



## Global Environment Facility

**Monique Barbut**  
Chief Executive Officer  
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April 30, 2008

Dear Council Member,

The World Bank as the Implementing Agency for the project entitled: ***Bosnia & Herzegovina: Forest and Mountain Protected Areas*** has submitted the attached proposed project document for CEO endorsement prior to final Agency approval of the project document in accordance with The World Bank's procedures.

The Secretariat has reviewed the project document. It is consistent with the proposal approved by Council in August 2006 and the proposed project remains consistent with the Instrument and GEF policies and procedures. The attached explanation prepared by The World Bank satisfactorily details how Council's comments and those of the STAP have been addressed. I am, therefore, endorsing the project document.

We have today posted the proposed project document on the GEF website at [www.TheGEF.org](http://www.TheGEF.org). If you do not have access to the Web, you may request the local field office of UNDP or the World Bank to download the document for you. Alternatively, you may request a copy of the document from the Secretariat. If you make such a request, please confirm for us your current mailing address.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Barbut", with a long horizontal line extending to the right.

Attachment: Project Document

cc: Alternates, GEF Agencies, STAP, Trustee



**REQUEST FOR CEO ENDORSEMENT/APPROVAL**

**PROJECT TYPE: Full-sized Project**  
**THE GEF TRUST FUND**

**Submission Date: March 25, 2008**

**Re-submission Date: 04/25/2008**

**PART I: PROJECT INFORMATION**

**GEFSEC PROJECT ID:**

**GEF AGENCY PROJECT ID:** P087094

**COUNTRY(IES):** Bosnia-Herzegovina

**PROJECT TITLE:** Forest and Mountain Protected Areas Project

**GEF AGENCY(IES):** World Bank,

**OTHER EXECUTING PARTNER(S):**

**GEF FOCAL AREA(S):** Biodiversity,

**GEF-3 STRATEGIC PROGRAM(S):** BD-SP1 Catalyzing Sustainability of Protected Area Systems

**NAME OF PARENT PROGRAM/UMBRELLA PROJECT:**

Expected Calendar	
Milestones	Dates
Work Program (for FSP)	June 2006
GEF Agency Approval	May 2008
Implementation Start	Sep. 2008
Mid-term Review (if planned)	Oct. 2010
Implementation Completion	Mar. 2013

**A. PROJECT FRAMEWORK** (Expand table as necessary)

**Project Objective:** The project objective is to strengthen the institutional and technical capacity for sustainable protected area (PA) and natural resource management, and expand the Bosnia and Herzegovina (BiH) network of forest and mountain PAs.

Project Components	Indicate whether Investment, TA, or STA**	Expected Outcomes	Expected Outputs	GEF Financing*		Co-financing*		Total (\$) Millions
				(\$)m	%	(\$)m	%	
1. Protected Area (PA) Development	Investment, TA, STA	Existing PA operations and facilities improved, new PAs (IBTV and Una River) established and with initial investments implemented and feasibility of Prenj PA assessed	Proposal on legal establishment of 2 new PAs submitted for decisions and feasibility study for one PA completed  Project PAs with management plans implemented that include ecosystem-based management approaches and tools  M&E System, including tracking of key species and habitats and the PAME tracking tool established and used for decision making  Facilities developed in accordance with PA management plan	2.00	34	3.87	66	5.86
2. Capacity and Support for	TA	Planning, management	Training programs reach 300 PA staff	0.80	48	0.84	52	1.65

Biodiversity Conservation		and leadership skills of institutions responsible for biodiversity conservation and sustainable land use increased	and relevant stakeholders  Comprehensive campaign completed for all PAs individually, as well as campaign for BiH's PA network.					
3. Local Initiatives in Biodiversity Conservation	Investment, TA	Sustainable initiatives that contribute to mitigating significant threats to global biodiversity or to monitoring such biodiversity are implemented with impacts assessed.	At least six eligible subproject grants awarded and sub-projects satisfactorily implemented, with impacts on threat mitigation or ecological monitoring assessed.	0.41	82	0.09	18	0.50
4. Project management				0.19	39	0.30	61	0.49
<b>Total Project Costs</b>				<b>3.40</b>	<b>40</b>	<b>5.10</b>	<b>60</b>	<b>8.50</b>

\* List the \$ by project components. The percentage is the share of GEF and Co-financing respectively to the total amount for the component.

\*\* TA = Technical Assistance; STA = Scientific & technical analysis.

#### B. FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	<i>Project Preparation*</i>	<i>Project</i>	<i>Agency Fee</i>	<i>Total at CEO Endorsement</i>	<i>For the record: Total at PIF**</i>
GEF		3,400,000	**	3,400,000	3,400,000
Co-financing (direct + parallel)		5,100,000			3,500,000
<b>Total</b>		8,500,000			6,900,000

\* Please include the previously approved PDFs and PPG, if any. Indicate the amount already approved as footnote here and if the GEF funding is from GEF-3. Provide the status of implementation and use of fund for the project preparation grant in Annex D.

\*\* Project approved by GEF Council in June 2006. Amount approved under GEF-3. Fee received at Council approval.

#### C. SOURCES OF CONFIRMED CO-FINANCING, including co-financing for project preparation for both the PDFs and PPG.

(expand the table line items as necessary)

<i>Name of co-financier (source)</i>	<i>Classification</i>	<i>Type</i>	<i>Amount (\$)</i>	<i>%*</i>
Entity Government of Republika Srpska	Nat'l Gov't	In-kind	1,255,000	25
Entity Government of Federation of Bosnia-Herzegovina	Nat'l Gov't	In-kind	1,255,000	25

Bosnia-Herzegovina: Forest Development and Conservation Project (IDA)	Multilat. Agency	Soft-loan	2,500,000	49
Project Beneficiaries	Beneficiaries	In-kind	90,000	1
<b>Total Co-financing</b>			5,100,000	100

\* Percentage of each co-financier's contribution at CEO endorsement to total co-financing.

**D. GEF RESOURCES REQUESTED BY FOCAL AREA(S), AGENCY(IES) OR COUNTRY(IES)**

GEF Agency	Focal Area	Country Name/ Global	(in \$)			
			Project Preparation	Project	Agency Fee	Total
(select)	(select)					
(select)	(select)					
(select)	(select)					
(select)	(select)					
(select)	(select)					
(select)	(select)					
<b>Total GEF Resources</b>						

\* No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

**E. PROJECT MANAGEMENT BUDGET/COST**

Cost Items	Total Estimated person weeks	GEF (\$)	Other sources (\$)	Project total (\$)
Local consultants*	210	80,000	160,000	240,000
International consultants*	0	0		
Office equipment and operating costs**		106,200	140,000	246,200
Travel**		0	0	0
<b>Total</b>		186,200	300,000	486,200

\* Provide detailed information regarding the consultants in Annex C.

\*\* Provide detailed information and justification for these line items: GEF: Office equipment and maintenance \$39,700; Financial Management Software License \$13,500; Support to State Level Project Steering Committee (2 meetings/year) \$20,000; office operating costs \$ 33,000. Other Sources: Project Management Unit staff and facility \$40,000/year.

**F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:**

Component	Estimated person weeks	GEF(\$)	Other sources (\$)	Project total (\$)
Local consultants*	700	385,000	300,000	685,000
International consultants*	230	374,000	440,000	814,000
<b>Total</b>		759,000	740,000	1,499,000

\* Provide detailed information regarding the consultants in Annex C.

**G. DESCRIBE THE BUDGETED M&E PLAN:** This is also PD: part C, section 3. Most of the monitoring and evaluation (M&E) will be in the form of activities under the Ecological and PA Management Assessment Subcomponent, with the exception of more narrowly focused project monitoring which will be handled under the Capacity and Support for Biodiversity Conservation Subcomponent. This overall M&E system will assist provide parameters to support policy formulation and planning for both the existing and new protected areas, and to monitor their ecological status thereafter. Monitoring and evaluation will make use of existing data sources (such as the National Biodiversity Strategy and Action

Plan) supplemented by data collection within the project and special survey and assessment updates, plus case studies to be undertaken by contracted specialists. PA managers will also adapt the Protected Areas Management Effectiveness (PAME) Tracking Tool to assess PA management progress. The M&E system will take into account information from the state Forest Inventory (SFI) and Forest Management Information System (FMIS) being developed in FBiH under FDCP on key forests, forest status and other attributes. Project monitoring and evaluation will be guided by the Results Framework given in Annex A. Project actions, expenditures and progress towards identified objectives will be monitored by the implementing agencies and reported in a semi-annual progress report to members of the Project Guidance Committee and other concerned officials so that appropriate action can be taken. Technical assistance will be provided to more fully establish the entire M&E framework and train managers in associated principles and methodology. Each Entity environment ministry will appoint a M&E focal point to coordinate M&E activities across PAs and with other government agencies (including counterparts working on the SFI and FMIS). The total project costs for all forms of M&E is estimated at US\$600,000, of which US\$340,000 is financed by GEF. Parallel IDA financing under FDCP for the State Forest Inventory and Forest Management Information System provides additional M&E support. Relevant subcomponent descriptions in Annex 4 of the PD provide further details on M&E.

## **PART II: PROJECT JUSTIFICATION**

All sections of Part II and Part III are described in detail in the main text of the Project Document as referenced below.

- A. **DESCRIBE THE PROJECT RATIONALE AND THE EXPECTED MEASURABLE GLOBAL ENVIRONMENTAL BENEFITS:** PD: Part a, Section 1; part b, section 2,
- B. **DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL PRIORITIES/PLANS:** PD: p4, PartA, Section 3, Recipient's Objectives
- C. **DESCRIBE THE CONSISTENCY OF THE PROJECT WITH [GEF STRATEGIES](#) AND STRATEGIC PROGRAMS:** PD: p4, Part A, Section 3, Relevance to Global Environment Facility Priorities
- D. **OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:** PD: p3, Part A, Section 2
- E. **DESCRIBE THE [INCREMENTAL REASONING](#) OF THE PROJECT:** PD: Annex 15
- F. **INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED AND OUTLINE RISK MANAGEMENT MEASURES:** See PD section 5 for detailed project risk analysis. It is not expected that climate change will pose significant risks to project implementation. As a result of the project, the local capacity to manage protected areas will be strengthened, including the ability to assess climate change impacts on biodiversity.
- G. **EXPLAIN HOW COST-EFFECTIVENESS IS REFLECTED IN THE PROJECT DESIGN:** PD: p8, part b, section 5

## **PART III: INSTITUTIONAL COORDINATION AND SUPPORT**

- A. **PROJECT IMPLEMENTATION ARRANGEMENT:** PD: p8, Section C; Annex 6

**PART IV: EXPLAIN THE ALIGNMENT OF PROJECT DESIGN WITH THE ORIGINAL PIF:**  
N/A

## **PART V: AGENCY(IES) CERTIFICATION**

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for CEO Endorsement.



Steve Gorman  
Executive Coordinator, World Bank

Date: March 25, 2008

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## ANNEX A: PROJECT RESULTS FRAMEWORK

### Results Framework

PDO	Outcome Indicators	Use of Outcome Information
<p>To strengthen the institutional and technical capacity for sustainable protected area and natural resource management and expand the BiH network of forest and mountain protected areas.</p> <p>This PDO is also the <b>global environmental objective</b>, since it is both local and global in nature.</p>	<p>Increase in area under formal protection (using all IUCN categories)</p> <p>Key threats to biodiversity for each PA as measured through a composite indicator decrease or remain unchanged.</p> <p>Increase in portion of recurrent management costs covered by sustainable tourism (including entrance and use payments) and non-timber harvesting, donations and by government budget</p> <p>Improved PA management effectiveness as assessed by tracking tool</p> <p>Public support for PAs maintained</p>	<p>Verify expansion of PA network</p> <p>Assess effectiveness of interventions, and adjust based on findings</p> <p>Encourage more appropriate mix of PA revenue and/or determine revisions in PA financing strategies</p> <p>Assess PA management effectiveness and/or adjust project interventions based on experience with implementation</p> <p>Verify that participation and awareness activities maintain the public support needed to ensure sustainability and manage conflict.</p>
Intermediate Results One per Component	Results Indicators for Each Subcomponent	Use of Results Monitoring
<p><b>Component One:</b> Existing PA operations and facilities improved, new PAs (IBTV and Una River) established with initial investments implemented and capitalized, feasibility of Prenj-Cvrnsnica-Cabulja-Vran assessed</p>	<p>Proposal on legal establishment of 2 new PAs submitted for decisions and feasibility study for one PA completed</p> <p>Number of PAs with management plans implemented that include ecosystem-based management approaches and tools</p> <p>M&amp;E System, including tracking of key habitats and species and the PAME tracking tool established and used for decision making</p> <p>Facilities developed in accordance with PA management plan</p>	<p>Y01 and Y02 evaluate progress in establishment of new PAs; re-evaluate site selection if formal declaration is not achieved</p> <p>Verify that new approaches and tools can be and have been appropriately adapted to the local context.</p> <p>Verify that relevant M&amp;E system is established and used, and key parameters are monitored</p> <p>Verify that plans are realistic and obtain required resources</p>

<p><b>Component Two:</b>  Planning, management, communication and leadership skills of institutions responsible for biodiversity conservation and sustainable land use increased</p>	<p>Number of participants completing training programs and positive participant feedback</p> <p>Number of public awareness initiatives for biodiversity conservation</p> <p>Project management timely and well coordinated</p>	<p>Y02 revise training program and methodology and make necessary adjustments</p> <p>Y02 number may flag problems in design and implementation, revise activities if needed.</p> <p>Delays and/or coordination problems may flag shortcomings in capacity and/or high-level support that need to be addressed</p>
<p><b>Component Three:</b>  Sustainable initiatives that contribute to mitigating significant threats to global biodiversity or to monitoring such biodiversity are implemented , with impacts assessed</p>	<p>Number of eligible subproject grants awarded and satisfactorily implemented, with impacts on threat mitigation or ecological monitoring assessed</p>	<p>Y01 and Y02 numbers and subproject design may indicate problems in consultation and training activities or sub-project preparation guidelines that need to be addressed.</p>

### Arrangements for results monitoring

Outcome Indicators	Baseline	Target Values				Data Collection and Reporting		
		YR1	YR2	YR3	YR4 (end of project)	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Increase in PA areas under formal protection (using all IUCN categories)	0.55% formally protected	1.5% (addition of the Una River)	Approx. 3% with addition of Igman complex..		3% or approx. 140,000 ha <sup>1</sup>	Semi-annual Project Progress Report	Government reports	Entity Environmental Ministries and, PMUs
Key threats to biodiversity for each PA decrease or remain unchanged.	To be established <sup>2</sup>				At a minimum threat levels remain unchanged	Semi-annual Project and Local Initiatives Reports	PA and Local Initiatives monitoring systems	PA authorities, PMUs and Local Initiative grant recipients
Increase in percentage of recurrent costs from sustainable tourism and non-timber harvesting, and donations and by government budget	- 10% from fees (existing PAs in RS) - New PAs in BiH - Less than 10% from budget	12% from fees  10% from fees At least 10% from budget	15%  13% At least 12% from budget	20%  15% At least 13% from budget	Average 20% of costs covered by fees  Average 20% of costs covered by fees At least 15% from budget <sup>3</sup>	Semi-annual Project Progress Report	PA financial reporting	Entity Environmental Ministries, PMUs and PA authorities
Improved PA management effectiveness as assessed by tracking tool	PAME Tracking Tool (TT) available	4 PA use TT	All project PAs use TT with improving trend	All project PAs use TT with improving trend	All project PAs use TT with improving trend	Semi-annual Project Progress Report	PA reporting	PMUs and PA authorities
Public Support for PAs maintained	Approx. 80% support for PAs		80%		80%	biannual	Public opinion surveys	Consultants reporting to PMU

Results Indicators for Each Component	Baseline	YR1	YR2	YR3	YR4 (end of project)	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
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<sup>1</sup> Of which approx. 50,000 ha in IUCN categories Ia and VI, and the remaining mostly Category II National Park, and Category V protected landscape

<sup>2</sup> Baseline value and annual targets to be established for existing PAs prior to project inception in 2008 and for new PAs, within three months of legal establishment.

<sup>3</sup> It is hoped that this will be significantly higher percentage, especially in RS – but this is partly subject to pending legislation. The mid-term review will consider whether an increase in the target would be realistic.

