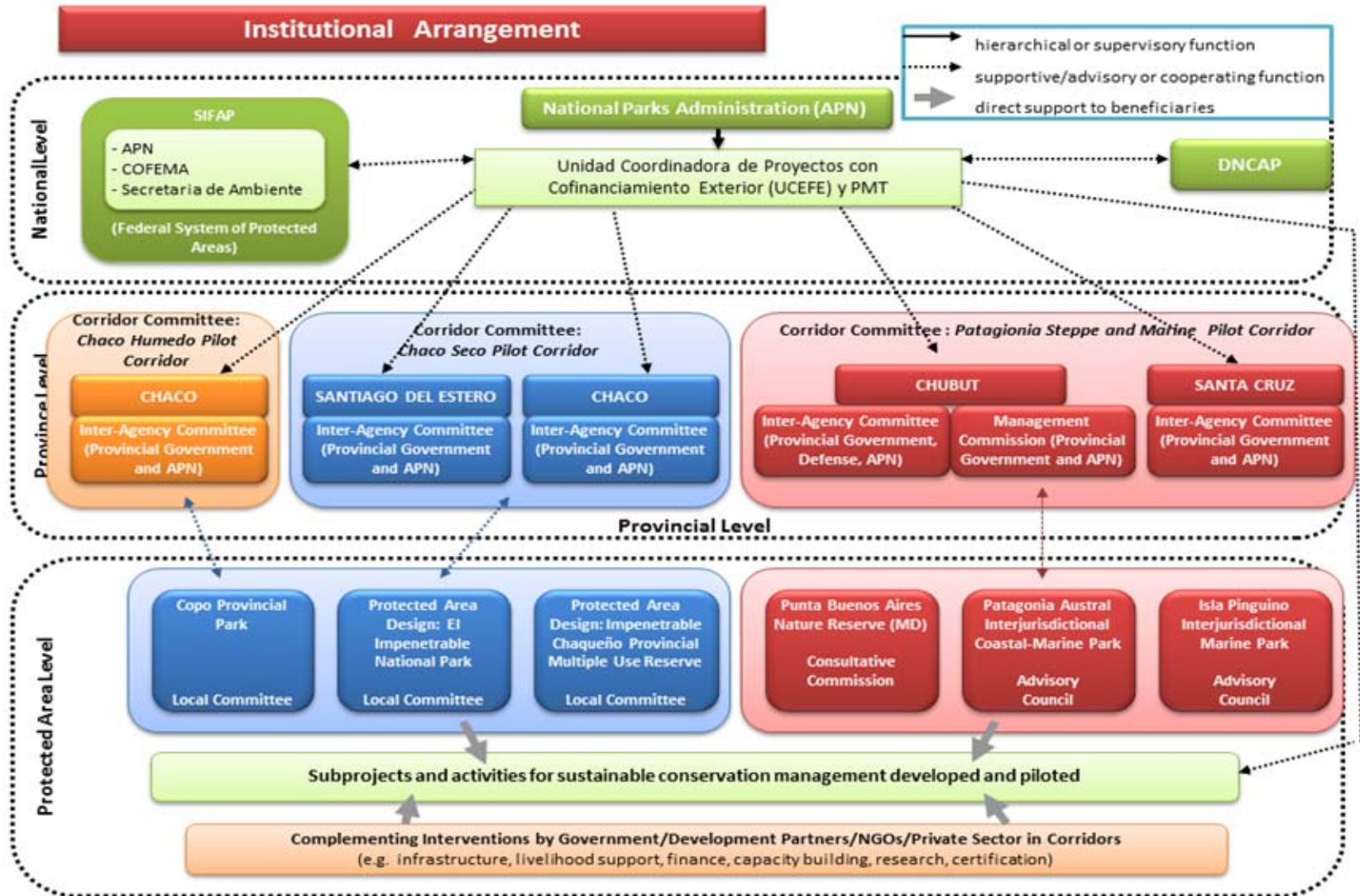
Procurement-related Covenants

33. In order to disseminate project implementation requirements and procedures, and define roles, responsibilities, mechanisms, schedules and accountability arrangements, the APN will implement the project following the stipulations of an Operational Manual (OM) acceptable to the Bank. The OM includes the project's institutional arrangements and operational, accounting, procurement and disbursement procedures.

34. The Implementing Agency will operate and maintain a web page to disseminate its most significant project information³⁵.