Results Indicators for Each Component	Baseline	YR1	YR2	YR3	YR4 (end of project)	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
<b>Component One:</b> 1a. (FBiH) Proposal on legal establishment of 2 new PAs submitted and feasibility study for one PA completed	0	1 new PA proposal considered, & feasibility for 1 PA completed	At least 1 more PA formally proposed and considered			Semi-annual Project Progress Report	Legal documents on establishment	Entity Environmental Ministries and PMU
1a. (RS and FBiH) Number of PAs with management plans under implementation that include ecosystem-based management approaches and tools	0	1 (Sutjeska)	2	3	At least 3 parks, including Sutjeska, fully implement new ecosystem-based approaches	Semi-annual Project Progress Report	Analysis of PMU, PA, and consultant reports	PMUs and PA authorities
1b. M&E System, including tracking of key habitats and species and the PAME tracking tool established and used for decision making	Some data but system not established	M&E system operational	M&E findings applied during mid-term review	M&E findings continue to be used and adjusted if necessary to ensure post-project sustainability	M&E findings used for implementation completion report	Semi-annual Project Progress Report	Analysis of PMU, PA, and consultant reports	Ministry M&E Focal Point, PMUs and PA authorities
1c. Facilities developed in accordance with PA management plan	Inadequate facilities	Facilities developed according to PA management plans	Facilities developed according to PA management plans	Facilities developed according to PA management plans	Facilities developed according to PA management plans	Semi-annual Project Progress Report	Compilation from PMU and PA, reports	PMUs and PA authorities
<b>Component Two :</b> 2a. Number of participants completing training programs and positive participant feedback	Current skills at varying levels	80	100	100	20	Semi-annual Project Progress Report	Compilation from training program reports	PMUs and PA authorities
2b. Number of public awareness initiatives for biodiversity conservation	0	2	4	6	Comprehensive PA campaign completed, for each PA, and BiH's PA system.	Semi-annual Project Progress Report	Compilation from PMU, PA, and TA reports	PMUs and PA authorities
2c. Project implementation timely and well-coordinated	Not applicable	Project becomes effective	Implementation timely and completion within project	Implementation timely and completion within project	Project management ensures completion of project on schedule	Semi-annual Project Progress Report	Comparison of work schedules and budgets with	PMUs

<b>Results Indicators for Each Component</b>	<b>Baseline</b>	<b>YR1</b>	<b>YR2</b>	<b>YR3</b>	<b>YR4 (end of project)</b>	<b>Frequency and Reports</b>	<b>Data Collection Instruments</b>	<b>Responsibility for Data Collection</b>
			period possible	period possible			actual delivery	
<b>Component Three.</b> Number of eligible subprojects grants awarded and implemented, with impacts on threat mitigation or ecological monitoring assessed	N/A	At least 4 awarded with implementation initiated.	At least 2 more awarded, and all 6 under implementation	At least 6 under implementation or completed	Sub-projects completed and assessed for impact and sustainability/replication	Semi-annual Project Progress Report	Contracted TA review, sub-project reports, Field checks	Grant recipients, PA authorities, TA

**ANNEX B: RESPONSES TO PROJECT REVIEWS** (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF)

**GEFSEC COMMENTS AT WORK PROGRAM:**

<b>Expected at CEO Endorsement</b>	<b>Status/Response</b>
Finalize project description	Done, see PD Annex 3 and 4. More detailed PA-specific information in background document.
Finalize incremental cost. Describe process to reach agreed incremental cost with in-country client.	PD Annex 15 updated and finalized. Government contribution increased to US\$2.5 million after extensive dialogue during missions. This dialogue also helped to influence increased awareness and commitment to government budget for PAs as well as proposed RS law which is described in footnote on page 2 of PD.
Finalize actions to address factors to continue project benefits upon completion.	See PD section C 4, first three paragraphs.
Finalize actions for knowledge transfer.	See PD section C4 paragraphs 4 and 5.
Finalize the roles of stakeholders, including participation strategy.	See PD section D4, Annex 6 and Annex 10. Background documents include a detailed participation strategy (listed Annex 12)
Finalize M&E including budget, organizational arrangements, indicators, tracking tool, use of information systems, process for M&E of local initiative grants that are not yet designed.	See PD section C3, last two bullets under section C6, and Annex 3. Use of Protected Area Management Effectiveness (PAME) Tool is included as a specific legal covenant and also specifically included in outcome and intermediate indicators (see PD Annex 3). Guidelines for PAME Tool have been translated into local language, and plans are in place to ensure that PA-specific adaptation of PAME tool for four existing PAs will be agreed between government and Bank and ready for testing prior to inception of project activities (effectiveness). Revised results framework indicators now include emphasis on assessment and decisions resulting from M&E data. Guidelines for Local Initiatives Grants provide process framework for M&E of subprojects under Component 3.
Project costs	Detailed costs finalized and in summary reflected in PD Annex 5. Disbursement timing reflected in PD Data Sheet. Financing plan reflected in PD Data Sheet, PD B3, and Annex 5. Government contribution is a legal covenant (see PD 6, fourth to last bullet), and will be monitored as part of semi-annual Project Progress Report. Local contribution for local initiatives subprojects is a precondition to subproject grant selection and approval. (See Annex 4, Component 3)
Implementation Plan, including linkages with FDCP.	See Annex 6. For FDCP linkages see PD A2, B2, B3, C3, D2.
Respond to Council comments provided at Work Program Inclusion. Germany comments <ul style="list-style-type: none"> <li>• Clarify whether formal protection increased to 3% of BiH area, or increased by 3% from existing.</li> <li>• Financial sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• 3% of BiH area</li> <li>• Now more thoroughly addressed with increased government financing that will continue post-project. See PD A1, 8<sup>th</sup> paragraph, and C4 first paragraph.</li> <li>• Government funding now comprises US\$2.5 million in domestic budget, not counting the US\$2.5 cofinancing from IDA FDCP.</li> </ul>
<ul style="list-style-type: none"> <li>• Government funding</li> </ul>	

**GEFSEC COMMENTS AT CEO ENDORSEMENT:**

<p>Changes in project component names and how this is reflected in the changes in the components.</p>	<p>To add clarity, the names of the components have been simplified, components 1 and 2 have been organized into subcomponents, and most of the monitoring and evaluation activities have been consolidated into one component/subcomponent (except for project monitoring, which continues to be included with project management, since both of these will last only for the project duration, where as the rest of the M&amp;E will be development of a permanent system). The scope of the third component has been reduced. The changes were made in response to reviewer feedback and to improve ease of use and reference.</p>
<p>Clarify the following:  1. "Increase in portion of recurrent management costs covered by environmentally sustainable revenue sources and by government."  2. Under Components One, Two and Three some of the results indicators are not measuring results but outputs from activities.</p>	<p>See Annex A above, and PD Annex 3 for revised indicators.  1. In addition to existing entrance fees, addition revenue will be derived from: income from concessions in the PAs (currently not captured), user fees from more sustainable non-timber harvesting and donations (as visitor numbers and public support increase). Thus, the major shift that will occur during the project is a decreased dependence on commercial forestry as a primary revenue source for PAs. While tourism is not entirely non-consumptive, the project is investing significantly in improving environmental aspects and standards in tourism operations and supporting market linkages for sustainable tourism. This is seen as critical given that forestry operations will decrease dramatically under the proposed PA management changes, and tourism is and will be an important activity in the country's National Parks. The project outcome is revised to show this and is now: "<u>Portion of recurrent management costs financed by at least 20% from sustainable tourism (including entrance and use payments), non-timber harvesting, and donations as well as at least 15% from government budget</u>" (see PD Section B2, Outcomes, p5,) and also related results indicators in PD Annex 3 and Annex A above.  2. Annex A above (see also PD Annex 3) reflects what GEF requires in terms of its own guidelines with targets and numbers where appropriate. The results indicators also reflect World Bank guidelines that there be no more than 4-5 project outcomes, and only one intermediate (i.e., output) indicator per component and subcomponent. Project outcomes generally reflect the overall project objective, and thus outcomes are commonly the integrated result of the combination of project components. As one can see from PD page 28, there are periodic (usually yearly) targets even for the outcomes.</p>
<p>1. Project outcome indicators;  2. Changes in indicators compared to initial proposal; and  3. Biological indicators.</p>	<p>1. Revisions included in Results Framework above in Annex A and PD, Annex 3 and 4. Regarding the specific example cited for component 1 about whether new PAs are capitalized, for improved clarity, the words "and capitalized" have been deleted and replaced it with the words "with initial investments implemented. The status of investment implementation is already captured implicitly in the existing indicators – the indicators measure, the implementation of PA management plans and the investment in PA facilities (see PD pages 28&amp;29). Regarding the example cited for component 2 concerning skills, Bank (and GEF project) experience has shown that coverage and</p>

feedback of training is a practical proxy for new skills. The PD therefore includes such an indicator-- *Training programs reach 300 PA staff and relevant stakeholders and receive positive participant feedback*. Training impacts are expected in terms of positive participant feedback, improved knowledge and attitudes about biodiversity, PA management and objectives, and increased and better practice of PA management approaches and tools. The periodic reviews of PA management effectiveness will further capture information about knowledge, attitudes and practice, and pull in information captures through self-assessment exercises and visitor feedback. The PD Annex 4, 2a, has been revised to specify this. Accordingly, part of the impact of training will be addressed within the M&E system, and there is already an indicator for the M&E system being operational, with findings applied.

2. There was only one indicator that was not retained in some form. The indicator of "Increase in buffer zone areas supporting sustainable natural resource use and biodiversity conservation" was deleted for two reasons – (a) the PAs are mixed use and term "buffer zone" is not well defined in the BiH context, and (b) the third component was scaled down. The indicator of "number of PAs with new ecosystem approaches such as PA zoning, joint management, etc implement was moved to become an intermediate indicator under component 1. The former indicator of "increase in use of improved information systems for tracking of key habitats and species" has been slightly reformulated and included as an intermediate indicator under component 1 "M&E system, including tracking of key habitats and species and the PAME tracking tool established and used for decision making". The PD now includes another outcome indicator: "Key threats to biodiversity for each PA as measured through a composite indicator decrease or remain unchanged". As mentioned above, one needs to be realistic about measuring changes in biodiversity status resulting from the project, although the M&E system for doing this will be established and this is already an indicator. Regarding the METT, the revised wording clarifies that the M&E system includes ecological assessment, and not just the METT. Overall the changes from the Council submission were made in response to reviewer comments and are regarded as improvements which are clearer, more feasible to measure, and more closely comply with GEF and Bank guidelines.

3. The intermediate indicators already include the establishment of an M&E system which will measure changes in biodiversity over the longer term. In addition, there is now another outcome indicator which would further capture ecological outcomes. A threats to biodiversity indicator is included which project investments would seek to address. The specific threats would be identified for each PA and a baseline for threat reduction assessment established by late 2008. This would be in addition to the treatment of threats in the PA Management Effectiveness tracking tool (which is minimal), and would also complement longer-term monitoring that the project would assist in establishing. Such an indicator and the means of monitoring

	<p>would be developed and then specified on a site specific basis with PA management by the end of 2008.</p> <p>Accordingly the PD has been revised to include in p 5, Section B, Outcomes, and Annex 3, Results Framework, and Arrangements for results monitoring - <i>Key threats to biodiversity for each PA as measured through a composite indicator decrease or remain unchanged.</i></p>
<p>Management of the GEF contribution to this component to generate global benefits.</p>	<p>See Annex 4, Component 3 for revisions.</p> <p>Public consultations involving PA management staff, Project Management Unit staff and local stakeholders including affected populations will be held for each PA. Technical assistance will be contracted to design and facilitate the consultation process. Participants in the consultations will identify and agree on key biodiversity and PA resources, threats to biodiversity, and priorities and opportunities in biodiversity conservation to be addressed. Participants will be familiarized with and agree on criteria for eligible activities and recipients, and based on the PA and biodiversity discussions above mutually agree on sub-projects to be prepared, collaborations and partnerships and procedures for specific activities and their phasing for particular PAs.</p> <p>Each sub-project will be required to demonstrate explicit linkages and relevance to PA biodiversity and how biodiversity benefits will be generated from sub-project activities, either directly or indirectly by creating sufficient incentives for organizations and individuals to commit to specific measurable actions that improve conservation. Each sub-project will be required to have a monitoring plan to assess expected results. At a minimum, sub-projects will be expected to contribute positively to biodiversity status by either reducing identified threats at the site or at least ensuring that threats do not increase. It is also expected that sub-projects will contribute to site-based monitoring of natural and biological resources (to the extent relevant to the sub-project objectives) with processes and findings incorporated into the long-term monitoring systems of PAs.</p> <p>Given the biodiversity values for each site and the facilitated sub-project identification and design process that is explicitly linked to addressing biodiversity resources and status at each PA, it is expected that sub-projects will contribute to generating global biodiversity benefits. The PD and Guidelines for Local Initiatives have been revised to further emphasize the linkage and global significance. (see PD Annex 4)</p>
<p>Preliminary indication of Local Initiative grants contribution to conservation outcomes and the generation of global benefits.</p>	<p>In accordance with the guidelines for these subprojects, the selection and design of sub-projects in the Local Initiatives components will pay careful attention to relationships with key threats to biodiversity in the PA and opportunities to address these threats and biodiversity conservation. Local initiative subprojects can be expected to contribute positively to threat mitigation and/or reduction in the PA and to monitoring of biodiversity resources. Unless they meet these criteria, they will not be funded at all. The process of selection is participatory, and the beneficiary contribution also reinforces the emphasis on</p>

	<p>participation. Hence overall, by definition in accordance with the guidelines, the subprojects will inherently be “both participatory and environmentally sustainable”. The PD has been revised to emphasize this linkage (Annex 4). Furthermore, the indicator for the local initiative has been revised as follows: <i>“Sustainable initiatives that contribute to mitigating significant threats to global biodiversity or to monitoring such biodiversity are implemented, with impacts assessed”</i> (see Annex 3)</p>
Local Initiatives – Certification costs	<p>Regarding the “cost of meeting certification” schemes, a certification subproject would also be subject to the same threat mitigation/reduction requirement. For example if there were a significant threat of unsustainable harvesting of biologically important or fragile species, then a subproject demonstrating the benefits and feasibility of new system of harvesting that is certified, or a certified ex-situ or substitute production system could be eligible. It should be noted that the IDA support for the Forest Development and Conservation Project has already helped to develop national standards for forest certification and is in the process of obtaining international endorsement of these standards by FSC. The PD Annex 4, Component 3, p 34 now contains a footnote that clarifies that the certification of state forest enterprise operations is being supported under FDCP and would not be eligible for GEF financing.</p>
Clarify monitoring of "key forests and other attributes"	<p>See IG above, and PD, Section C3, p 10 for revisions. The wording in the PD has been revised to clarify that the FMPAP M&amp;E system will take into account base line, status, and other information from the State Forest Inventory and FMIS, which are being funded in parallel FMPAP under the Forest Development and Conservation Project (FDCP). However, measurements of changes in the status of these forests are likely to be captured only in the post project period of both FMPAP and FDCP. FMPAP does include appointment of a permanent M&amp;E focal point, while FDCP requires the appointment of staff in the respective FBIH and RS ministries responsible for forestry who will be responsible for the inventory and FMIS. FDCP is a parallel project with its own, already approved, results framework covering the IDA-financed activities, including the SFI and the FMIS.</p>
Clarify replication activities and costs.	<p>The PD, Section C4, p11 includes a separate paragraph on “Replication of Successful Models”. This text has now been expanded to specify that the roles of the environmental ministries, FDCP and the National Biodiversity Strategy and Action Plan in carrying out this replication. It also clarifies that the increased domestic government budget financing will help to fund this replication, and that if desirable, additional donor financing will also be sought. The guidelines for local initiative subprojects require that proposals demonstrate the potential for replication. In the next paragraph on Replication through Dissemination and Learning, the PD includes a cost estimate based on one third of the costs of components 2a and 2b.</p>
Public participation strategy.	<p>The public participation strategy mentioned in PD Annex 12 is a</p>

	<p>95 page document and is available upon request. The PD section D4 provides a succinct summary. PD Annex 10 under Involuntary Resettlement provides further details on the Access Restriction Process Framework which describes the participatory processes by which the project was prepared and will be implemented. The full Access Restriction Process Framework (March 2008 version) is posted on the Bank's web site. PD Annex 4 Subcomponent 2b described details of the Public Awareness activities. PD Annex 6 described the arrangements for involvement within and coordination among formal government bodies.</p>
<p>1. Cofinancing letters from Government of Republika Srpska and Federation of Bosnia-Herzegovina. 2. Clarify the project beneficiary cofinancing of \$90,000 and sources.</p>	<p>1. Signed Minutes of Negotiation (dated April 10, 2008) 2. See Annex 4, Component 3, Beneficiary Contribution, p35. This amount will be required of the beneficiaries of the Local Initiatives Grants and can be provided as combinations of in-kind contributions and/or as cash. In-kind contributions may include the value to the sub-project of the use of land, operating costs of premises, equipment, supply of materials, and wages of participants. Sub-project proponents will be required to provide a contribution of at least 25% of the value of the grant.</p>

**STAP REVIEW AND BANK'S RESPONSE**

STAP Reviewer: Jeffrey A. McNeely, Chief Scientist, IUCN

**1. Scientific and technical soundness of the project**

Generally speaking, this project is scientifically and technically sound. But I did find some issues that were inadequately considered. The major issues are discussed in the following paragraphs.

**Lack of a systems plan**

While the areas that have been selected for attention under the project all sound very important, and probably are the most appropriate sites for the project, it still would seem to have been useful to include in the project the preparation of a protected areas systems plan for Bosnia and Herzegovina. A protected areas system plan is the design of a total reserve system covering the full range of ecosystems and communities found in Bosnia and Herzegovina. The systems plan should identify the range of purposes of protected areas and help to balance the different objectives. It should also identify the relationships among the components of the protected areas system, including between individual areas, between protected areas and other land uses, and between different sectors and levels of the various stakeholders in Bosnia and Herzegovina. It should help demonstrate important linkages with other aspects of economic development, and show how various stakeholders can interact and cooperate to support effective and sustainable management of protected areas. A protected areas systems plan can help establish priorities for a workable national system of protected areas. It would provide the framework within which the various areas proposed for attention under the GEF project would relate to the larger picture.

A national protected areas system plan can also be an invaluable tool for communicating with decision makers, the private sector, and the various other interest groups in various parts of the country. The process of preparing a systems plan will also offer an opportunity for building a stronger constituency to support protected areas. Much of the necessary work has already been done in preparing the project appraisal document, so preparing the national systems plan should not be a terribly time consuming and expense process. A useful tool for guiding such a document is Davey, Adrian G. 1998. **National System Planning for Protected Areas**. IUCN, Gland, Switzerland. This document is available on the internet at

[www.iucn.org/themes/wcpa/publications](http://www.iucn.org/themes/wcpa/publications). Hard copies are available directly from IUCN's World Commission on Protected Areas. (WCPA).

***Response:*** Bosnia-Herzegovina (hereinafter in the responses, Bosnia) is in the process of preparing a national protected area systems plan. At the time the project was originally proposed, it was expected that such plan would have been already well-advanced, as this was to be done through the World Bank-funded Forest Development and Conservation Project (FDCP), as a cornerstone aspect of the development of the National Biodiversity Strategy (NBS). However, a decision was taken in 2004 by the government to utilize instead UNEP financing NBS. Unfortunately, for a variety of reasons, this has taken a very long time to be started. Even so, the areas proposed for inclusion in the project were derived by a high-level, inter-ministerial, and inter-Entity, Working Group. In its deliberations, the Working Group took account of numerous existing proposals for a future PA network.

The UNEP-funded work is now underway, and is expected that the national PA system plan will be completed by mid-2007. Although this will too late to alter the existing proposals, the team believes that the areas proposed for inclusion in the project represent a strong technical consensus on the highest priority areas for immediate protection. The team is further highly confident that all areas proposed will be part of any future national plan. Here it should be noted that four of the six areas are already protected; one of the remaining two (Una River) has a completed Feasibility Study, paid by the Bosnian government, and the last, the Igman mountain complex, has a Feasibility Study underway.

***Action.*** The Project Brief will more fully reflect the ongoing work through UNEP funding, to develop an integrated national PA system plan, and make more explicit ways in which the project will support that plan.

### **Small Grants**

The small grants component of the project is excellent, and an essential element in the success of the overall project. But I was a little surprised that the project document did not even mention the concept of payments for ecosystem services. The Millennium Ecosystem Assessment has strongly supported the concept of ecosystem services, in other words, the benefits that nature provides to people. A full discussion of ecosystem services is available in the reports of the Millennium Ecosystem Assessment, but they cover provisioning services, which are the goods produced or provided by ecosystems; regulating services, such as regulation of pollinators, climate, nutrients, and extreme natural events; cultural services, the non-material benefits from ecosystems, including recreational, educational and inspirational; and supporting services, such as primary production, carbon sequestration, soil formation and so forth. The approach taken by the MA implies that ecosystem services have value to people, which in turn implies that these ecosystem services have an *economic* value that can be internalized in economic policy and the market system. Some of these services are relatively easy to quantify, though in the past they have been considered as public goods and hence have suffered from market imperfections. But the value of carbon sequestration in forests, for example, is substantial, and at a global scale, some US\$ 11.3 billion worth of carbon credits were traded on the international market in 2005. The economic value of water catchments have also been demonstrated. It would seem to be useful to explore the various options for payments for ecosystem services provided by protected areas, as a means of providing long-term financial security to the protected areas. In those that support production of forest products, including non-timber forest products, eco-labeling would both enhance the value and the credibility of their sustainable harvesting. The World Bank is deeply involved in the process of building markets for ecosystem services, and actively promotes environmental fiscal reform (see, for example, World Bank. 2005. **Environmental Fiscal Reform: What should be done and how to achieve it.** IBRD, Washington D.C.).

The project is also seeking to reach out to the private sector, and in many parts of the world, the private sector is an active player in the market for ecosystem services, including cultural services such as natural beauty. The private sector can use ecosystem services to create direct financial income; ensure that the firm receives necessary supplies of natural resources; captures the demand for the service from clients (for example,

tourists); may enable it to compensate for any negative impacts on biodiversity on a voluntary basis; improve its public image; and simply act in an ecologically responsible manner that requires it to invest in ecosystem services. A global information service on developments in new ecosystem service-based markets is available at [www.ecosystemmarketplace.com](http://www.ecosystemmarketplace.com). A service where providers and beneficiaries of ecosystem services can work together to capture the benefits associated with ecosystem services is available at [www.katoombagroup.org](http://www.katoombagroup.org).

None of this is meant to replace the Small Grants Facility component of the project, which remains well conceived. But sustainability for the existing and planned new protected areas may well depend on developing new streams of revenue, and payments for ecosystem services should at least receive an appropriate degree of attention in the project.

***Response.*** *The team wishes to emphasize that the Project does intend to support payments for environmental/ecosystem services (PES) as an important element of longer-term financial sustainability mechanisms. However, it has been suggested that PES be de-emphasized, because the project has a limited lifetime, it will take some time to develop this relatively complex mechanism, and in any case, such payments will likely not make a large contribution to PA revenue streams until the longer-term. Nevertheless, (PES), will be developed, as part of both the Small Grants Program (SGP), and in terms of new funding sources for PAs.*

***Action.*** *Preparation/Appraisal activities will continue to refine the SGP, and will focus renewed attention on early development of mechanisms for testing payment for environmental services.*

***Update from Appraisal.*** At appraisal, in response to reviewer and recipient feedback, the “small grants program” was changed into a smaller “local initiatives program” which will be limited to just a few subprojects (at least one per project PA). While PES is one of the subproject options, it will not necessarily be selected. However PES will still be considered in the context of PA management planning and the evolution of PA financing.

### **IUCN Categories**

The project document mentions in several places that the full range of IUCN protected area categories will be used. This sounds like a good idea, but I do not think that this strategy should be applied too strictly. In a country where so many people are occupying the rural areas, it may be extremely difficult to establish a Category I protected area, and given the economic situation in the country, Category V areas may be much more appropriate. Perhaps a few of the core zones which are providing critical habitat to threatened species could receive strict protection, but as a zoning measure rather than a category for the entire protected area.

The project emphasizes the importance of multiple-use management of protected areas, but the IUCN category system has variable uses that are permissible. Multiple-use management is more likely under Categories IV, V and VI.

***Response.*** *The above approach, especially the idea of zoning, is exactly what is foreseen. The only areas which are now planned for strict protection are the two small forest preserves, which already exist in this status. The other areas are clear multiple use areas which will fall, as noted, most likely under Categories IV, V and VI.*

***Action.*** *New management plans, taking into account Feasibility Studies, Environmental Assessments, and Social Assessments, will create the specific distinctive zones within any given PA.*

## **2. Identification of the global environmental benefits and/or drawbacks of the project**

Bosnia and Herzegovina is a sparsely-populated keystone in the Balkans, and thereby plays an important role in providing global environmental benefits, including providing habitats for endemic species of plants. Its karst ecosystems are substantial, and significant at a global scale. The fact that so little of the landscape is yet included as legally-established protected areas indicates that Bosnia and Herzegovina is a prime candidate 18

for expanding its protected area system in a way that can contribute to conserving the globally important biodiversity of the Balkan region.

Some of the proposed protected areas are outstanding on a global scale, such as the Tara Canyon, which may be the most spectacular canyon in Europe, and the Perucica Forest, which may be one of the least-disturbed forests in the Balkans, if not all of Europe.

***Response.*** *The team appreciates the above comment, particularly in that it reflects the client's strong belief in the opportunities presented by Bosnia's significant natural assets.*

### **3. Project's context within GEF goals, operational strategies, programme priorities, GEF Council guidance and the provisions of the relevant Conventions**

This project is particularly relevant to the Convention on Biological Diversity, and specifically its efforts to implement Articles 8(a) and 8(b) on Protected Areas. Decision VII/28 on protected areas provides guidance on protected areas, and the programme of work on protected areas in the Annex provides additional guidance that is well reflected by the project.

Numerous CBD COP decisions on forest biological diversity also relate, including Decisions II/9, III/12, IV/7, V/4, VI/22, and VII/1. This project as designed will be entirely consistent with the guidance provided by the COP.

COP Decision VII/27, on mountain biological diversity contains a programme of work on mountain biodiversity, which covers protection, sustainable use of mountain resources, and institutional elements that are all relevant to this project. Additional elements on information sharing may need to be incorporated in the project design.

***Response/Action.*** *The team appreciates this confirmation of the project's conformity with key international provisions on biodiversity. Continuing preparation efforts, particularly as part of the ongoing Social Assessment, will ensure that additional methods of information sharing are reflected in project design.*

### **4. Regional context**

As part of the former Yugoslavia, Bosnia and Herzegovina is surrounded by other countries with whom they do not always have cordial relationships. While it certainly seems sensible to have regional cooperation in protected areas, and especially trans-boundary protected areas, such regional cooperation is far from simple under the current conditions. That said, a more optimistic perspective is that protected areas could provide a means of promoting trans-boundary cooperation on shared ecosystems or on wide-ranging species, such as wolves and brown bears. The karst ecosystems shared between Croatia and Bosnia-Herzegovina would also seem to be prime targets for enhancing regional cooperation. Training of staff for protected areas may also be more effective if several of the GEF projects in the region combine their efforts, including sharing of curriculum materials. On transboundary protected areas, the project might wish to consider another IUCN publication: Sandwith, Trevor, *et al.* 2003. **Transboundary Protected Areas for Peace and Cooperation.** IUCN, Gland, Switzerland. This volume is available on the internet at the same site mentioned above.

***Response/Action.*** *The team agrees with the above view of the potential difficulties in establishing transboundary activities. We further agree that the training programs should be designed to enable experience from other Balkan PAs to be brought into Bosnia; this strategy will be incorporated in the first year design of the training program. It should be noted that particularly in Sutjeska National Park, there is ongoing cooperation with the the Durmitor National Park in Montenegro; the project design explicitly seeks to strengthen this cooperation, especially in terms of better coordination of recreation activities between the two parks.*

### **5. Replicability of the project**

Virtually all countries in the world now have protected areas, though Bosnia and Herzegovina have one of the weakest national systems. But the proposed project will build institutional capacity, staff competence, and new approaches to protected areas. Using the new approaches and institutional frameworks and building on the expanded technical competence of staff, it may well be expected that additional protected areas will be established. As accession to the EU becomes more likely, EU funding may lead to expanded support for protected areas. However, given the point made above about a national systems plan, replicability would seem to be most likely if there is a solid framework on how to proceed with any additional protected areas. Some of the alternative sites mentioned in the project document might be considered for such replication.

An essential element of any such replicability will be ensuring that appropriate staff are engaged, put in place, and given real career opportunities within the protected areas of the country. Replicability will also depend on building a constructive and positive relationship with other sectors, especially tourism and forestry. It will also be useful to learn lessons from other European countries who have faced similar challenges. Croatia is relatively advanced in its protected areas, with an outstanding karst ecosystem that has been recognized on the World Heritage List, namely Plitvice National Park. Plitvice is able to recover virtually all of its running costs through various forms of revenue generation.

If the Government of Bosnia and Herzegovina provides the necessary policy support to enable the protected areas to retain a reasonable share of the value of the ecosystem services they provide, then replication may be far more likely.

***Response/Action.*** *As noted above, the national PA system plan is underway. Certainly, the central government authorities, as well as local administrations and non-governmental organizations, are increasingly aware of new funding sources (e.g., the EU). Staff in existing parks are already quite well-trained for their specific roles; the challenge will be to bring their knowledge to a higher level. This is particularly true in cases where the forest enterprises will need to take an active role in PA management (in the small forest reserves of Janj and Lom, and in Kozara National Park, especially). In addition, the project will undertake a significant effort in training new staff for new areas. Even in this case, however, it should be noted that project implementation/PA management teams are already being formed – and trained from government resources – for new skills.*

*It is absolutely clear that neighboring countries' experiences will need to be leveraged, and the team especially appreciates the suggestions to look more closely at Croatia's experience. This has been done to some extent, but further collaboration/information sharing with the Croatian experts will be pursued prior to Appraisal.*

*At this time, the policy framework for revenue sharing between Entity governments and protected areas is under revision. The PAs have argued persuasively for greater budget support from the central authorities, and it appears that this will be given. By project Appraisal, the final formulas for revenue sharing in the PAs should be completed. This will partly be based on recommendations from an ongoing international consultancy focused on providing options for financial sustainability for the overall PA system. Project design and indicators will be modified based on the final policy agreements.*

## **6. Sustainability of the project**

Most of the comments made above can be applied to the issue of sustainability of the project. The Small Grants Facility, a very important element of the project, is unlikely to be sustainable without project funding. But if the small grants are used to develop commercially viable ways of managing the benefits from ecosystem services provided by the protected areas, then sustainability is far more likely. An additional element in the project to examine the economic benefits of the multiple ecosystem services provided by the proposed protected areas would be a significant contributor to the sustainability of the project.

The fact that other donors are also active in Bosnia and Herzegovina, including the Government of Italy,

USAID, and JICA, indicate that further possibilities for support of protected areas may also be possible, and this project may help to improve the design of subsequent projects.

***Response.*** *To-date, project design has focused on the modalities for executing the SGP, with less focus on longer-term sustainability. However, the Bank team, and the client, agree with the above comment that the SGP will have a difficult time being sustainable without project funding. It is expected that experience gained from the project will enable Bosnia to leverage additional sources of finance for similar grant-making activities in the future. This might be from bilateral sources. Importantly, such grants are regular features of a number of EU pre-accession instruments which will become available to the country during the project implementation period.*

***Action.*** *Remaining preparation will place greater focus on the long-term sustainability of the Small Grant Program. Additionally, the financial sustainability consultancy noted above is expected to make recommendations on this topic.*

## **7. Linkages to other focal areas**

One of the most obvious links of the project is to climate change, which is both a challenge to protected areas (because the climatic conditions may influence the distribution of the species that the protected areas are established to conserve) and an important justification for protected areas (because they may offer opportunities for enabling ecosystems to adapt to changing climatic conditions). As discussed above, many of the forested areas may be important in terms of carbon sequestration. It is possible that some of the habitat restoration issues may benefit from the Clean Development Mechanism under the Kyoto Protocol. The threat to endemic plant species, particularly in the mountain areas, will require particular attention as climates change.

In terms of international waters, some of the rivers in Bosnia and Herzegovina do flow into neighboring countries, and the protected areas may help ensure that the quality of water is at an acceptable level. But it must be recognized that this is a minor link.

In terms of land degradation, the biggest problem is with land mines, which still are a problem in several hundred thousand hectares and provide a significant threat to developing such areas for the conservation of biodiversity. On the other hand, they also hamper other forms of development, and may serve as de facto reserves. But land mines are also a significant source of pollution as they degrade, so efforts at de-mining should continue and expand. The project addresses all four of the strategic priorities of the GEF operational strategy on biodiversity. The project is directly addressing protected areas (SP1); the work that it is doing to mainstream forests and agriculture into the new protected areas address SP2 on mainstreaming biodiversity; the project includes a significant element of capacity building (SP3), and the project will seek to develop best practices for protected areas (SP4).

The project will also address OP2 on coastal, marine, and freshwater ecosystems, though in Bosnia and Herzegovina the coastal and marine component is miniscule, while the freshwater ecosystems are very important. The project also addresses OP3 on forest ecosystems and OP4 on mountain ecosystems. In terms of OP13 on conservation and sustainable use of biological diversity important to agriculture, the project document contains relatively little discussion of non-timber forest products. But medicinal plants and edible fungi are likely to be significant components in many of the proposed new protected areas. This might require some further attention.

***Response/Action.*** *The team is in full agreement with these comments. With particular reference to climate change and carbon sequestration, this is something which might be able to be developed in the future, depending on what kinds of habitat restoration ultimately occurs in a given PA. However, our present understanding is that carbon sinks projects are not highly favored, even under the Clean Development Mechanism. The Bosnian government is aware of some opportunities to leverage carbon funding, and our*

*ongoing dialogue will continue to engage on this point.*

*It is certainly the case that landmines remain an important challenge. We note that overall, the only park with any significant remaining landmine issues is the Igman mountain complex outside Sarajevo. Demining efforts are ongoing there, with clear “Do Not Enter” areas (marked in red tape with “skull and crossbones”), some of which are in remote locations, and some of which are in locations close to current/potential future, recreation areas. The project does not propose to directly support any demining. Nevertheless, project support for new management plans will take direct account of demining activities.*

*Non-timber forest products (NTFPs) are an important source of livelihood enhancement for some of the population, including both those living in/near PAs, and locally-based tourist visitors. At present, the two existing national parks (Sutjeska and Kozara) have well-established procedures for collection of NTFPs. As the project will primarily strengthen their management capacity, and provide some much-needed asset capitalization, no conflicts are foreseen about this topic. In the new parks, feasibility studies provide evidence of some utilization of NTFPs, but they do not suggest that this is a barrier to park establishment, nor do they indicate any serious conflicts. By project Effectiveness, a Process Framework tool will be put in place, to mitigate effects of any potential restrictions which might arise in any PA.*

#### **8. Linkages to other programmes and action plans at regional or sub-regional levels**

Bosnia and Herzegovina forms part of the Pan-European Biological and Landscape Diversity Strategy (PEBLDS), and has the potential to expand its participation in this important programme. Significant European Union funding supports this effort, and a PEBLDS meeting was held at the end of February 2006 in Croatia, which was attended by colleagues from Bosnia and Herzegovina. Along with Natura 2000, such pan-European efforts can offer considerable support to this project.

***Response.*** *Bosnian experts in multiple fields related to forestry and biodiversity are active in a number of fora, including those above. This has expanded the authorities’ understanding of other programs, and is expected to continue. Further, the project will indeed provide support for initial identification of sites for inclusion in Natura 2000. This will be clarified in the Project Brief.*

#### **9. Other beneficial or possible environmental damaging effects**

The concern about landmines has already been mentioned. A potential conflict with the wood-processing industry could be addressed through seeking appropriate certification, such as the Forest Stewardship Council ([www.fsc.org](http://www.fsc.org)).

Another issue that will require some attention is the relationship between the various ministries and level of government, including between the Entities. The governance complexity will provide some management challenges that will need to be addressed. The fact that the project will be executed by the Ministries of Agriculture, Forestry and Water Management, without the Ministry of Environment, may complicate relationships.

Some attention will also need to be given to the balance between patrolling and enforcement on one hand, while building understanding and support from local people on the other hand.