³⁵ For example, the Operational Manual, Bidding Documents and Standard Request for Proposal, technical background, designs, specifications and drawings of the works to be financed, terms of reference of the works to be executed with project funds; subprojects to be financed; beneficiaries of such subprojects; agreements with third parties and progress and monitoring reports.

Appendix 1



Annex 4: Implementation Support Plan

1. The implementation support plan (ISP) recognizes the importance of effective and timely support to the client especially during the start-up phase of the Rural Corridors and Biodiversity Project. The ISP will give priority to the following aspects: (i) technical support to the recruitment, orientation, training of field staff responsible for implementation of the safeguard policies and sub-projects, and to ensure inclusion of vulnerable communities and gender equity, (ii) technical support to reviewing and developing methodologies and instruments for baseline surveys and REDD+ measurements, (iii) enhanced coordination among agencies and national and subnational levels, (iv) placement of TA staff for setting up of a sound monitoring and evaluation framework including baselines, (v) appropriate procurement and financial management procedures, (vi) safeguards and fiduciary issues, and (vii) risk mitigation measures, as outlined in the SORT.
2. Formal supervision will be undertaken two times per year during the project including at least one field visit per year. In addition the task team will participate in key project events, and sector and policy dialogue meetings. The task team will also undertake at least one integrated fiduciary and technical supervision mission during each year of the project. Implementation support will be required for the following key areas.
3. **Technical:** Technical inputs will be provided to ensure methods and processes used for safeguard implementation and sub-project design are in keeping with the objectives related to free, prior and informed consultation process, broad community support, vulnerable communities and women, safeguards, and are of acceptable technical standard. Technical inputs will also be required to review methodologies and instruments for baseline and other surveys especially to ensure quality of data and appropriateness of benchmarks. The task team will share responsibility for enhancing engagement with sector strategy issues, with policy dialogue and developments in related sectors that may have a bearing on protected areas and corridors management, and with sector governance. Bank staff will also play an important role in coordination of related World Bank financed projects including the FCPF financing for REDD+ Readiness and the proposed IBRD financed Forests and Communities Project.
4. **Capacity Building:** The task team will provide inputs to the design of the capacity building efforts. Inputs will also be provided to selection of high quality and relevant regional and/or international individual service providers or institutions when appropriate to support sub-projects. Opportunities for training of field staff will be coordinated with the RPP especially with reference to MRV, REL benchmark training, carbon assessment methodologies, Safeguards, SESA, benefit sharing, and conflict resolution.
5. **Safeguards:** The project safeguard documents have been designed as the key framework to address social safeguards issues in the project. Implementation support will be provided to ensure integration of safeguards aspects in the orientation and training of field staff, and in the applicability of the FCPF financed grievance mechanism. Environmental safeguards are incorporated into the park management planning guidelines. The Operations Manual used by the project will guide field implementation of safeguard policies. Compliance with guidelines will be verified through twice yearly implementation support missions.

6. **Gender:** Technical expertise will be made available to ensure compliance with gender aspects of the project. This will include mainstreaming of gender issues in survey methodologies and instruments, and to ensure gender disaggregated data is compiled, archived and is rapidly retrievable so as to inform project decision making, and appropriate corrections.

Monitoring and Evaluation

7. **Procurement:** Implementation support will aim to provide training to procurement staff, review of procurement plans and documents, ensure compliance with the Bank's procurement guidelines, and supervision of the annual procurement plans. Procurement plans will be prepared updated, reviewed and approved through SEPA.

8. **Financial Management:** Financial support for a financial management specialist and for undertaking external audits at the central level are included in project design. Implementation support will be provided for training, review of external audits, monitoring disbursement progress, and monitoring effectiveness of financial management of the project.

9. **Grievance Management:** Implementation support will consist of supervision and review of the effectiveness of the grievance and complaints management mechanism, and coordination with national capacity building efforts related to conflict resolution under REDD+.

10. **Communication Strategy:** Bank inputs will include review of implementation progress and coordination with FCPF and IBRD financed programs in the NRM sector.

11. **Other:** Theme specific risks will receive ongoing monitoring as specified in the SORT and the SORT will be reviewed periodically and updated to respond to changing circumstances.