At least some of these protected areas have considerable potential for winter tourism, as evidenced by the 1984 Winter Olympics held in Sarajevo. The possibility of over-development will need to be considered, especially if large areas of forest are cleared in order to make more ski runs. The distribution of endemic species will need to be particularly considered.

The project document says nothing about invasive alien species, but this is a problem for protected areas throughout the world, and certainly should be considered as one of the important management issues, especially given the importance of the endemic Balkan flora.

**Response.** *The project design has tried to be sensitive to the competing claims between conservation and forest utilization, in some of the areas. It is indeed the case that in the existing national parks, an important revenue source is fees from timber extraction. This process is long-standing, and in these parks, there is very good coordination between park management and forest enterprises, and this is expected to continue. In the parks proposed for establishment, the final management arrangements are still being determined. It is likely that in both Una and the Igman mountain complex, timber harvesting will continue to play an important role. That said, the forest enterprises are supportive of park establishment, as it is not expected that they will “lose” significant assets in the process.*

*The Bank, through the FDCP, is very heavily engaged in overall governance improvements in the forest sector, including harvesting and wood processing. These improvements will have numerous positive implications for the management efficiency of the PAs.*

*The complexity of the implementation arrangements is due to the reality of the complex administrative structure in the country. However, we note that the ministries of agriculture will not be the primary implementation authority; this will rest with the Entity ministries of environment and physical planning. The ministries of agriculture currently contain the project implementation units for ongoing projects, and preparation has utilized their expertise. During implementation, even procurement and financial management is planned to be organized in dedicated “project implementation teams/units” in the ministries of environment. Importantly, most of the day-to-day operations will be undertaken at the PA level, which is most appropriate.*

- **Action.** *The Project Brief will be revised to make these arrangements more clear.*

*The point on winter tourism and potential overdevelopment of the Igman complex is important. However, no “large clearing” is foreseen, even taking into account current development of the high-density tourist areas. Bosnia’s environmental regulations, assisted by the Environmental Management Plan Framework being developed at present, will help to guide new construction so as to minimize environmental disruption (including endemics). Even so, we would emphasize again the multiple-use nature of these parks, and the reality that especially for Igman, the country sees increasing tourism there as an important potential driver for economic growth in the area.*

**Update from Appraisal.** *By the time of the appraisal, the main responsibility for project implementation was assigned to the Entity environmental ministries, and includes specific arrangements for coordination with the Entity Ministries of Agriculture, Forestry and Water Management.*

## **10. Capacity building aspects**

The project clearly intends to include a significant element of capacity building, but this has not yet been fleshed out to much detail. In addition to appropriate training for all categories of protected area staff, it might also be worth considering to incorporate conservation elements in the school curriculum at all level. It would also be helpful to support appropriate elements in the non-governmental sector, including youth groups; these are often the strongest supporters of protected areas and their capacity is well worth considering.

**Response.** *It is indeed correct that the capacity building is not yet well-defined. The full training program for the first year will be designed by project Appraisal. Subsequent needs will be determined on a yearly basis. The team very much welcomes the suggestion on inclusion of NGOs and youth groups; the Bank is actively engaged with youth groups in the Balkans, and ongoing preparation will make a more concerted effort to collaborate with those efforts.*

## **11. Innovativeness of the project**

The innovativeness of the project comes from its location in a country that is emerging from a war between 1992 and 1995; has a very small amount of its territory in the protected area system; and is seeking to use protected areas as a foundation for its further economic development. The fact that many European tourists

drive to the Balkans for vacations may offer some innovations for linking protected areas to European tourism. The fact that protected areas are run by “National Park Enterprises” may offer creative opportunities for developing new funding mechanisms, especially if these are linked to payments for ecosystem services. The Small Grants Facility will also offer multiple opportunities for innovation, and it is important to ensure that the allocation of these small grants does not become overly bureaucratic.

***Response.*** *The team appreciates this understanding of the significant tourism potential in Bosnia. As noted before, payment for ecosystem services will be explored further, and will be included as one of the SGP themes. Present design of the SGP is intended to be reasonably straightforward, and efforts will be made to ensure that the specific operational modalities are not overly bureaucratic.*

## **CONCLUSION**

This project is an extremely important one for Bosnia and Herzegovina, offering it an opportunity to join other European countries with an appropriate system of protected areas. The sites that have been identified are likely to be the most important ones, but a comprehensive system plan for the country would be helpful in showing how the various protected areas relate to each other. In terms of the sustainability of the protected areas system, the concept of payment for ecosystem services is well worth considering and would offer the project a new dimension of innovation. Such an approach may be especially relevant in establishing a new system when many options are still open.

**ANNEX C: CONSULTANTS TO BE HIRED FOR THE PROJECT**

<i>Position Titles</i>	<i>\$/ person week</i>	<i>Estimated person weeks</i>	<i>Tasks to be performed</i>
<b>For Project Management</b>			
Local			
Fiduciary Specialists	1000	48	In Republika Srpska establish fiduciary systems, provide initial fiduciary functions, train PMU staff, and provide additional advice as agreed (year 1 only).
Translators/Interpreters	760	42	Translation of documents, and interpretation services
<b>For Technical Assistance</b>			
Local			
PA Planners	1100	25	Preparation of Feasibility Studies for expansion of the area under protection in Janj and Lom Forest Reserves
Cadastral Surveyors	1000	20	Preparation of cadastral maps indicating boundaries of project protected areas (PAs)
Ecological Assessment and Monitoring Specialists	1100	85	Production of ecological baseline assessments of project PAs for inclusion in PA and biodiversity monitoring systems Production of Red List Species status and conservation strategies for all project PAs
Trainers – Participation Skills	1000	19	Design and delivery of training courses and materials for PA staff and relevant stakeholders on stakeholder engagement, communication and conflict management
Trainers - Sustainable Tourism	1000	19	Design and delivery of training courses and materials for PA staff and relevant stakeholders on concepts, principles and practice of sustainable tourism development in PAs.
Trainers – PA Field Skills	875	27	Design and delivery of courses and materials targeted at field-level PA staff, e.g. rangers, to improve skills in patrolling, visitor relations, park interpretation, etc.
Conservation Policy Specialists	1000	22	Design and delivery of workshops on European Union integration, trans-boundary conservation cooperation, and implementing the National Biodiversity Strategy and Action Plan
Pasture Specialists	1000	12	Conduct investigation of grazing impacts on biodiversity values in NPs and recommend strategies for addressing impacts.
PR and Communication Specialists	1000	39	Prepare strategies for increasing Entity-wide public awareness and support for biodiversity conservation and PAs, design and deliver training courses to improve skills of PA and ministry staff in communication and outreach

Community Facilitators	1000	30	Provide technical assistance to stakeholders in preparation, review and monitoring of Local Initiatives in Biodiversity Conservation proposals at the project sites.
International			
PA Management Planners	3500	20	Preparation of an integrated PA plan to guide long-term development and management of IBTV NP
PA Management Planners	3500	20	Preparation of an integrated PA plan to guide long-term development of Una NP
PA Management Planners	3500	16	Preparation of an integrated PA plan to guide long-term development of Kozara NP
PA Management Planners	3500	12	Revision of current Management Plan to address new arrangements in financing, resource management, and sustainable tourism
PA Planners	3500	15	Preparation of Feasibility Study for declaration and establishment of Prenj site as a formal protected area in FBiH.
PA Management Monitoring Specialist	3250	3	Design and deliver training courses and materials on the applications of the Protected Areas Management Effectiveness Tracking Tool in improving PA management
Trainers – Ecosystem-based Management	3500	6	Design and deliver training courses and materials on ecosystem-based management approaches for PA staff and other relevant professionals.
Conservation Business Planning Specialist	3750	8	Prepare and provide business plan framework for PA plans, design and deliver courses and materials in business planning for conservation.
Sustainable Tourism Specialist	3000	8	Assess opportunities and recommend strategies for sustainable tourism, and related specialized tourism segments, development in newly established PAs in FBiH.

**ANNEX D: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS**

No PPG was used for the preparation of the project.

**A. EXPLAIN IF THE PPG OBJECTIVE HAS BEEN ACHIEVED THROUGH THE PPG ACTIVITIES UNDERTAKEN.**

**B. DESCRIBE IF ANY FINDINGS THAT MIGHT AFFECT THE PROJECT DESIGN OR ANY CONCERNS ON PROJECT IMPLEMENTATION.**

**C. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES AND THEIR IMPLEMENTATION STATUS IN THE TABLE BELOW:**

Project Preparation Activities Approved	Implementation Status	GEF Amount (\$)				Co-financing (\$)
		Amount Approved	Amount Spent To-date	Amount Committed	Uncommitted Amount*	
	(Select)					
	(Select)					
	(Select)					
	(Select)					

	(Select)					
	(Select)					
	(Select)					
	(Select)					
<b>Total</b>						

\* Uncommitted amount should be returned to the GEF Trust Fund. Please indicate expected date of refund transaction to Trustee.

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Document of  
The World Bank

Report No: 39952

PROJECT DOCUMENT  
ON A  
PROPOSED GRANT FROM THE  
GLOBAL ENVIRONMENT FACILITY TRUST FUND  
IN THE AMOUNT OF USD 3.4 MILLION  
TO THE  
BOSNIA AND HERZEGOVINA  
FOR A  
FOREST AND MOUNTAIN PROTECTED AREAS PROJECT  
April 16, 2008

Sustainable Development Department  
South East Europe Country Management Unit  
Europe and Central Asia Region

## CURRENCY EQUIVALENTS

(Exchange Rate Effective February 8, 2008)

Currency Unit = Konvertible Marka (KM)

KM 1 = US \$ 0.6803

US \$1 = KM 1.4699

FISCAL YEAR

January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

BiH	Bosnia and Herzegovina
CAS	Country Assistance Strategy
CBD	Convention on Biological Diversity
CBO	Community Based Organization
CFAA	Country Financial Accountability Assessment
CPS	Country Partnership Strategy
CRIGG	Conservation and Rural Income Generating Grant
EA	Environmental Assessment
ECSSD	Sustainable Development Sector Department, Europe and Central Asia Region, World Bank
EMP	Environmental Management Plan
EU	European Union
FBiH	Federation of Bosnia and Herzegovina
FDCP	Forest Development and Conservation Project
FM	Financial Management
FMPAP	Forest and Mountain Protected Areas Projects
FMIS	Forest Management Information System
FMR	Financial Management Report
FMS	Financial Management Specialist
FMU	Forest Management Unit
GEF	Global Environmental Facility
GIS	Geographic Information System
HCVF	High Conservation Value Forest
IBTV	Igman-Bjelasnica-Treskavica-Visocica mountain complex
ICB	International Competitive Bidding
IPARD	Instrument for Pre-Accession Assistance for Rural Development
IPA	Instrument of Pre-Accession
IUCN	The International Union for Conservation of Nature
JICA	Japanese International Cooperation Agency
M&E	Monitoring and Evaluation
MAFW	RS Ministry of Agriculture, Forestry and Water Resources
MAWF	FBiH Ministry of Agriculture, Water Resources and Forestry
MET	FBiH Ministry of Environment and Tourism
MoFTER	State Ministry of Foreign Trade and Economic Relations

MSPCEE	RS Ministry of Spatial Planning, Civil Engineering and Ecology
MPPE	FBiH Ministry of Physical Planning and Environment
MTDS	Medium-Term Development Strategy
NBC	National Biodiversity Committee
NBSAP	National Biodiversity Strategy and Action Plan
NCB	National Competitive Bidding
NEAP	National Environmental Action Plan
NGO	Non-Governmental Organization
NP	National Park
NSCESD	National Steering Committee for Environment and Sustainable Development
NTFP	Non-Timber Forest Product
OM	Operational Manual
PA	Protected Area
PDO	Project Development Objective
PGC	Project Guidance Committee
PMU	Project Management Unit
PMR	Project Management Report
PRSP	Poverty Reduction Strategy Paper
RS	Republika Srpska
SA	Social Assessment
SFI	State Forest Inventory
SGP	Small Grant Program
SSCADP	Small-Scale Commercial Agricultural Development Project
SWMP	Solid Waste Management Project
TA	Technical Assistance
TORs	Terms of References
USAID	United States Agency for International Development
UNDP	United Nations Development Program
WWF	World Wide Fund for Nature

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**BOSNIA-HERZEGOVINA  
FOREST AND MOUNTAIN PROTECTED AREAS PROJECT**

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**Map**

## **A. STRATEGIC CONTEXT AND RATIONALE**

### **1. Country and sector issues**

**Land Use.** Bosnia and Herzegovina (BiH), with a land area of 51,000 km<sup>2</sup> and an estimated population of 4.1 million, is endowed with internationally recognized rich biodiversity assets. About 50% of the country is covered by forests and 25% by pastures. It is mostly hilly and mountainous, with only 5% of territory classified as plains, 24% as hills, 29% as Karst (irregular limestone terrain) and 42% as mountains.

**Economic Role of Natural Resources.** About 2 million people (54% of BiH's population) live in rural areas, and for them forest and mountain ecosystems serve as an important source of subsistence, employment, energy and recreation. Furthermore, since BiH has a rural population density (43 persons per square km) which is lower than any of the other Balkan countries, sound management of its "production landscape" values (forest and grassland management) can provide income for local people while also maximizing environmental services.

**Biodiversity Significance.** BiH is at a geographical cross-roads and includes 5 types of climate, 3 agro-climatic regions, and multiple provinces, landscape types, and biotopes. BiH covers three globally significant ecosystems and several smaller-scale globally important sites. The country's rich biodiversity includes over 5,000 confirmed taxa of vascular flora, including 450 of which are endemic to BiH only. For several taxonomic groups (e.g., lichens, mosses, algae, fungi, and bacteria) comprehensive surveys do not exist, but available data indicate these groups are also highly diverse. BiH's forest resources are among the richest in Europe with a wide variety of coniferous and deciduous species. The country's large blocks of forests maintain ecological integrity, river dynamics, and large carnivore dispersion between Central and South-East Europe. At least thirty-two species of animals and plants found in BiH are on the 2002 IUCN Red List of threatened species. Keystone species include bear, wolf and river otter. Interesting flagship species are bats, of which several are considered in vulnerable status.

**Protected Area Coverage.** It is estimated that at 19%, BiH has the highest proportion of threatened plant species of any European country, and yet less than 1% of its land is set aside as PAs. Currently only 0.55% of the territory is formally protected – the lowest level in Europe - compared to the regional average of 7%. Broad consensus to expand the network of protected areas (PAs) exists among stakeholders at all levels in both Entities. Key ministerial officials, as well as local governments, and numerous civil society organizations, are committed to developing a system of PAs which would protect key biodiversity and cultural assets, as well as providing new income opportunities for local residents. However, civil society organizations working on environmental issues are relatively weak. Furthermore, there is little experience with participatory approaches to sustainable landscape management.

**Post-Conflict Context.** The conflict associated with the breakup of the former Yugoslavia, between 1992 and 1995 caused heavy damage to natural resources – the direct damage to forests and associated sectors is estimated at US\$2 billion. A minimum of 200,000 hectares became contaminated by landmines, resulting in overexploitation of some rural areas and abandonment of others. Subsequent to the conflict, poverty, inadequate land-use planning, as well as limited capacity of local institutions and lack of awareness of conservation issues, have contributed to unsustainable land use practices and habitat change. In this context, the conservation of globally significant natural resources has to take into account economic development considerations.

**Government Structure.** As a result of the Dayton Peace Accords (1995), in addition to central government authority at the 'state' level, Bosnia-Herzegovina (BiH) consists of two Entities - the Federation of Bosnia and Herzegovina (FBiH), and the Republika Srpska (RS), and a separate territory of Brcko District of BiH. The Entities have separate administrative and legislative bodies. In most areas of natural resources management, the Entities have responsibility for creating and implementing all relevant laws. FBiH delegates some authority and responsibilities to the cantonal level.

**Allocation of Responsibilities for Protected Areas.** Responsibilities for PA planning and much of their oversight rests with the Entity ministries in charge of environment - the Ministry of Environment and Tourism (MET) in FBiH, and the Ministry of Spatial Planning, Civil Engineering and Ecology (MSPCEE) in RS. In the FBiH the Ministry of Physical Planning is responsible for preparing spatial development plans. Four types of PAs are defined: (a) nature protection areas, (b) national parks, (c) natural monuments and (d) landscape protection areas. Entity environmental ministries provide oversight for the first two PA categories (nature protection areas and national parks), with the right to delegate specific responsibilities to other institutions. Management of these two types of PAs, however, is primarily carried out by specialized public enterprises. In contrast, for natural monuments and landscape protection areas oversight and management responsibilities rest with a variety of other institutions (including Cantonal Ministries in charge of Water Management and Forestry; Municipalities; NGOs; and others). Where such PAs are located within public forests, public forest enterprises (in the RS, the enterprise associated with Entity Ministries of Agriculture, Forests, and Water Resources, and in FBiH, enterprises associated with cantonal forest offices) are responsible for maintaining conservation status.

**PA Financing.** Existing PAs have been under-funded and largely self-financed, relying on the generation of revenues from various activities. Historically, the largest portion of funding (between 60-90%) has come from sales associated with selective thinning of forests. While existing national parks have progressively reduced the total volume of forest thinning, in the absence of significant revenues from non-consumptive sources, this is likely to remain an important revenue source for the medium term<sup>1</sup>. Other revenue sources from forest products include fees for grazing, gathering of non-timber forest products (NTFPs) and hunting (generally less than 10%). National parks do obtain some budget support from government authorities, and the level of funding is likely to increase in the future. In RS, it is expected that Entity budgets will provide for nearly 100% of park operating and investment costs. In FBiH, the Ministry of Finance is committed to long-term financing of new PA operations and investments, but final levels will only be determined after formal PAs establishment. The establishment of Una as a national park is included in the FBiH budget for 2008. Tourism is also an important revenue source (between 3-25%) for existing national parks. That said, tourism revenues will continue to be insufficient to cover all operational expenditures, much less new investments. World-wide experience demonstrates that PAs require government budget support to operate.

**Government Strategy and Plans.** BiH ratified the United Nations Convention on Biodiversity Conservation in 2002. With support of the United Nations Environment Program – Global

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<sup>1</sup> In the RS, new laws are nearly completed which will change the incentive structure by converting the management bodies for national parks from public enterprises to “public institutions”. This new status will channel revenue from thinnings directly to the Entity-level (thus restricting this as a source of financing PA operations). The status also provides a revised governance structure that will represent a wider range of stakeholder interests.

Environment Facility (UNEP-GEF), Bosnia-Herzegovina is developing its National Biodiversity Strategy and Action Plan (NBSAP), which includes a national plan for PAs, and is expected to be completed in 2008. A government-sponsored Sub-Committee for Biodiversity, through a Working Group composed of technical professionals from government ministries, universities and the private sector has guided the NBSAP preparation. The involvement of NBSAP committee members in this preparation work has ensured consistency between the proposed project design and the PA plan. Collaboration between the project and the NBSAP would continue during project implementation, especially through capacity building of Entity ministerial staff and involvement of the Sub-Committee for Biodiversity in project guidance.

***Selection of Project Areas.*** The selection of areas for inclusion in the Forest and Mountain Protected Areas Project (FMPAP) was made through a comprehensive and participatory consultation process and reflects a strong technical consensus on priorities. Four areas are already official PAs. Another two areas, Igman-Bjelasnic-Treskavica-Visocica (IBTV) mountain complex, and the Una River, have completed feasibility studies and are expected to be legally proclaimed as national parks in 2008 and early 2009 respectively. The proposed project also includes a feasibility study for Prenj-Cvrsnica-Cabulja-Vran an important site in the Dinaric Alps, which may subsequently be funded under the project.

## **2. Rationale for Bank involvement**

***World Bank Involvement in BiH Forest Areas.*** The Bank has been continuously involved in the natural resources/environment sector since 1998. From 1998 to 2003, a Forestry Project, financed by the International Development Association (IDA), the EU, and Italian and Norwegian governments, focused on recovery of the forest sector, but also helped to improve the protection of forest ecosystems. A follow-up project, the Forest Development and Conservation Project (FDCP) supports implementation of reforms in forest organization and management. It includes support for landscape approaches to forest planning and management that incorporate improved information systems, conservation values and stakeholder engagement. It has four components:

- (i) accelerating the implementation of new legal, institutional and economic frameworks,
- (ii) development of a Forest Management Information System and a State Forest Inventory
- (iii) promoting biodiversity and forest conservation
- (iv) project management.

A US\$3.74 million equivalent IDA Credit for FDCP approved in 2003 and extended with an additional IDA Credit of US\$3.35 million equivalent in 2007 until late 2010, is financing the first, second and fourth components. An US\$780,000 equivalent Italian Grant (2003-2007) for FDCP financed the third (biodiversity) component, including most of the preparation studies for the Forest and Mountain Protected Areas Project (FMPAP), as well as other inputs for the NBSAP. The FMPAP preparation studies, which are listed in Annex 12, included generic frameworks (for environmental management plans, social assessments including participation plans, feasibility studies, and PA management plans) which can be applied to any proposed PA investments, as well as site analysis specific to FMPAP. Other biodiversity studies supported under FDCP which were not a specific part of FMPAP preparation (e.g., status of specific species, impacts of hunting on resource use) are also relevant to FMPAP.

***Other Relevant Bank and Donor Activities.*** The World Bank/GEF-supported Neretva and Trebisnjica Management Project, will complement activities in forest and mountain

ecosystems. In addition, the World Bank has wide regional experience in GEF biodiversity projects and forestry operations, including the Croatian Karst Ecosystem Conservation Project, which includes similar and nearby landscapes. Other donors active in forest development and biodiversity conservation include the United State Agency for International Development (USAID) the United Nation Development Program (UNDP), Japanese International Development Agency (JICA), the EU, the World Wildlife Fund (WWF), and the International Union for Conservation of Nature (IUCN). Through its lead role in the forestry sector, the Bank has and will continue to mobilize donor support for biodiversity conservation in BiH. On the broader rural agenda, the local initiatives grants under the project will build technical skills for activities eligible for EU funds under the Instrument for Pre-accession Assistance for Rural Development (IPARD) program, and thus complement the IDA-financed Agriculture and Rural Development Project.

### **3. Higher level objectives to which the project contributes**

***Recipient's Objectives.*** The proposed project will support Government efforts to address threats to biodiversity, promote ecosystem management, and expand the PA system to a level commensurate with local needs and regional averages. The Project will directly support implementation of the proposed National Biodiversity Strategy and Action Plan (NBSAP) described above. Project activities also support the Government's Medium Term Development Strategy by: (a) creating conditions for sustainable and balanced economic development and promoting poverty alleviation through improved use of PAs for local livelihoods and tourism; and (b) supporting the acceleration of EU integration through support to the Government in meeting the EU nature and biodiversity policy (Natura 2000) requirements. Preparation and implementation of community-based initiatives will also build technical skills for activities eligible for funding by EU accession instruments.

***Bank Country Partnership Strategy.*** The proposed project will directly address the 2008-2011 Country Partnership Strategy (CPS) objective to "improve the environment for private-sector led growth and convergence to Europe" with support for expanded business opportunities and strengthened regional cooperation to manage public goods. The CPS specifically mentions FMPAP as one of the "projects on environmental protection, both to improve governance and transparency and to support tourism". The project is included as one of the CPS deliverables.

***Relevance to Global Environment Facility Priorities.*** The project is fully consistent with the provisions of the GEF Operational Strategy, and specifically with the Operational Program (OP) for Forest Ecosystems (OP3) with additional relevance to the OP for Mountain Ecosystems (OP4) and linkages to the program for Conservation And Sustainable Use of Biological Diversity important to Agriculture (OP13). Within the biodiversity focal area the project primarily supports the first strategic objective: Catalyzing Sustainability of Protected Area Systems.

## **B. PROJECT DESCRIPTION**

### **1. Financing instrument**

The project will be financed by a US\$ 3.4 million Global Environment Facility (GEF) grant.

### **2. Project development objective and key indicators**

***Program Context.*** The GEF-financed Project is part of an integrated response to requests of the Government of Bosnia and Herzegovina for assistance with improved natural resources management.

**Link to IDA-financed Project.** Although administratively separate, the Forest Development and Conservation Project (FDCP) and the GEF-financed Forest and Mountain Protected Areas Project (FMPAP) are integrated at the conceptual level. The FMPAP will build on the work of the FDCP. Beyond the direct work on the FDCP biodiversity component which was financed by the Italian Grant and has been mentioned above, the FMPAP also leverages many of the technical outputs from the IDA-financed FDCP activities: For example, the ongoing state forest inventory (SFI) will provide critical baseline data for PAs including land use and management plans and trends in forest status. The Forest Management Information System (FMIS) being developed will provide the longer-term capability for monitoring and planning forest resources within and around PAs. FMPAP will also benefit from the increased official international endorsement of the National Standards for Forest Certification, and the associated training in their application which is being supported by the IDA portion of FDCP. The toolkit on High Conservation Value Forests (HCVFs), which was developed as part of the National Standards will be particularly relevant -- pilot testing of this toolkit has already informed the feasibility study for the proposed Una River PA, by assisting with zoning recommendations. In addition, the FDCP work on strategic forest planning, expansion of revenue options, and capacity building in transparent and effective communications will contribute to improved PA management. For this reason, a portion of the IDA financing under the FDCP is considered direct parallel cofinancing for this Project.

**The Project Development Objective.** The project development objective (PDO) is to strengthen the institutional and technical capacity for sustainable PA and natural resource management, and expand the BiH network of forest and mountain PAs. Because the PDO is considered both local and global in nature, it is also considered to be the *global environmental objective* for purposes of GEF consideration. The project focuses on improving the management effectiveness of four existing PAs, bringing two additional sites under protected status, assessing feasibility for another site and promoting sustainable natural resource management and biodiversity conservation activities in or around PAs.

**Outcomes.** Indicators for outcomes associated with this objective include:

- Area under formal protection (of various types of PA management categories, mostly multiple use) increases from approximately 0.6% to 3.0% (i.e., an addition of approximately 120,000 ha);
- Key threats to biodiversity at each PA (as measured through a composite indicator) decrease or remain unchanged;
- Portion of recurrent management costs financed by at least 20% from sustainable tourism (including entrance and use payments), non-timber harvesting and donations, as well as at least 15% from government budget.
- Improved PA management effectiveness as assessed in the Protected Areas Management Effectiveness (PAME) Tracking Tool<sup>2</sup>
- Public support for PAs maintained at a minimum of 80% of respondents as assessed through public opinion surveys.

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<sup>2</sup> World Bank / World Wildlife Fund Alliance for Forest Conservation and Sustainable Use: [Reporting Progress in Protected Areas – A Site Level Management Effectiveness Tracking Tool](#), 2003

### 3. Project components

**Total Costs.** The FMPAP costs total US\$6.00 million over four years, including a GEF grant of US \$3.40 million, contributions from Entity governments of US\$2.51 million (US\$1.255 million from FBiH and US\$1.255 million from RS), beneficiary contributions (from the community initiatives component) of US\$0.09 million. In addition, the additional financing phase of the IDA Project (FDCP), which is considered “associated” with FMPAP, provides US\$2.5 million in parallel financing, although these expenditures are administered separately from FMPAP. The leveraged financing from FDCP comprises US\$1.7 million for forest inventory; US\$0.5 million for FMIS; and US\$0.3 million for strategic forestry planning, planning for alternative revenue source generation, certification, and communication skills.

**Component 1: Protected Area Development** (total US \$3.66 million, of which US\$2.00 million GEF financed). This component will support PA management plans, operations, assessments, and facilities development in existing and new PAs.

Sub-component 1a): PA Management Planning. The project will finance development and implementation of new PA plans for the two existing National Parks (NPs) Sutjeska and Kozara, for the existing Janj and Lom Forest reserves and for the new NPs in Una River and IBTV. In addition, the project will undertake new feasibility studies to examine the options for expansion of existing and possible new protected areas, including a new PA in and around the karstic mountain ranges of Prenj-Cvrtnica-Cabulja-Vran. The project will involve stakeholders to develop and implement different models of PA expansion and management (e.g., PA zoning, joint management of adjacent areas, etc.). It will also address the policy development and implementation regarding sources and proportions of PA financing. These efforts will help the PAs to at least meet, and preferably exceed the result targets on expansion and financing.

Sub-component 1b): Ecological and PA Management Assessment. The project will establish a Monitoring and Evaluation (M&E) system for both the PAs and the project. This will include support for the ecological assessments to be used as inputs to the PA management planning and decision-making as well as for subsequent monitoring of biodiversity status including tracking of key habitats and species. It will also include periodic assessment of PA management effectiveness, based on application of the GEF-mandated Protected Areas Management Effectiveness (PAME) Tracking Tool.

Sub-component 1c): PA Facilities. The project will support new infrastructure, and limited small-scale building rehabilitation, necessary for improving the operations of existing PAs, and for establishing the newly created protected areas. The infrastructure is generally “soft”, e.g., trail improvements, new trail creation, signage, resting places, park boundary markings, visitor entry booths, etc. In addition, the project will finance goods for park operations. It is expected that these investments will improve the products and services offered by PAs, and increase the capture of key revenues such as entry fees.

**Component 2: Capacity and Support for Biodiversity Conservation** (total US\$1.84 million, of which US\$0.99 million is GEF-financed). This component will focus on strengthening the institutions responsible for planning, establishment, and management of PAs.

Sub-component 2a): Institutional Capacity Development. At the PA-level, training and technical assistance will focus on building competencies in key areas including: ecosystem-based management focusing on adaptive management, integration of ecological, economic and social

aspects, and sustainability; business planning emphasizing financial sustainability and marketing of PAs as quality destinations; and field-level skills in areas such as patrolling, community engagement, visitor management and interpretation. Given the critical roles of the forest and tourism sectors the training will also be targeted towards professionals in these sectors. At Entity level, the project will finance capacity building for the environmental ministries and other concerned agencies in charge of protected area management, so that these institutions are able to provide enhanced leadership as they prepare for EU convergence and strengthen regional cooperation. This component will also support case studies on selected PA management issues.

Sub-component 2b): Public Awareness Programs. The project will support the development and implementation of an outreach program to raise public awareness for biodiversity conservation and PAs.

Sub-component 2c): Project Management and Project Monitoring. Limited financing will be provided for project management and associated operating costs, meetings of the Project Guidance Committee, and project monitoring.

***Component 3: Local Initiatives in Biodiversity Conservation*** (total US \$0.50 million, of which US \$0.41 million is GEF-financed). The Project will support biodiversity conservation efforts by local stakeholders which promote improved natural resource management and generate economic benefits to local communities involved in protected areas management. To be eligible, subprojects must be able to demonstrate that they will mitigate the significant threats to global biodiversity or contribute to monitoring of such biodiversity, and include arrangements to assess their impacts. It is expected that eligible subprojects will fall under three categories: (i) PA compatible income-generation, e.g., ecotourism activities (home-based accommodation, guide training, trail development), sustainable NTFP extraction, agri-environmental enterprises, environmental certification assistance for ecotourism and agriculture; (ii) habitat and landscape conservation, e.g., site and landscape restoration, participatory pasture management; and (iii) sustainable environmental management, e.g., waste management schemes, alternative energy promotion. To ensure sustainability, the project will provide technical assistance to facilitate the design and screening of subproject proposals, and to help monitor their implementation. Beneficiaries will be required to contribute at least 20% of the overall sub-project budget. Suitable initiatives to be developed into subprojects will be identified and selected through public consultations involving local stakeholders, taking into account opportunities to address restrictions resulting from PA management. Eligible sub-projects can range in value from \$20,000 to \$100,000. At least one grant will be awarded per project PA, and the total value of grants is estimated at US\$360,000.

#### **4. Lessons learned and reflected in Project design**

From the experience of comparable projects in Central and Eastern Europe and elsewhere, the following lessons have been learned:

- Projects should have broad support in the government, civil society, and local communities where the protected areas are proposed, or to be expanded;
- Early involvement of stakeholders in project preparation through a participatory planning process, including local communities and influential decision makers, is essential to ensure ownership and successful project implementation;

- Resource users should be involved in the design and development of the management system to ensure the sustainable use of the resource concerned, and of the control measures which need to be developed and applied;
- Effective public awareness campaigns should be built into the PA planning and management processes in order to ensure that all stakeholders are well informed and can provide support;
- Management strategies for PAs, buffer zones, biological corridors, etc. should establish a link between the conservation objectives and tangible benefits from sustainable natural resource use; and
- PA projects should maintain close co-operation with other types of projects and initiatives working in the same broad technical / geographical areas.

Project preparation and design has incorporated these lessons through: (i) addressing the links between sustainable natural resource use, natural resource management and socio-economic issues; (ii) building regional, Entity and local capacity for conservation management; and (iii) ensuring a participatory and transparent approach to project preparation and implementation.

## **5. Alternatives considered and reasons for rejection**

Four alternatives were considered and rejected during the development of the project concept:

- *Focus the project mainly on the PA expansion.* This approach was rejected as improving management capacity was seen as critical to ensure sustainability in existing protected areas.
- *Work only in one Entity.* This proposal was rejected because a main goal of the project is country-wide capacity enhancement and representative ecosystem coverage, as well as promotion of synergies among PA management authorities.
- *Focus the project only on direct PA management and not include buffer zone activities.* This option was rejected because global good practice has shown that support of local people is critical to sustainability.
- *Implementation through FDCP Project Implementation Units and Entity forestry ministries.* Although these agencies played a major role in project preparation, this option was rejected because in BiH environmental ministries have the lead responsibilities for national parks, and therefore their leadership in project implementation will strengthen the sustainability of institutional development impacts.

## **C. IMPLEMENTATION**

### **1. Partnership arrangements (if applicable)**

**Donor Projects.** As noted above, FMPAP is integrated with FDCP at the conceptual level. The recently completed Italian grant of FDCP supported the direct preparation of FMPAP as well as a number of other relevant studies and training, while the ongoing IDA financing is supporting the state forest inventory, Forest Management Information System, and other initiatives which are considered part of FMPAP co-financing. To further ensure consistency and collaboration, one Bank task team will supervise both FDCP and FMPAP. FMPAP will also continue to collaborate with the other donor projects listed in Annex 2. In particular, it will continue the existing donor partnerships established during FDCP implementation with (i) USAID's Cluster Competitiveness Activity (to be completed in June 2008, but with likely follow-up activities) and (ii) UNDP's new "Forestry for Employment Project in the Srebrenica Region". FMPAP complements the GEF-supported "Neretva and Trebisjnica Management Project", providing upstream impacts benefiting this transboundary initiative.

**Government Agencies.** The project design takes into account existing allocation of government responsibilities, which assign the Entity environmental ministries lead roles. However, the implementation arrangements also provide for linkages with other agencies at various levels of government which have a key stake, including the Ministries of Agriculture, Water Management and Forestry (MAWMF) in both Entities, Ministry of Foreign Trade and Economic Relations (MFTER) as GEF Focal Point, as well as cantonal and municipal institutions. At the local level, important working relations have been established between on-the-ground personnel managing protected areas and forest enterprises, to help avoid potential conflicts on land use rights and access to natural resources.