12. Required task team skills mix and their anticipated roles are described in the following tables.

Task Team Skills Mix

Skills Needed	Number of Staff Weeks	Number of Trips*
Social Safeguards Specialist	3	1 per year
Environmental Safeguards Specialist	3	1 per year
Financial Management	2	1 per year
Procurement	2	1 per year
Natural Resources Management Specialist	10	2 per year
Climate Change / NRM Analyst	4	1 per year
Communications Specialist	2	1 per year

* It is noted that several of the key team members are located in the country or based regionally, and as such, the project will benefit from continuous support. The number of trips listed refers to formal missions with field visits.

International Implementation Partners and Anticipated Roles

Institution/Country	Role
UNREDD	Joint Implementation Support Missions – once yearly
FAO	Joint Implementation Support Missions – once yearly

Annex 5: Systematic Operations Risk-Rating Tool

Risk category	Rating
1. Political and Governance	Moderate
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Moderate
7. Environment and Social	Substantial
8. Stakeholders	Substantial
OVERALL	Substantial

1. The key risks and associated mitigation measures related to the proposed operation, as assessed by the project team, are:

2. **Institutional capacity for implementation:** APN has a successful track record of implementing projects with the WB that have many of the same elements as the proposed Rural Corridors and Biodiversity project. This track record suggests that APN has the critical capacity and commitment to effectively engage in the proposed biodiversity conservation and community engagements under the program. The inter-institutional and multi-stakeholder decision-making required in biodiversity corridors will challenge APN’s core competency however and pose a challenge to APN to effectively influence other sectors and engage even more broadly with communities as they confront numerous tradeoffs in relation to agricultural expansion and infrastructure development, etc. It will be critical for the PIU to be more aware of and engaged in development discussions at the provincial and departmental levels to seek support from APN management to facilitate outreach to other ministries and establish a systematic multi-sectoral dialogue for mainstreaming the biodiversity conservation agenda at provincial and local levels.

3. *Mitigation action:* Recently APN has begun building the mechanisms for managing biodiversity at landscape scales. As part of the ongoing Sustainable Natural Resources Management project (P100806) APN has engaged in discussion and provided support for the establishment, planning and operation of provincial and departmental conservation areas. The proposed project provides explicit support for developing both a *national strategy for climate change mitigation and adaptation to support conservation* and a *Common Action Plan for corridors conservation between Federal and Provincial Authorities*. These activities are expected to directly promote the gradual integration of biodiversity conservation into provincial and departmental development strategies.

4. **Environment and Social:** Given the cross-sector and landscape level actions required to deliver effective management of Rural Corridors outside of their primary jurisdiction, APN will need to apply Bank Safeguard policies at a more strategic level than in previous World Bank-financed projects. While APN has demonstrated its ability to manage safeguard policies well in both previous and ongoing projects this project will present additional challenges. The constitution in Argentina grants authority over natural resources to the individual Provinces. In this sense, the coordination and communication arrangements that APN will establish with the Provincial governments will be crucial in order to secure their support for project activities and deliver expected results.

5. *Mitigation action:* The Bank team has been working together with UN-REDD to assist APN in designing a SESA/ESMF plan sequenced with the development of the REDD+ strategy and integrated within the stakeholder consultation and participation process. The FCPF grant will provide specific support to ensure adequate human resources and increase APN's capacity to manage the SESA and ESMF process. In addition, as part of the preparation of the IBRD Natural Forests and Communities project APN has augmented its technical capacity to implement WB safeguards with key personnel. With this technical support and a broad stakeholder engagement, APN should be able to mitigate this risk. Finally, there have been some experiences at the Provincial level on which the SESA process could draw. Particularly, some of the recent consultations carried out during the provincial Natural Forests Land Use Planning processes might provide very useful lessons to identify, prioritize and manage environmental risks, including balancing the interests of multiple stakeholders and managing any conflicts within the framework of the SESA process.

6. **Stakeholder participation:** APN has developed management planning guidelines recently that require all National Parks to jointly develop engagement plans with local indigenous communities. This experience will serve APN well in the development of engagement strategies to develop a rapport and sustainable sub-projects with residents in conservation corridors. Further site specific assessment will be needed to identify key stakeholders at local levels, especially given Argentina's large federal system conditions are expected to vary significantly from one eco-regional context to another.

7. *Mitigation measure:* APN will conduct comprehensive stakeholder consultation and participatory planning consistent with APN's own planning guidelines and with Bank safeguards. It is also expected that the parallel REDD+ dialogue, outreach and grievance redress mechanisms will help establish links with existing platforms for systematic participation during project implementation.