**Non-government organizations and the private sector.** Civil society and private sector participation in the country's PA system will help ensure its long-term viability. The project design provides opportunities to build and strengthen partnerships with NGOs in a range of PA management activities including community mobilization, awareness raising, livelihood development and environmental management. With the continued growth of tourism in the country, the project will also support private sector partnerships with a focus on creating demand for sustainable tourism.

## **2. Institutional and implementation arrangements**

**Timing.** Project Effectiveness is expected by September 30, 2008, and the Mid-Term Review is scheduled for October 2010. The project is expected to be completed by October 31, 2012, with a closing date for the GEF grant of April 30, 2013.

**Ministerial Responsibilities.** BiH, represented by the Ministry of Finance and Treasury, would be the recipient of the GEF grant and would transfer the proceeds to the FBiH and RS Governments by opening two special accounts. The Sector for Project Implementation within the FBiH MET and the Sector for Project Coordination and Development within the RS MSPCEE (in order to simplify terminology, both are called Project Management Units (PMUs) hereafter in this document) have specialized teams who will undertake core implementation functions including oversight, procurement, financial management, annual planning, supervision, monitoring of repayments, reporting and evaluation. Where appropriate (for example in the Janj and Lom Forest Reserves in RS) implementation will be closely coordinated with the relevant Entity Ministries of Agriculture, Water Management and Forestry (MAWMF). The MET and MSPCEE would also lead the process of protected area declaration, establishment and expansion. A Project Guidance Committee comprising the existing Sub-Committee for Biodiversity along with the GEF Focal Point from MFTER, PMU Managers, and representatives from local government, private sector and non-government organizations will provide project and policy guidance and a forum for exchanging experience.

**PMU Capacity.** The MET PMU is a well-established unit, already staffed by government employees with long experience implementing Bank projects and funded under the FBiH domestic budget. It has appointed a new financial management specialist (FMS) to work on FMPAP, and with training by the PMU's experienced FMS who is responsible for the ongoing Bank-financed Solid Waste Management Project, this PMU will be fully capable to undertake all necessary functions. The MSPCEE has established a PMU office with RS domestic budget and appointed a Project Manager to head this unit. This PMU plans to appoint a financial management and procurement staff shortly. The RS PMU has signed memoranda of understanding (MOU) with local financial management and local procurement specialists who

already have experience with a Bank-financed project. These experienced specialists will (a) establish the financial management and procurement systems in the MSPCEE PMU (b) provide financial management and procurement services and hands-on training to PMU staff during the first three months after project effectiveness, and (c) provide advice on a retainer basis to PMU staff for at least three months.

***Site Specific Management Responsibilities.*** In the RS, the two existing National Parks (Kozara and Sutjeska) are under the authority of MSPCEE. For each PA a NP Authority, currently operating as a public enterprise, manages day-to-day operations. Each Park has Government-appointed Steering and Supervisory Boards. Forest Reserves, such as Janj and Lom, are generally under the supervision of Forest Enterprises that report to their respective MAWMF. National Parks in FBiH will be under the authority of MET and are expected to operate as public institutions.

### **3. Monitoring and evaluation of outcomes/results**

Most of the monitoring and evaluation (M&E) will be in the form of activities under the Ecological and PA Management Assessment Subcomponent, with the exception of more narrowly focused project monitoring which will be handled under the Project Management Subcomponent. This overall M&E system will provide parameters to support policy formulation and planning for both the existing and new protected areas, and to monitor their ecological status thereafter. M&E will make use of existing data sources (such as the National Biodiversity Strategy and Action Plan) supplemented by data collection within the project and special survey and assessment updates, plus case studies to be undertaken by contracted specialists. PA managers will also adapt the Protected Areas Management Effectiveness (PAME) Tracking Tool to assess PA management progress. The M&E system will take into account information from the SFI and FMIS being developed under FDCP on key forests, forest status and other attributes. Project monitoring and evaluation will be guided by the Results Framework given in Annex 3. Project actions, expenditures and progress towards identified objectives will be monitored by the implementing agencies and reported in a semi-annual progress report to members of the Project Guidance Committee and other concerned officials so that appropriate action can be taken. Technical assistance will be provided to more fully establish the entire M&E framework and train managers in associated principles and methodology. Each Entity environment ministry will appoint a M&E focal point to coordinate M&E activities across PAs and with other government agencies (including counterparts working on the SFI and FMIS). The total project costs for all forms of M&E is estimated at US\$600,000, of which US\$340,000 is financed by GEF. As mentioned earlier, parallel IDA financing under FDCP for the SFI and FMIS provides additional M&E support. Relevant subcomponent descriptions in Annex 4 provide further details on M&E.

### **4. Sustainability and Replicability**

***Financial Sustainability.*** The project is designed to build financial sustainability and diminish the reliance on revenue from forest thinning. As noted above, under a new legal definition in the RS, (with PAs now established as “public institutions”) PAs will be able to access additional government budget revenues, in particular for protection functions and capital improvements, improving their financial sustainability in the near and long-term. The Project will also assist PA authorities in the development of management plans that will include the most appropriate and feasible options for diversified revenue generation given the conservation objectives of PAs. As part of EU pre-accession capacity building, the EC will complete a preliminary assessment

(including an investment and action plan) covering biodiversity and nature protection in July 2008, which FMPAP will take into account. Not all financing options will be appropriate in all places. For example, the Janj and Lom forest preserves will rely largely on government budget support. As strict preserves, options such as entry fees or other tourist fees are not available. On the other hand, both of the proposed new National Parks (Una River and the IBTV) offer outstanding tourism opportunities, and are in fact already widely visited, particularly IBTV. It is reasonable to assume that demand for services in these parks will be sufficient to provide critical financial contributions to their long-term operations.

***Institutional and social sustainability.*** Institutional sustainability will be addressed by training and increased hands-on experience in PA management, project management, and associated policy analysis. The project is making use of existing administrative and organizational structures. Social sustainability will be achieved by including relevant stakeholders in developing a country-wide approach towards the expansion of the network of protected areas, by incorporating community perspectives and needs into PA management, by building awareness of the benefits of mainstreaming biodiversity, and by building experience in participatory approaches to sustainable natural resource management.

***Environmental sustainability.*** Environmental sustainability will be addressed by the introduction of environmentally sound PA management plans and detailed monitoring, and by applying the Bank's environmental safeguards.

***Replication through successful models.*** FMPAP will establish a number of models that can be replicated outside the scope of the project. Implementation under the environmental ministries and the linkage to FDCP will also facilitate and reinforce replication, as will continued collaboration with and support of the NBSAP. The implementation of improved policies for domestic budget financing of PAs will help to fund replication, and where desirable, additional donor financing will be sought. Models for replication include:

- Standards and precedents for improved PA management in existing PAs will be applicable to other existing PAs which are not included in the project as well as new PAs (both under FMPAP and for other future efforts).
- Criteria and processes associated with the establishment of new PAs, especially those related to site selection, PA management plans and consultation with local stakeholders should help guide establishment of additional future PAs.
- Public communications campaign, and related marketing of BiH's protected areas should not only establish capacity within the country related to PAs, but also be relevant for other sectors with tourism potential, and develop international linkages that will facilitate ongoing learning and commercial alliances across countries.
- Local initiatives in conservation under component 3, will serve as a model for accessing EU pre-accession assistance instruments such as Financial Instrument for the Environment (LIFE)-Nature and Instrument for Pre-Accession Assistance for Rural Development (IPARD), and Entity-based Funds for Environmental Protection (Eco-Funds) for similar activities in the country.

***Replication through Dissemination and Learning.*** Replicability will also be addressed by the project's emphasis on dissemination and learning. Public consultation associated with PA management planning and implementation will build communication channels. Project support for M&E will not only identify lessons learned, but also cultivate a learning culture within the

agencies responsible for PA management, so that they adjust their operations to take into account these lessons, consistent with modern “ecosystem management approaches” (i.e., adaptation, integration, precaution (avoidance of negative impacts) and sustainability). The institutional capacity development subcomponent will also support exchange of experiences across PAs and build awareness of good practices in other countries (through study tours to neighboring countries, participation in international conferences, and more robust access to the Internet). The public awareness program will also promote dissemination and interactive learning. Approximately one-third of the direct project costs of subcomponents 2a and 2b (US\$0.4million of a total of US\$1.2 million) will contribute to replication.

## 5. Critical risks and possible controversial aspects

Risk	Risk Mitigation Measure	Risk Rating with Mitigation
<b>To project outcome</b>		
Insufficient government commitment to adopt and implement required PA regulations as well as provide the necessary budget allocation	Project design is grounded in government environmental policies and strategies, and addresses priorities set forth in the MDTS as well as the NEAP. Counterpart funding levels agreed with Entity governments. Project TA for management plans will stress value of transparency and public disclosure of PA budgets and government commitments.	M
Pre-selected PAs do not materialize due to delays in legislative processes and/or other obstacles.	Project legal agreement specifies benchmarks for legislative proposals on new PAs. Alternative protected area feasibility study (Prenj) is funded, and budget can be reallocated to that site in the event that one of the other areas takes longer to be established	M
Inadequate local commitment to PA management that includes specific ecosystem-based tools and approaches	Project includes local incentives to support sustainable management practices. Outreach campaigns will increase awareness of PA values. New PA institutional arrangements provide opportunities for local participation.	M
Influential stakeholders at the Entity and cantonal levels resist the establishment of protected areas and adoption of key reforms in management of sites	Project preparation used participatory approaches to achieve broad stakeholder agreement and political buy-in; establishment of new PAs and expansion of existing sites will also incorporate participatory approaches, especially through use of new tools (Participation Plan, Access Restriction Process Framework, and Operational Sourcebook) developed during preparation	M
<b>To outcome results</b>		
Inadequate capacity to implement activities and implementing agencies may be unable to attract and retain qualified staff.	Project design includes training and technical assistance in initial years. Strengthened and growing PA system will provide opportunities for career development and recognition of PA management discipline. Improved PA financing will provide improved incentives for good staffing.	M
Inadequate capacity and corruption in financial management and procurement	Control and transparency measures will address corruption risk. For capacity, where required, PMUs will acquire additional fiduciary staff and provide them with training and advice by experienced specialists.	M
Overall Risk Rating		M

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

No issues have been identified that might be controversial or pose reputational risks for the Bank.

## **6. Loan/credit conditions and covenants**

### ***Effectiveness Conditions***

- The GEF Grant Agreement between the World Bank and the Recipient, a Project Agreement between the World Bank and an Entity, and a Subsidiary Agreement between the same Entity and the Recipient (as satisfactory to the World Bank) have been executed, and there is evidence that the GEF Grant Agreement, the Project Agreement and the Subsidiary Agreement are duly authorized or ratified and legally binding on the parties in accordance with their terms.
- ***Disbursement Conditions***
- For each Entity, a Project Agreement between the Entity and the World Bank has been executed, a Subsidiary Agreement between the Recipient and the same Entity has been executed, and an opinion has been furnished to the World Bank stating that the Project Agreement and Subsidiary Agreement have been duly authorized or ratified by the Entity and the Recipient, as the case may be, and are legally binding upon them in accordance with their respective terms.
- There will be no withdrawals for payments made prior to the date of the Grant Agreement, except for withdrawals for expenditures made on or after March 15, 2008 up to an aggregate amount not to exceed \$100,000 equivalent for Categories 1 and 3 of the Project.

### ***Financial Management and Reporting Covenants***

- The State Ministry of Finance shall appoint an independent auditor by January 31 of each year and provide an audit to the World Bank by June 30 of each year.
- The Entity PMUs shall prepare and submit to the World Bank quarterly interim financial reports within 45 days after the end of each quarter, and maintain a satisfactory financial management system throughout the project life.
- The Entity PMUs shall prepare and submit to the World Bank semiannual project progress reports by August 15 and February 15 of each year, and a draft mid-term report by September 30, 2010 in accordance with guidelines acceptable by the World Bank.

### ***Implementation Covenants***

- The Recipient shall cause the Entities to implement the project in accordance with the provisions of the Financial Management Manual, the Guidelines for Local Initiatives in Biodiversity Conservation, the Access Restriction Process Framework, and the Environmental Management Plan, and shall not amend or waive or permit to be amended or waived these except with prior written approval of the World Bank.
- The Recipient shall cause the Entities to maintain PMUs with terms of reference and resources satisfactory to the World Bank, and with competent staff in adequate numbers.
- The RS shall appoint financial management and procurement staff for the MSPCEE PMU within one month of project effectiveness to carry out fiduciary services for FMPAP.
- The Entities shall provide domestic budget financing for the project PAs and PMUs at levels satisfactory to the World Bank.
- No less than one month after the effective date, the Recipient shall cause the Entities to appoint representatives from local government, the private sector and non-government organizations to the Project Guidance Committee as satisfactory to the World Bank.
- The Entity environment ministries shall designate a M&E focal point within three months of project effectiveness to coordinate M&E activities across PAs and with other government agencies.

- The Recipient shall apply in accordance with arrangements agreed with the World Bank the Protected Area Management Effectiveness Tracking Tool for project-supported PAs.

## **D. APPRAISAL SUMMARY**

### **1. Economic and financial analyses**

**Economic.** The project will primarily produce local, national, and global environmental benefits whose value cannot be readily quantified. A formal quantified economic analysis is therefore not provided -- this section evaluates benefits in qualitative terms and, consistent with GEF requirements, summarizes the estimated incremental costs. Through the expansion of protected areas covered and stakeholder capacity enhancement, the project will generate significant mutual economic and environmental benefits by: (i) generating opportunities for job creation from better utilization of non-timber values of these forests, including tourism and recreation, collection of berries, mushrooms and herbs, and sustainable commercial game management; (ii) increasing PA coverage and public expenditures toward levels more consistent with neighboring countries and thereby beginning to address EU accession requirements, (iii) securing conservation of biodiversity in internationally important critical forest habitats including high conservation value forests; and (iv) conservation and improved management of globally significant endemic biodiversity and landscape values of sensitive ecosystems. The incremental costs are for those activities that achieve country and regional benefits by (i) supporting protected areas planning; (ii) enhancing PA management and building public awareness of biodiversity conservation and associated international standards; and (iii) increased national capacity to manage the protected areas' natural resources sustainability and conserve their globally important biodiversity. GEF assistance will also help to mainstream biodiversity conservation in landscapes where the primary emphasis is on economic uses.

**Fiscal.** Due to government budget constraints, the proposed biodiversity conservation activities could not be implemented without GEF support. Nevertheless, gross public expenditures on PAs are expected to increase, especially in the post project period. These will be very small proportions of the Entities' respective total public expenditures, and will not place an undue fiscal burden on the Entities. It is also expected that, particularly in the new PAs, positive social and economic benefits realized through new employment opportunities will also help increase tax revenues.

### **2. Technical**

Staff working in PA management have good skills in related disciplines such as forestry, economics and natural sciences, but have had little or no experience with applied approaches such as ecosystem-based management. Sutjeska NP has an integrated management plan (2004-2012) which serves as a good model. However, even this plan needs updating to incorporate decreased dependence on forestry and other consumptive uses, new revenue streams and improved environmental standards in tourism. Tourism is growing in the PAs, and while some PAs have hired tourism specialists, generally there is limited capacity to plan and manage for sustainable tourism, and ecotourism in particular. Language barriers limit access to new ideas, as does a primary emphasis on resource extraction strategies. Some forestry enterprises are, however, diversifying their skill set in anticipation of increased PA management opportunities. Additionally, under the FDCP, efforts to build spatial analysis and planning skills in the forestry sector have started. The project will provide technical and training assistance to prepare and update PA management plans to address issues of adaptive management, diversified revenue

streams, stakeholder engagement, and sustainability. The project will support business planning for PAs and implementing sustainable tourism in the larger PAs. With the decreased emphasis on forestry, improved tourism operations and revenues will be critical to the financial sustainability of the existing and proposed NPs. PA staff will benefit from targeted assistance to improve PA operations, including monitoring, habitat and species conservation and visitor management. Assistance will also be provided to mainstream biodiversity conservation among forestry and tourism professionals. The capacity for improved PA management and policy development will also benefit from regional study tours to established PA systems. The project will assist PA staff to implement and adapt a widely used tracking tool, PAME, to assess their management effectiveness. Initial field testing of PAME will begin by May 2008.

### **3. Fiduciary**

***Financial management.*** The financial management functions of the project will be handled by MET in the FBiH and MSPCEE in the RS, which will be responsible for the flow of funds, accounting, budgeting, reporting, and auditing. The FM arrangements of FBiH PMU have been reviewed periodically as part of the on-going Solid Waste Management Project (SWMP) supervisions and found satisfactory. The MET recently appointed an additional financial management specialist (FMS) to work on FMPAP. This individual will require some training, which will be provided by the experienced FMS for SWMP. In the RS, because financial management capacity is not yet established in the MSPCEE PMU, the PMU has signed a MOU with a specialist experienced with Bank-financed projects to establish, initially operate, and develop MSPCEE PMU capacity in financial management. This specialist will also help the PMU to adapt an FM operational manual from an existing project to the FMPAP design. With these steps the FM arrangements meet the minimum WB requirements.

***Procurement.*** Responsibility for carrying out procurement will rest with the PMU within MET and MSPCEE. As noted above, in FBiH the MET unit has long experience with Bank procurement and is fully capable of undertaking Bank procurement. In the RS, an experienced local procurement specialist will initially carry out procurement for FMPAP and develop MSPCEE PMU capacity in procurement. Procurement will be applied based on the threshold by Procurement Method as determined for BiH. Both the FBiH and RS have submitted updated procurement plans acceptable to IDA, taking into account the latest cost estimates and project timeframe, covering the initial 18 months of project implementation. The procurement and consultant selection process plans can be updated every six months, and should reflect the actual need for implementation of project activities and improvement in institutional capacity. Updated procurement plans for each calendar year should be submitted to the Bank no later than January 30 of the respective year.