Annex 6: Economic and Financial Analysis

General Introduction

1. The principal beneficiary is the government agency, APN, responsible for managing the national parks system. The procurement and management of six protected areas provide for increased biodiversity conservation in high priority ecosystems of global importance in Argentina. Along with the biodiversity, valuable environmental goods and services in and around the protected areas are also being conserved. This includes the protection of watersheds and wetlands, which are important to help regulate water quality, quantity and regimen; protection of soils, which are prevented from degradation and depletion due to unsustainable cropping and overgrazing; and forests for carbon storage and the regulation of greenhouse gasses. The total terrestrial area estimated to be placed under conservation is 310,000 ha, about 279,000 in forests. Protection of coastal-marine areas under the project PAs would cover around 3,990 km².
2. Forests to be brought under protection through the project in the Arid Chaco contain about 49.4 tons per ha of C eq. of above-ground biomass, with an emissions potential of 181 tons of CO₂e per ha. Within the project protected areas about 15.3 million tons of carbon will be protected (C eq.). While algorithms for the calculation of financial returns for REDD projects for conservation are not yet standardized and the project will not apply for C financing to have this estimations will provide initial information for the National REDD+ program that the SAYDS is developing and which considers to include the native forest of this GEF project.
3. Because the project will harmonize protected area classifications and standards for provincial and private protected areas it will provide a more uniform basis for the evaluation of future forest conservation efforts of various intensities needed to determine their eligibility for REDD-financing schemes. This provides an especially important tie-in to the new national *Ley de Bosques* which has worked in concert with provincial governments to identify millions of ha of forest considered appropriate for conservation, which fall largely in the hands of provincial governments and private landowners.
4. The total terrestrial area to be placed under sound formal conservation regimes is about 310,000 ha, and is projected to be accomplished at an estimated cost of about US\$30 per ha, excluding land acquisitions (which are being donated). Given that the previous GEF project averaged around US\$43 per ha for the establishment and startup of protected areas, the new project is considered to be modestly more efficient. The six project protected areas will be outfitted with modern infrastructure, equipment and trained personnel needed to ensure their startup, sustainability and long-term protection of biological diversity and environmental services.
5. The SIFAP which will be strengthened through the project will increase the efficiency of conservation efforts throughout Argentina. By ensuring that the SIFAP is functioning, operating in a strategic manner, and has a good representation of stakeholders it will be able to more effectively identify and address emerging conservation issues, and provide a long-term vision for improving and increasing conservation efforts both outside and within the APN network, and attract additional resources. The SIFAP will also serve as a tool for identifying new opportunities

for conservation activities aimed at climate-change mitigation within a future REDD framework and an additional element to support the *Ley de Bosques*.

6. Following the same approach as the previous GEF Biodiversity Conservation Project, the project is twinned with an IBRD operation involving National Parks and APN. The IBRD operation has a main objective to upgrade eleven existing national parks in order to increase tourism potential and thereby expand economic benefits, in contrast the GEF project focus is the conservation of biological diversity in protected areas and within the overall landscape of target conservation corridors.

7. Argentina is one of the most attractive tourist destinations in the world and its tourism sector has expanded rapidly since 2001. This is due in part to, the depreciation of Argentina peso and the improvement of facilities which cater to tourists. Foreign tourism increased dramatically from 2.2 million tourists in 2001 to 4.2 million in 2006. The high tourist season is during the Argentine summer of December through March. This is an attractive time of the year for many American and European tourists, seeking to escape the colder climate of the northern hemisphere. Still, Brazilians are some of the most frequent international visitors, and most park tourism is by Argentines.

8. The national parks are one of Argentina's most important tourist attractions, especially in Patagonia region. Since 2001, every year the park system has received more tourists. In 2013, the national parks were visited by over 3.5 million tourists; more than three times the number of visitors in 2001. This trend is expected to continue.

Financial Analysis

9. For the IBRD project, a financial analysis was carried out for the pre-selected eleven national parks the project would support. A cash flow model was applied for the analysis, and the project incremental revenues would be evaluated with and without-project. The incremental income and costs were calculated over a twenty-year period including an estimated five-year period for project implementation. A discount rate of twelve percent is used for the estimation.

10. The results of the cash flow calculation show that the medium scenario and high scenario have robust rate of return of sixteen percent and 21 percent respectively, while the low scenario was not financial viable (9.6 percent) because of the large investment costs and low revenues. The sensitivity analysis shows that the rate of return is very sensitive to revenue variation, when the revenue dropped by ten percent, the model is not financial viable. The operational costs are less sensitive than the income, and the investment costs are the least sensitive.