***Corruption Risk.*** According to the recent BEEPs report and also in the Transparency International (TI) report, the corruption in both Entities (FBiH and RS) remains a serious and widespread problem, and the corruption risk is considered substantial. Adequate mitigation measures are incorporated in the project, and Bank staff will closely monitor performance during implementation. These mitigation actions can be summarized as follows: (a) the project has established a tight internal control framework (see annex 7); (b) the size of procurement packages and the frequency of the Bank's prior review will be determined in a way that it allows an appropriate level of control while attempting to avoid unnecessary reviews which could cause delays; (c) enhanced disclosure and transparency of project-related information, including through a project website; and (d) appropriate complaints handling mechanism. All complaints

from bidders, observers, or other parties should be promptly forwarded to the Government and the Bank for consideration and follow-up action.

#### **4. Social**

***Social Assessment.*** The six PAs for which a social assessment has been conducted (the Prenj site has not yet been assessed) vary significantly in terms of population – from about 1,500 to 101,000. The primary sources of income for these populations are pensions, remittances and salaries. Many households are engaged in agriculture and livestock production, but derive relatively little income from commercial sales of produce. The population around the Lom FR works primarily in the forestry sector. The Social Assessment (SA) determined that, in general, the majority of people living directly adjacent to the six proposed areas and depending on these areas for their livelihoods, support the concept of biodiversity conservation through the protection of land and the objective to change management practices, expand the area under protection, and promote tourism. Local stakeholders living in or around the proposed areas anticipate that they would benefit from an improvements in the quality of natural resources, due to more sustainable natural resource management, including increased control over illegal resource extraction. Benefits are also anticipated from tourism-related income and employment opportunities. In addition, respondents expect that activities to expand the protected area network would actively promote the revival of local communities, through improved infrastructure (roads, water, etc.), eco-tourism, and better opportunities for marketing agricultural and non-timber forest products. Less than 5% of those surveyed expressed opposition to changes in PA management and establishment. Their concerns focused on additional or new restrictions on hunting, fishing, forestry, non-timber forest product collection and agricultural production. Findings on the views about possible restrictions show that the majority were in support of controlling construction, and considered that restrictions on natural resource use would not have significant economic impact. Additional assessments have, however, also shown that local communities need more information about the process and impacts of establishing national parks and that this will have to be actively remedied in order to prevent potential conflicts.

***Stakeholder Participation.*** As part of project preparation, substantial efforts have been made to engage stakeholders at all levels. The project has the full support of high-level policy-makers in the relevant ministries and PA authorities, in both Entities; the areas proposed for inclusion were identified through extensive meetings of the Working Group. To ensure effective stakeholder input in project design and future implementation, numerous public consultations were held in the Spring and Summer of 2005, in conjunction with formal meetings of the Working Group. These consultations were critical in the Working Group's decision-making, and the broad public support for the Project, as discerned from the Social Assessment, is a positive sign for the future success of the PAs. Additional consultations were held in 2006 specifically to explore mechanisms and activities to foster local support and mitigate any negative impacts of PA management. With its social development objective of engaging with local communities and individuals in improving protection and sustainable use of biodiversity, the project supports participatory planning for protected areas and management approaches that incorporate multiple-use which can address the interests and expectations of affected stakeholders.

***Access Restriction Process Framework.*** To mitigate any potential impacts of the project, a Stakeholder Impact Analysis, a Participation Plan, and a Process Framework (PF), have been

prepared. The Process Framework<sup>3</sup> was discussed in public meetings in Sarajevo on June 6, 2007, and in Banja Luka on June 13, 2007. Following the public meetings, the PF was endorsed by the respective ministries in both Entities. Within the Project, Component 3 is designed to help mitigate the potential impact of project activities that could result in involuntary restriction of access to resources and livelihood for inhabitants of some of the areas covered by the project, as well as to create alternative income generation opportunities (as noted above and detailed in Annexes 4 and 10). Funding of local sub-projects will provide direct incentives for stakeholders to engage in new practices for sustainable natural resource management, which will aid biodiversity conservation.

## 5. Environment

**Environmental Impacts.** The project is classified as Category B, whose potential adverse environmental impacts are few and site specific. The project is expected to have an overall positive environmental impact by conserving biodiversity and improving natural resource use.

**Environmental Management Plan.** Issues covered in the environmental management plan are: (i) the small scale construction, and/or renovation/rehabilitation of protected area infrastructure (including administrative buildings, checkpoints, trails and tourism infrastructure with minor direct impacts on the environment; (ii) the increase in recreational use of the proposed PAs under the project will result in an increase in noise and disturbance to wildlife and could make the collection of waste necessary; and (iii) close links with the FDCP which will positively influence the management of forest resources in the Balkans, and provide recommendations to better integrate biodiversity conservation into forest management planning as well as landscape level prioritization for protected and production areas. The EMP was subjected to numerous informal public discussions prior to preparation of the final draft. The final draft, incorporating all comments, was formally disclosed in public meetings in Sarajevo on June 7, 2007, and Banja Luka, on June 13, 2007.

## 6. Safeguard policies

<b>Safeguard Policies Triggered by the Project</b>	Yes	No
Environmental Assessment ( <a href="#">OP/BP/GP 4.01</a> )	[X]	[ ]
Natural Habitats ( <a href="#">OP/BP 4.04</a> )	[X ]	[ ]
Pest Management ( <a href="#">OP 4.09</a> )	[ ]	[X]
Cultural Property ( <a href="#">OPN 11.03</a> , being revised as OP 4.11)	[ ]	[X]
Involuntary Resettlement ( <a href="#">OP/BP 4.12</a> )	[X]	[ ]
Indigenous Peoples ( <a href="#">OD 4.20</a> , being revised as OP 4.10)	[ ]	[X]
Forests ( <a href="#">OP/BP 4.36</a> )	[X]	[ ]
Safety of Dams ( <a href="#">OP/BP 4.37</a> )	[ ]	[X]
Projects in Disputed Areas ( <a href="#">OP/BP/GP 7.60</a> )*	[ ]	[X]
Projects on International Waterways ( <a href="#">OP/BP/GP 7.50</a> )	[ ]	[X]

<sup>3</sup> The Project triggers the Bank's Safeguard Policy on Involuntary Resettlement (OP 4.12). Although no actual resettlement is foreseen, there is the possibility that local communities might be subject to some restrictions on their access to traditional use of resources in the PAs. To mitigate these potential restrictions, a Process Framework has been prepared. The Framework describes the methodology by which government and PA authorities can work together with local communities to ensure that their livelihoods are not negatively impacted by any such restrictions.

\* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

Environmental Assessment is triggered as explained above in Sections D.5. Consistent with OP 4.12, the Involuntary Resettlement Policy is triggered, as explained in Section D.4, footnote 4. Consistent with OP 4.36, the project aims to harness the potential of forest ecosystems to reduce poverty in a sustainable way integrate forest conservation effectively into sustainable development and protect vital local and global environmental services and values of forests. Consistent with OP 4.04, the project will help to conserve natural habitats, and ensure that specific project activities avoid habitat degradation.

## **7. Policy Exceptions and Readiness**

The proposed project does not require any exception from Bank policies.

**Annex 1: Country and Sector or Program Background**  
**BOSNIA-HERZEGOVINA:**  
**FOREST AND MOUNTAIN PROTECTED AREAS PROJECT**

**1. Biodiversity in Bosnia and Herzegovina<sup>4</sup>**

**Landscapes and ecosystems.** BiH anchors much of the biological diversity and broader natural resources of the Balkans. Located atop the continental divide at the headwaters of the Danube, BiH occupies a pivotal role in the environmental health of the entire region. The four main biogeographical regions in BiH and their approximate area in hectares (ha) are as follows: (a) mountains and river valleys (1.28 million ha); (b) lowlands in the Pannonian region (2.25 million ha); (c) Mediterranean region (0.5 million ha); and (d) karstic region (1.08 million ha). Considering their geographical, geological, climatic, and historical differences, these regions naturally display significant horizontal and vertical ecosystem differences. BiH is thus distinguished by very diverse ecosystems, distributed from sea level near the Adriatic to the alpine mountain peak of Mt. Maglic at 2,386 meters. The Dinaric Alps traverse the country from its western border with Croatia to the southeast creating two major watersheds, the Black Sea (75.7% of the territory) and the Adriatic Sea (24.3%). Over half the country is higher than 700 m above sea level. Whilst many of the landscapes have been modified, and in some instances degraded by anthropogenic actions, in many instances large portions of the natural ecosystems remain in pristine natural or semi-natural forms. It is worth noting that all major watersheds and biogeographical regions in the country are shared with its neighbors; thus the natural resources and biodiversity conservation challenges of BiH are transboundary not only in nature but also in importance.

**Forests.** Almost half the country (47%) of 51,000 km<sup>2</sup> is covered with forests, distributed throughout the central portions of the country. However, more than half the forest is classified as low forest or shrub land. Government ownership of forest land is 81.3% whilst 18.7% is in private hands. Most of the low forests are in the lower oak region. The low forest and shrub land is also more prevalent in the karstic and sub-Mediterranean regions and whilst its production value is low, it is important for biodiversity since it shelters a wide range of endemic species.

**Ecological processes.** BiH is important for ecological processes: karstic processes are extensive and among the best examples worldwide; blocks of forests, large enough to maintain ecological integrity; river dynamics; large carnivore dispersion between Central and South-East Europe. Among the important ecological functions is CO<sub>2</sub> sequestration by forests and the presence of keystone species (e.g., bear) which support distinct species assemblages.

**Flora.** BiH has a very rich in flora; it has an estimated 3,572 plant species, subspecies, and varieties; some 3,000 species of algae; and 3,000 to 5,000 species of fungi and lichens. Considering the number of species and the relatively small land area, BiH is among the five richest countries in Europe in terms of species density and diversity. The country has a significant number of endemic plant species, an estimated 500. On average, 74 percent of fungi species from the International Union for the Conservation of Nature (IUCN) Red List for Europe can be found in BiH forest ecosystems. The broad ecosystem diversity in the country suggests that a large number of fungi may well be endangered, particularly species from the sub-alpine

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<sup>4</sup> Much of the information in this section comes from the Bosnia-Herzegovina: Biodiversity Assessment, USAID, 2003.

and alpine belts that are very sensitive to any disturbance. A certain number of potentially endangered fungi species are collected as wild growing species. Flora in BiH has yet to be fully inventoried. BiH has significant percentages of endangered plants (19 percent) compared with other European countries. The country's forest resources are among the richest in Europe with a wide variety of coniferous and deciduous species, corresponding to the different eco-geographical regions and an exceptionally high level of intra-species genetic biodiversity. The country also houses various centers where new subspecies originate and areas where relict species can still be found. Additionally, the country contains a great diversity of landraces, in particular horticultural products and fruit trees (e.g., cherry and walnut).

***Fauna.*** In the central and the southern parts of BiH and the northern and northeastern Herzegovina area, dense stands of coniferous and broad-leaved forests, meadows, pastures, and mountain turf are habitat for a rich diversity of fauna. Numerous species originating in the Alps, central, south, and southeastern Europe, and Eurasia are found in these areas, including such rare endemic animals as the spalax and snow vole, as well as chamois, brown bear, and an endemic race of marten. Important and rare bird species include grouse, vultures, and Ural owls. Alpine salamander and viper are two other important species. Much less is known about fauna than flora: inventories have been conducted only for some groups and are not comprehensive (uniquely for Europe, BiH does not yet have official Red Lists). Thirty-two species of animals and plants found in BiH are on the 2002 IUCN Red List of threatened species (62 including extinct species). The ichthyofauna of BiH represent a unique European biological resource in terms of both total richness and presence of numerous interesting endemic forms.

***Regional Significance.*** At the regional scale, BiH covers three globally significant ecosystems identified by WWF's Global 200 program and adopted by the Biodiversity Strategy for the Bank's ECA Region: (i) the European-Mediterranean Montane Mixed Forests; (ii) Mediterranean Forests, Woodlands and Scrubs; as well as (iii) Balkan Rivers and Streams. These also include the Mediterranean Sea and the Karst ecosystem. At a *smaller* scale, BiH hosts globally important sites identified under different programs: Ramsar sites (e.g., Hutovo Blato which is also an important bird area); and relatively undisturbed ('virgin') forests like Perućica (a UNESCO site), Janj and Lom.

***Natural Resources Utilization.*** About 2 million people (58% of BiH's population) live in rural areas, and for them forest and mountain ecosystems are an important (and sometimes the only) source of subsistence, employment, energy and recreation. They are also a source of non-timber forest products (NTFP) including mushrooms, berries and herbs. Hunting, well organized in the past, has provided additional revenues, while BiH's forest and mountain landscapes have, and can again, provide substantial job opportunities for local people from tourism. Forest and mountain ecosystems also have important watershed protection values for much of the middle and lower Danube.

## **2. Challenges in forest and mountain ecosystem conservation**

***Post-conflict issues.*** The overarching challenge to BiH's biodiversity is to balance economic development of a post-conflict country with conservation of globally significant natural resources. The war, between 1992 and 1995, as well as subsequent unregulated development, have resulted in heavy damage at all levels (according to current estimates, direct war damage to

forests and associated sectors amounts to approx. US \$2 billion). Efforts to push income growth included subsidies that discounted natural resource assets: low prices for industrial water and energy that encouraged waste; below-cost logs to wood manufacturers discouraged sustainable management; and low prices for agricultural land that favored conversion to commercial and residential use. In addition it is estimated that a minimum of 200,000 hectares of rural production areas (agriculture, forests, etc.) are still contaminated by landmines.

***Economic conditions.*** Accelerated economic development, including that of the forest and wood processing industry, in the absence of a strong national and local level capacity to protect natural resources could damage BiH's ability to preserve its biodiversity in the long term. Poverty and a generally depressed economy as well as landmines have led to overexploitation of natural resources in some areas, and to abandonment of semi-natural landscapes and loss of associated conservation values in others.

***Institutional and other issues.*** Additionally, in protecting forest and mountainous ecosystems the government faces the following challenges: (i) complex governance structures and competing interests for forest and mountain resources; (ii) insufficient capacity within institutions in charge of biodiversity protection at state, Entity and local levels; (iii) lack of collaboration between various institutions to sufficiently incorporate biodiversity conservation into traditional forestry activities as well as physical planning; (iv) lack of awareness regarding biodiversity conservation; and (v) a tradition of limited public participation in decision-making processes.

### **3. Legal framework for biodiversity conservation**

***Environmental Protection.*** The government has established an environmental legal framework to align with relevant European Union (EU) directives and international conventions. There is a Framework Law on Environmental Protection at the state level, plus laws at the Entity level on: (a) the protection of water, air, as well as nature; and (b) the management of solid waste. The Entity-level Laws on the Protection of Nature stipulate the revitalization, protection, preservation and sustainable development of landscapes, ecosystems, plants, animals as well as environmental service functions. Entities also regulate protection of forest biodiversity by applicable Laws on Forests, as well as by laws on hunting and fishing. The FBiH and RS Constitutions specify that forests and forestland are public goods which enjoy the special care and protection of the Entities. A National Environment Action Plan (NEAP) was completed in 2002, but as with the overall laws regarding nature protection and related concerns, has had limited impact to date due to a lack of financial resources, and technical and human capacity.

***Protected Area Responsibilities.*** At the state-level, the Ministry of Foreign Trade and Economic Relations (MFTER), is responsible for definition of policies, implementation of environmental protection programs related to treaties and coordination between different sectors. MFTER also serves as the GEF focal point for BiH.. Four primary types of PAs are defined which loosely correspond to IUCN categories I, II, III and V respectively: (a) nature protection areas; (b) national parks; (c) natural monuments; and (d) landscape protection areas. In FBiH, MET is able to propose the declaration of the first two types of PA, while proposals and declaration of the latter are the responsibility of the cantons. In RS, MSPCEE oversees proposals for the declaration of all types of PAs. Entity environmental ministries provide oversight of nature protection areas and national parks, with the right to delegate responsibilities to other institutions. Generally, management for natural monuments and landscape protection units is

with cantonal administration in FBiH, and ministries of Environment through specified management units in the RS.

**Protected Forests.** In FBiH, Entity and Cantonal Ministries of Forests may declare and establish *protected forests* or *special purpose forests* in order to afford greater levels of protection to certain areas, and to implement specialized management regimes. Forestry Enterprises are generally responsible for site management and maintaining conservation status. Similarly, in the RS the Ministry responsible for forests may declare special purpose forests and designate their management authorities.

**Process of PA establishment.** Although clearly defined in the Law on Nature Protection, in practice the process of PA establishment is proving to be lengthy. With delays in preparation of feasibility studies, preparation and progress of legislation, Sites of Special Interest designation for the proposed NPs in FBiH have had to be renewed annually. Moreover, these interim designations have had limited effectiveness in offering temporary protection to the proposed areas. The process of PA establishment generally progresses through the following stages:

- (i) Notification of procedures for determination of PA and designation of a Site of Special Interest at least one year before declaration in order to provide temporary protection of the site
- (ii) Preparation of a Feasibility Study and Law on the PA
- (iii) Adoption of Law by Parliament and Government
- (iv) Preparation and adoption of PA management plan by Government

**Current PA network**

Only about 0.55% (28,000ha) of the territory of Bosnia and Herzegovina is protected and more than half of that is contained within the only two national parks, Sutjeska (17,250ha) and Kozara (3,494 ha). The remaining 7,250ha comprises over 20 much smaller sites and monuments covered by varying degrees of protection. The NEAP (2002) provides the following summary of PA coverage:

PA Types	Number
Nature Protection Areas/Strict Nature Preserve	3
National Parks	2
Managed Nature Preserves	2
Special Preserves	9 – 2 geological, 1 ornithological, 5 botanical
Landscape Protection Areas/Natural Landscape Preserve	9
Natural Monuments	91 - 3 geologic, 65 geomorphologic, 1 paleontologic, 21 individual trees, 1 tree group

The NEAP Thematic Annex on Biodiversity and Protection of Natural and Cultural Heritage suggests a total of approximately 15-20% of BiH’s territory to be placed into some level of protected status. This is an ambitious goal, but perhaps a more realistic one in the medium-term is the regional average of 7% coverage to which this project will make a significant contribution.