11. For the proposed GEF project, a financial analysis was carried out using real data from protected areas with similar characteristics as those proposed for the GEF project, including Argentina's Monte Leon National Park (representing the Coastal Patagonia Steppe) and Copo National Park (representing the Arid Chaco Ecosystem). Both of the parks have similar characteristics to those proposed for the GEF project's National and Inter-jurisdictional Parks relative to their access and potential to attract tourist revenue.

12. The incremental income and costs were calculated over a twenty-year period including an estimated five-year period for project implementation. A discount rate of twelve percent was used for the estimation. The analysis showed that as stand-alone protected areas, the proposed GEF-financed protected areas were likely to have negative FIRR in the Gran Chaco. However, the parks in Patagonia might begin to show positive net revenues around year 19. The main driver for increased revenue is tourist income, and the model is most sensitive to this factor.

13. In addition to the increased revenue projected through the investments in the current operation and parallel finance from P100806 and the proposed Forests and Community Project (P132846), Argentina's *Ley de Bosques* is expected to provide significant financial incentives for both conservation and sustainable forest management. Allocations over the past six years have averaged US\$55 million per year.

Conclusion

14. The analysis indicates that the decision to finance the GEF Project and the parallel IBRD Project is well justified. While the GEF protected areas are not expected to be self-sustaining in a stand-alone form, the IBRD parallel support and the formal incorporation of most of the protected areas into the APN system ensures their sustainability. APN's budget has steadily increased over the last few years, enabling it to take on additional protected areas and expand its reach to support conservation. In fact, APN's protected areas are ranked as some of the most financially sustainable in the entire region in the UNDP-The Nature Conservancy report *Financial Sustainability of Protected Areas in Latin America and the Caribbean: Investment Policy Guidance* (2010). The overall 2014 APN budget has increased by AR\$40 million over 2007 to AR\$682 million with important additions in field personnel and infrastructure investments.

15. In conclusion, the financial analysis based on increased revenues to the APN system from park upgrades to support increased tourism is very promising, as are the anticipated subsidies through the *Ley de Bosques* for conservation and sustainable forest management. In addition, economic benefits associated with new environmental services, carbon markets and/or conservation trust funds to be developed under the project; as well as an improved and more efficient SIFAP underpin the project's sustainability.

Annex 7: Safeguard Policy Issues

Environmental Assessment

1. The project is classified as Category B, requiring an Environmental Assessment (EA). Although the project is focused on environmental sustainability and its impacts are designed to be positive, environmental management plans (EMPs) have been prepared based on the EA findings. These findings are summarized below:

Expected Environmental Impacts

2. No large-scale impacts are expected given the focus on biodiversity conservation with important investments in capacity and institution building. However, an EA was prepared as part of project preparation to identify the project's potential impacts, to develop appropriate mitigation measures for the possible limited negative impacts, and to recommend enhancement measures for positive impacts, as needed or required. These mitigation and enhancement measures are summarized in an Environmental Management Plan (EMP) that includes screening criteria and environmental procedures.

3. **Component 1 – Core Protected Areas.** This component should produce only minor, short-term impacts associated with construction activities in core areas. Construction activities would be small and include limited road repair and maintenance, small building construction for park personnel and visitor centers. Construction will be carried out on APN, provincial or Ministry of Defense properties, mostly in protected areas, and therefore they will follow APN standards for environmental assessment prior to construction. Some protected areas' headquarters will be established in local population centers, as is common practice. Constructions will be located where impacts to key parts of protected areas are minimized and appropriate measures to minimize landscape visual impacts and integrate local designs and materials. The EMP includes measures such as environmental screening of works, mitigation of dust and noise, proper disposal of construction waste, worker health and safety standards, and wastewater management.

4. **Component 2 – Conservation Corridor in the Gran Chaco and the Patagonian Steppe and Coastal Marine Ecosystems.** The component will work primarily through technical assistance for planning corridors at a detailed level and dissemination of best-practices for conservation in the productive landscapes of the Chaco and Patagonian Steppe. It is expected that the outcomes of this component would be positive from an environmental standpoint considering the focus on developing sustainable options for production and diminishing impacts on soil, biodiversity, and water resources, while providing climate change benefits through ecosystem adaptation and mitigation measures.

5. **Component 3 – Collaboration for Corridors' Conservation.** The incremental investments through technical assistance would seek to strengthen the federal protected areas system. This would generate positive impacts for biodiversity and the ecosystems of Argentina by helping to guide national and provincial decision makers and conservation authorities in regard to preserving natural habitats. No negative impacts are expected from this component.

Indirect social impacts could result from misguided conservation initiatives, which do not consider inhabitants of areas that are priorities for protection. The technical assistance seeks to mainstream private and community conservation activities to avoid these situations and provide for greater positive impact on the landscape and ecosystems. Development of strategic plans and standards for protected areas will incorporate adequate considerations for social impacts, which are also included in the existing APN regulatory framework and prevailing agency policies.

6. The sections below briefly consider each of the safeguard policies that are triggered by the project.

Environmental Assessment (OP 4.01)

7. No large-scale adverse impacts are expected. The project design includes mechanisms for participation by local communities under Component 1, which will enhance the component's conservation objectives and the overall project development objective, sustainability, and economic impact. The APN has its own regulatory framework regarding environmental assessment and management, and for the protection of cultural resources, which will reinforce Bank safeguards. Infrastructure works in national and provincial protected areas will incorporate Bank standards for EA and Environmental Impact Assessment (EIA) for relevant activities. Based on recent project activities (P039787/TF028372 and P040808/Loan No. 4085-AR) APN has shown excellent compliance with Bank standards, and has a set of protocols for works in parks which are comparable.

Natural Habitats (OP 4.04)

8. The project seeks conservation of natural habitats, therefore it will seek to enhance biodiversity within protected areas (national, provincial, and private) and increase mainstreaming of conservation in the productive landscape outside protected areas. Procedures are included within the EMP to ensure no natural habitats are affected by infrastructure.

9. The primary focus of the *Core Protected Areas* component is the protection of natural habitats. Activities under this component seek to increase the conservation capacities of government-level institutions while enhancing community involvement and benefit sharing from park improvements, infrastructure investments and increases in tourism. If not properly designed and complemented by capacity building of institutional and community stakeholders, increased tourism could impact natural habitats negatively by creating uncontrolled use and intrusion. Increased visitation may also put a strain on existing services and infrastructure serving the tourist industry (lodges, handicrafts, hunting, fishing, etc).

10. Potential impacts on natural habitats from increased tourism and community-based activities are part of the EA analysis, which has been carried out. This analysis is in addition to baseline assessments, which will be performed by the National Parks Administration for the preparation of park management plans.

Forests (OP 4.36)

11. The project will seek to increase protection of native forests and will not promote its degradation or conversion. Forests will be entirely protected within the new National Park in the Chaco. The corridors component seeks to improve conditions for forest protection and conservation by supporting the creation of financial incentives. Incentives would be directed towards conservation and protection rather than use of forests. APN has included small-holder and community forestry in their EMP, in order to introduce sustainable forest management and good practices into the multiple use or production areas, not subject to strict conservation, in order to help protect the core areas. The EMP has been reviewed and found acceptable by the Bank and is disclosed with the EA.

Physical Cultural Resources (OP 4.11)

12. No physical cultural resources have been identified during the EA studies. The APN policy in regard to cultural resources seeks protection and enhancement of these resources consistent with Bank policy in this regard. Since many parks within the federal system have important cultural resources, a chance find mechanism is included in the EMP in order to ensure preservation of any resources that are encountered during the construction of works within core areas.

Indigenous Peoples (OP 4.10)

13. The Social Assessment conducted by APN indicates that Indigenous Peoples' communities do not reside in the proposed protected area sites. However, they customarily use the Chaco forest for natural resources (hunting and collecting non-timber forest products such as medicinal plants, and materials for construction). An IPPF has been developed by APN and disclosed to ensure that the needs and perspectives of the Indigenous People are included should the establishment of the new protected areas in the Chaco encompass forest or other areas traditionally used by them. With respect to the corridor, Indigenous Peoples have been informed of the project and will be consulted in order to acquire their consent prior to their inclusion in corridors that may include their traditional territories. In the event that Indigenous Peoples are affected by the project, the framework will guide the preparation of site-specific Indigenous Peoples Plans (IPPs). The framework is also found in the operational manual. APN has a good history of working with Indigenous People in co-management within its existing protected areas.

Involuntary Resettlement (OP 4.12)

14. APN has a policy of no involuntary resettlement, and the project does not support or include it. With this in mind, in order to achieve the project's objectives, inhabitants living inside the proposed protected area sites would therefore be able to *choose* to (i) relocate to an area outside of the protected area with an agreed compensation package, or (ii) remain in the protected area under restrictions and land-use regimes that would ensure their livelihood but still be compatible with conservation objectives. In both cases, APN would provide training and investments to support the adjustment of the inhabitants to their new situation. APN has a demonstrated good history of working in these situations through the prior Biodiversity

Conservation in Productive Forestry Landscapes Project (TF-90118). To cover the possibilities above-mentioned and in compliance with OP 4.12, a Resettlement Policy Framework (RPF) and a Process Framework (PF) have been prepared, approved and disclosed by APN on February 26, 2015.

15. No potential resettlement issues related to the project were identified outside the project protected areas. However, the RPF and PF would apply to resettlement situations related to the project outside a protected area in the unlikely event one should arise.

16. Prior to the enforcement of any project related restrictions, under the Process Framework (PF), APN will carry out in-depth consultations with local communities and small- and medium-scale producers and prepare an Action Plan for each (PA) and conservation corridor describing the specific measures and implementation arrangements to be undertaken to assist any persons affected by the restrictions. Such Action Plans will be subject to the World Bank for prior review and clearance. The Process Framework (PF) provides a preliminary assessment of access restrictions involved as well as participatory planning processes with stakeholders: (i) defining the restrictions on access to natural resources in the proposed protected areas; (ii) identifying and quantifying the impacts that those restrictions may have on different segments of the local population; (iii) proposing, implementing and monitoring specific measures to compensate for the loss of assets and associated income; and (iv) putting in place grievance resolution mechanisms in order to resolve any issues that may arise due to restrictions on resources over the course of the project.

Social Assessment

17. The APN carried out a social assessment in each of the identified protected areas and conservation corridor. The social assessment is based on the desk reviews of available information, interviews with local community members as well as APN observations. The assessment includes: (a) the historical, geographical, socio-cultural and demographic setting of the proposed protected areas and areas of interest for the corridors; (b) description of the various specific socio-cultural groups living in/and adjacent to the proposed protected areas, including their population sizes; (c) information concerning customary rights to lands and natural resources; (d) the extent of potential restriction of access to natural resources; and (e) sustainable alternative livelihood activities that local populations prefer to engage in.

Institutional Capacity for Developing Environmental Assessment, Resettlement Policy Framework and Process Framework

18. APN has the adequate technical capacity to implement and monitor the EMF, RPF, IPPF and PF-related functions. These capacities have been developed through previous experience with the GEF Biodiversity Conservation Project (now closed), the IBRD Native Forests and Protected Areas Project (P040808) and the currently approved IBRD Sustainable Natural Resources Management Project (P100806). APN will need to closely coordinate with representatives of the relevant provincial governments the implementation and monitoring of EMF, RPF and PF- related processes. Staff from the *Programa de Pobladores y Comunidades*

from the *Dirección Nacional de Conservación de Áreas Protegidas* will be responsible for the overall technical supervision of the RPF, IPPF and PF.

Stakeholder Consultation and Disclosure on Safeguard Policies

19. During project design and formulation, the APN initiated a process of information dissemination regarding the project with relevant stakeholders (i.e. farmers, landowners, Indigenous Peoples, research and academia, women and youth, etc.), community-based organizations and non-governmental organizations about the project’s environmental and social aspects, and took their views into account in finalizing the safeguard documents. The APN will continue to carry out an in-depth consultation process with such groups throughout project implementation as necessary to address EA, RPF, IPPF and PF-related issues that affect them, particularly during the implementation of the civil works, boundary demarcation, determining areas of use of resources, etc.

20. The detailed safeguard policy studies are available in the project files. In accordance with the Bank’s Information Disclosure Policy (BP 17.50), copies of the safeguard documents in Spanish are available in Argentina (<http://www.ucefe.gob.ar/>) and through the World Bank's InfoShop at the following links:

[Resettlement Policy Framework](#);
[Indigenous Peoples Planning Framework](#); and
[Environmental Management Framework](#).

Summary Findings of Social Assessment

SOCIOECONOMIC PROFILES OF COMMUNITIES
<i>Protected Area Core and Buffer Zones</i>
<p>CHACO PROVINCE</p> <ul style="list-style-type: none"> • The Provincial Government of Chaco (PGC), through the Institute of Colonization (<i>Instituto de Colonización</i>), is surveying (through GPS and ground survey) the protected area for the location of existing human settlements in order to delineate the boundaries for the proposed <i>El Impenetrable</i> (National Park) and <i>Impenetrable Chaqueño</i> (Provincial Multiple-Use Reserve). An estimated of 370 families live in the areas. Most raise cattle and carry out limited subsistence agriculture. Based on the survey, the PGC will delineate the boundary between the National Park (the area without human settlements) and the Multiple-Use Reserve (buffer zones where both human settlements as well as regulated access to natural resources will be permitted). While many of the families have been in the area for decades, most do not hold legal title to their land. Also through the survey, the PGC has initiated a process of legal land regularization for local people settled in the area through a process (<i>proceso de adjudicación</i>) for determining the specific areas of occupancy and use rights (<i>resolucion de ocupacion</i>). The area is generally characterized by a lack of potable water for human and animal consumption. • Indigenous Peoples. While there are no Indigenous Peoples settlements in the area, they

customarily use the general area for natural resources. They use it for hunting and collecting non-timber forest products such as medicinal plants as well as materials for construction of houses.

SANTIAGO DEL ESTERO PROVINCE

- The Provincial Park was established with human settlements within its boundaries. Currently, there are ten families living inside the Copo that do not possess legal title to land though they have been living in the area for several decades prior to the establishment of the provincial park. These families are “pobladores” (non-indigenous campesino cattle grazers) who practice limited agriculture.
- Buffer areas of the Copo Provincial Park are the Copo National Park (east) and the Provincial Multiple-Use Reserve (south). Recent survey confirms the existence of 89 families in the Copo Provincial Multiple-Use Reserve and three families inside the Copo National Park. These families are “pobladores” mainly subsisting on cattle grazing. There are no Indigenous Peoples living and/or customarily using the natural resources in the area.

Conservation Corridor Areas of Interest

CHACO ECOSYSTEM

- Indigenous Peoples. The primary Indigenous groups found in the corridor zone are the Wichis and Tobas as well as a small population of Mocovis. The Wichis are mainly concentrated along the Teuco River (Bermejo) close to the water supply sources. Indigenous Peoples are mainly organized around “Community Associations,” which is the legally recognized structure. The Indigenous Peoples Community Associations are concentrated primarily along the Teuco river: (i) Fortín Belgrano; (ii) El Tartagal; (iii) Tres Pozos; (iv) El Vizcacheral; (v) Wemek (El Sauzalito); (vi) Nuevo Amanecer (El Sauzalito); (vii) El Sauzal; (viii) Wichi; and (ix) Community Association Meguesogoxchi. Other Indigenous Peoples communities are also concentrated in the following “parajes”: (i) La Zanja; (ii) Santa Rita; (iii) Sauzalito. Additionally, the Provincial Government of Chaco, through the Decree No. 1732 (1996), set aside approximately 220,000 ha of land as reserve for three Indigenous Peoples communities: Wichi, Toba and Mocoví. This Indigenous Peoples reserve needs to go through the legal process of demarcation and titling. This reserve lacks access to water and the land is not suitable for traditional agricultural crops.
- Criollos. *Criollo* settlements are scattered sparsely throughout the area. Their main economic activities include cattle grazing, subsistence agriculture, hunting and silvi-culture. Few *criollos* have legal land titles. *Criollos*, who are settled in fiscal lands, have varying legal status to lands; some hold only permissions for occupation; others do not have such permissions.
- In addition, there are “small producers” who are engaged in cattle grazing, soya cultivation and timber production.

PATAGONIA

- There are a number of small settlements of artisanal fishermen (El Riacho, Punta Gales,

Larralde, Villarino, Fraccasso, Bengoa and San Román). Bengoa is the nearest population settlement to Punta Buenos Aires. Small fishermen from Bengoa practice artisanal fishing, collection of scallops and mussels.

- 22 private, non-residential property owners were identified, whose primary economic activity focuses on sheep herding (supporting the production of finer camarones wool) through the use of extensive grazing system in the area of Patagonia Austral.
- Family-run small tourism enterprises exist during the summer season (excursions, boat rides, small hotels, etc.) in the area of Camarones.
- Local communities manage small and medium size enterprises that focus on: (a) sheep herding (wool production); (b) fishing (industrial); (c) collection of algae; and (d) exploitation of Guano.