**Governance issues and recent initiatives in the forestry sector.** Governance challenges in the environment sector include; complex institutional arrangements; weak enforcement, planning

and management practices; and limited public participation. The resulting risks include corruption (considered substantial for the country), opportunities to impede reform and lengthy, and often delayed, legislative processes. In addition to internal project management measures to mitigate corruption risks, the project will also draw upon experience in the forestry sector, especially through World Bank supported initiatives, to address relevant governance issues in PA development. In partnership with other international agencies, FDCP has been particularly successful in addressing problems with timber pricing, public enterprise financial management, and public perceptions of illegal logging. Communications and transparency initiatives comprising public opinion surveys, public workshops and Entity-based outreach plans helped correct misconceptions about the extent and impact of illegal logging. The project has also shown that adoption of certification/green label incentives can create strong incentives to improve forest management practices on both public and private lands.

#### **4. Civil Society and the Private Sector**

***Civil society and NGOs.*** Until the 1990s, the NGO sector was not well developed nor financially stable, and NGOs did not have a significant voice in BiH. By February 2002, the Regional Environmental Center (REC) estimated there were more than 150 environment-related NGOs operating in BiH compared to 20 just after the war. A 2006 REC survey indicates a general growth in the activities of environmental NGOs, but a relatively high turnover. As such this is typical of a young sector of civil society, and a still nascent force in nature protection in BiH. Most NGOs have tended to focus on environmental education, public awareness and waste management. The project Social Assessment identified a variety of civil society groups with interests in nature protection at the project sites. These include traditional village-based institutions, recreational and sports associations and service-oriented NGOs. Project design includes opportunities to build relationships and networks with these and other organizations in PA management and biodiversity conservation.

***Private sector participation.*** As noted earlier, the post-conflict economic policies did not provide economic or regulatory incentives for the private sector, particularly forestry and agriculture, to address environmental performance. However, since about 2000 there have been initiatives in these sectors to address governance, competitiveness and sustainable resource management. As increasing numbers of agriculture and forest enterprises are stimulated and the legal and economic frameworks are reformed, there are opportunities to harness the power of the private sector to foster sustainable stewardship of land. The broad private supply chain initiatives that now use auditable standards of environmental, health and safety, and social performance in the food and wood products industries are seen as effective tools to promote incorporation of conservation and biodiversity values. The tourism sector has yet to receive a similar level of investment, although there have been initiatives to improve its competitiveness (e.g., USAID Cluster Competitiveness) but mainstreaming conservation values has had a low priority. Tourism in BiH is rebounding; tourist numbers in 2007 reached record levels with the country's natural and cultural heritage cited as the primary attraction. The country is well positioned to capitalize on growing market segments based on these tourism assets which include PAs. The project will support improvements in the environmental performance of tourism and forestry through PA management planning, training and local initiatives in biodiversity conservation that will also include opportunities to address small-scale agriculture. It also expected that

partnerships will be developed with private sector tourism enterprises focusing on creating demand for sustainable tourism products in PAs.

## **5. EU accession requirements for nature protection and biodiversity**

***Nature Conservation Directives.*** EU nature conservation policy is based on two main pieces of legislation, the Birds Directive (1979) and the Habitats Directive (1992). The latter legislation is directed at ensuring biodiversity through the conservation of natural habitats and species of wild fauna and flora. The cornerstone of the Directive is the requirement of the creation of Natura 2000, a network of PAs known as Special Areas of Conservation including Special Protected Areas designated under the Birds Directive. Based on the experience of new Member States, alignment and the degree of implementation of EU legislation in the field of biodiversity and nature protection have proven to be a major stumbling block with regards to readiness for accession. Expansion of the country's PA network through this project, and thus preparation for Natura 2000 represents a major accession commitment.

***EU-supported activities.*** In both Entities, the EU continues to support efforts to harmonize legislation for environmental protection. Direct EU assistance in nature protection and biodiversity has not been substantial with some Community Assistance for Reconstruction Development and Stabilization (CARDS) and Financial Instrument for the Environment (LIFE) programs supported to date. However, preparation of an Instrument of Pre-Accession Nature and Biodiversity Program and Action Plan for BiH is due to be completed by July 2008. This plan will outline investment options for further Instrument for Pre-Accession (IPA) financing in nature protection and biodiversity.

**Annex 2: Major Related Projects Financed by the Bank and/or other Agencies**

**BOSNIA-HERZEGOVINA:  
FOREST AND MOUNTAIN PROTECTED AREAS PROJECT**

Sector Issue	Project	Latest Supervision (PSR) Ratings (Bank financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
<u>IDA-financed</u>			
Forestry	Forest Development and Conservation Project	S	S
Agriculture	Small-Scale Commercial Agricultural Development Project	S	S
	Agriculture and Rural Development	S	S
<u>GEF financed</u>	Neretva and Trebisnjica Management Project	Legal agreements negotiated.	
<u>Other development agencies</u>			
USAID	LAMP (Linking Agricultural Markets to Producers)		ongoing
USAID	Cluster Competitiveness Activity (Wood & Tourism)		ongoing
UNEP (GEF)	Support for the National Biodiversity Strategy		ongoing
UNDP	Regeneration of the Forestry and Wood-Processing Cluster in the Srebrenica Region		ongoing
UNDP	Mainstreaming Karst Peatlands Conservation into Key Economic Concerns		ongoing
UNDP	Mainstreaming Environmental Governance: Linking Local and National Action in BiH		ongoing
UNDP	Support for Building National Capacity in Sustainable Environmental Management		ongoing
UNDP	Financial Sustainability of PA system		planned
JICA	Ecotourism Development		ongoing
WWF/IUCN	Dinaric Arc Eco-Regional Initiative		planned
EU	Rural Economic Development		on-going
EU	Assessment of Preparation of IPA in Areas of Nature, Biodiversity and Climate Change		on-going
SIDA	Supporting Environmental Civil Society Organizations in South East Europe (SECTOR)		ongoing
SIDA	Program for Supporting Local Initiatives in South East Europe		ongoing

**Annex 3: Results Framework and Monitoring**  
**BOSNIA-HERZEGOVINA:**  
**FOREST AND MOUNTAIN PROTECTED AREAS PROJECT**

**Results Framework**

<b>PDO</b>	<b>Outcome Indicators</b>	<b>Use of Outcome Information</b>
<p>To strengthen the institutional and technical capacity for sustainable protected area and natural resource management and expand the BiH network of forest and mountain protected areas.</p> <p>This PDO is also the <b>global environmental objective</b>, since it is both local and global in nature.</p>	<p>Increase in area under formal protection (using all IUCN categories)</p> <p>Key threats to biodiversity for each PA as measured through a composite indicator decrease or remain unchanged.</p> <p>Increase in portion of recurrent management costs covered by sustainable tourism (including entrance and use payments) and non-timber harvesting, donations and by government budget</p> <p>Improved PA management effectiveness as assessed by tracking tool</p> <p>Public support for PAs maintained</p>	<p>Verify expansion of PA network</p> <p>Assess effectiveness of interventions, and adjust based on findings</p> <p>Encourage more appropriate mix of PA revenue and/or determine revisions in PA financing strategies</p> <p>Assess PA management effectiveness and/or adjust project interventions based on experience with implementation</p> <p>Verify that participation and awareness activities maintain the public support needed to ensure sustainability and manage conflict.</p>

Intermediate Results One per Component	Results Indicators for Each Subcomponent	Use of Results Monitoring
<p><b>Component One:</b> Existing PA operations and facilities improved, new PAs (IBTV and Una River) established with initial investments implemented, and feasibility of Prenj-Cvrnsnica-Cabulja-Vran PA assessed</p>	<p>Proposal on legal establishment of 2 new PAs submitted for decisions and feasibility study for one PA completed</p> <p>Number of PAs with management plans implemented that include ecosystem-based management approaches and tools</p> <p>M&amp;E System, including tracking of key habitats and species and the PAME tracking tool established and used for decision making</p> <p>Facilities developed in accordance with PA management plans</p>	<p>Y01 and Y02 evaluate progress in establishment of new PAs; re-evaluate site selection if formal declaration is not achieved</p> <p>Verify that new approaches and tools can be and have been appropriately adapted to the local context.</p> <p>Verify that relevant M&amp;E system is established and used, and key parameters are monitored</p> <p>Verify that plans are realistic and obtain required resources</p>
<p><b>Component Two:</b> Planning, management, communication and leadership skills of institutions responsible for biodiversity conservation and sustainable land use increased</p>	<p>Number of participants completing training programs and positive participant feedback</p> <p>Number of public awareness initiatives for biodiversity conservation</p> <p>Project management timely and well coordinated</p>	<p>Y02 revise training program and methodology and make necessary adjustments</p> <p>Y02 number may flag problems in design and implementation, revise activities if needed.</p> <p>Delays and/or coordination problems may flag shortcomings in capacity and/or high-level support that need to be addressed</p>
<p><b>Component Three:</b> Sustainable initiatives that contribute to mitigating significant threats to global biodiversity or to monitoring such biodiversity are implemented, with impacts assessed.</p>	<p>Number of eligible subproject grants awarded and satisfactorily implemented, with impacts on threat mitigation or ecological monitoring assessed.</p>	<p>Y01 and Y02 numbers and sub-project design may indicate problems in consultation and training activities or sub-project preparation guidelines that need to be addressed.</p>

### Arrangements for results monitoring

Outcome Indicators	Baseline	Target Values				Data Collection and Reporting		
		YR1	YR2	YR3	YR4 (end of project)	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Increase in PA areas under formal protection (using all IUCN categories)	0.55% formally protected	1.5% (addition of the Una River)	Approx. 3% with addition of Igman complex		3% or approx. 140,000 ha <sup>5</sup>	Semi-annual Project Progress Report	Government reports	Entity Environmental Ministries and, PMUs
Key threats to biodiversity for each PA decrease or remain unchanged.	To be established <sup>6</sup>				At a minimum threat levels remain unchanged	Semi-annual Project and Local Initiatives Reports	PA and Local Initiatives Monitoring systems	PA authorities, PMUs and Local Initiative grant recipients
Increase in percentage of recurrent costs from sustainable tourism and non-timber harvesting, and donations and by government budget	- 10% from fees (existing PAs in RS) - New PAs in BiH - Less than 10% from budget	12% from fees  10% from fees At least 10% from budget	15%  13% At least 12% from budget	20%  15% At least 13% from budget	Average 20% of costs covered by fees  Average 20% of costs covered by fees At least 15% from budget <sup>7</sup>	Semi-annual Project Progress Report	PA financial reporting	Entity Environmental Ministries, PMUs and PA authorities
Improved PA management effectiveness as assessed by tracking tool	PAME Tracking Tool (TT) available	4 PA use TT	All project PAs use TT with improving trend	All project PAs use TT with improving trend	All project PAs use TT with improving trend	Semi-annual Project Progress Report	PA reporting	PMUs and PA authorities
Public Support for PAs maintained	Approx. 80% support for PAs		80%		80%	biannual	Public opinion surveys	Consultants reporting to PMU

Results Indicators for Each Subcomponent	Baseline	YR1	YR2	YR3	YR4 (end of project)	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
1a (FBiH). Proposal on legal establishment of 2 new PAs submitted and feasibility study for one PA completed	0	1 new PA proposal considered, & feasibility for 1 PA completed	At least 1 more new PA formally proposed and considered			Semi-annual Project Progress Report	Legal documents on establishment	Entity Environmental Ministries and PMU

<sup>5</sup> Of which approx. 50,000 ha in IUCN categories Ia and VI, and the remaining mostly Category II National Park, and Category V protected landscape

<sup>6</sup> Baseline value and annual targets to be established for existing PAs prior to project inception and for new PAs, within three months of legal establishment.

<sup>7</sup> It is hoped that this will be significantly higher percentage, especially in RS – but this is partly subject to pending legislation. The mid-term review will consider whether an increase in the target would be realistic.

1a (RS and FBiH). Number of PAs with management plans under implementation that include ecosystem-based management approaches and tools	0	1 (Sutjeska)	2	3	At least 3 parks, including Sutjeska, fully implement new ecosystem-based approaches	Semi-annual Project Progress Report	Analysis of PMU, PA, and consultant reports	PMUs and PA authorities
1b. M&E System, including tracking of key habitats and species, and the PAME tracking tool established and used for decision making	Some data but system not established	M&E system operational	M&E findings applied during mid-term review	M&E findings continue to be used and adjusted to ensure post-project sustainability	M&E findings used for implementation completion report	Semi-annual Project Progress Report	Analysis of PMU, PA, and consultant reports	Ministry M&E Focal Point, PMUs and PA authorities
1c. Facilities developed in accordance with PA management plan	Inadequate facilities	Facilities developed according to PA plans	Facilities developed according to PA plans	Facilities developed according to PA plans	Facilities developed according to PA management plans	Semi-annual Project Progress Report	Compilation from PMU and PA, reports	PMUs and PA authorities
2a. Number of participants completing training programs and positive participant feedback	Current skills at varying levels	80	100	100	20	Semi-annual Project Progress Report	Compilation from training program reports	PMUs and PA authorities
2b. Number of public awareness initiatives for biodiversity conservation	0	2	4	6	Comprehensive campaigns completed, for each PA, and BiH PA system.	Semi-annual Project Progress Report	Compilation from PMU, PA, TA reports	PMUs and PA authorities
2c. Project implementation timely and well-coordinated	Not applicable	Project becomes effective	Implementation timely and completion within project period possible	Implementation timely and completion within project period possible	Project management ensures completion of project on schedule	Semiannual Project Progress Report	Comparison of work schedules and budgets with actual delivery	PMUs
3. Number of eligible subprojects grants awarded and implemented, with impacts on threat mitigation or ecological monitoring assessed	N/A	At least 4 awarded with implementation initiated.	At least 2 more awarded, and all 6 under implementation	At least 6 under implementation or completed	Sub-projects completed and assessed for impact and sustainability/replication	Semi-annual Project Progress Report	Contracted TA review, sub-project reports, Field checks	Grant recipients, PA authorities, TA

## Annex 4: Detailed Project Description

### BOSNIA-HERZEGOVINA: FOREST AND MOUNTAIN PROTECTED AREAS PROJECT

The project will help develop new operational approaches for biodiversity conservation and sustainable land management in six priority sites. The Project will strengthen institutional and technical capacity and foster public support at all government levels to conserve biodiversity in critical forest and mountain ecosystems

**Component 1: Protected Area Development** (total US \$3.66 million, of which US \$2.00 million is GEF; also an additional US\$2.20 parallel IDA financing under FDCP)

**Summary.** This component supports improvement of four existing PAs (in RS, Sutjeska and Kozara National Parks, and Janj and Lom Forest Preserves), establishment and operationalization of two critical new PAs, (in FBiH, new national parks in IBTV and the Una River), and assessment of the feasibility of a proposed PA covering Prenj-Cvrsnica-Cabulja-Vran in FBiH. If at the time of the Mid-Term Review, progress in establishing the new PAs is not proceeding as planned, the inclusion of the Prenj site can be considered as a substitute based on the findings of the Feasibility Study.

Sub-component 1a): PA Management Planning.

**Overview.** The project will finance development and implementation of management plans emphasizing ecosystem-based approaches and business planning for PAs. The aim is to restore and maintain the health of ecosystems while supporting economies and communities. Planning and managing units will be defined by ecological boundaries, and management strategies will: a) integrate ecological, economic, and social factors, and b) focus on adaptive management and sustainability. The project will emphasize methods to improve and increase stakeholder engagement by the multiple government agencies involved, as well as local communities and civil society. Management planning will address policy development and implementation regarding sources and proportions of PA financing. While recognizing the importance of increased government support, the project will also strengthen and highlight the value of mechanisms that allow PAs to retain and use a portion of the revenue stream from the generation of income, e.g., entrance fees. Building on the experience of FDCP, the importance of transparency and public disclosure on PA operations will also be stressed as a tool for improved management. Preparation of management plans will begin in Year 1 for the two existing National Parks (NPs) Sutjeska and Kozara, as well as for the Janj and Lom Forest reserves, and the Una River NP. Preparation of a management plan for a new NP in IBTV will likely begin near the end of Project Year 1. At the same time the project will undertake feasibility studies for potential expansion of the existing PAs, and the proposed PA at the Prenj site. IDA-financed support for the State Forest Inventory and the Forest Management Information System will also provide valuable inputs for PA management planning.

**New Approaches in Existing PAs.** The project will support the preparation of new management plans, and where appropriate revisions to existing plans. All PAs will assess the potential for expansion and work with all stakeholders concerned to identify suitable models of PA enlargement (zoning, joint management of adjacent areas, etc.).

- Sutjeska NP – The current management plan (2003-2012) will be extended and revised to better reflect ecosystem-based approaches, changes and opportunities in revenue streams and PA governance, and sustainable tourism development.
- Kozara NP – A new PA management plan with a clear focus on nature conservation, new arrangements for PA governance and sustainability will be prepared to replace the current forestry and hunting management plans that are being followed.
- Janj and Lom FRs - Management planning improvements include cadastral surveys and opportunities for scientific research and limited tourism development.

**Status of New PAs.** Approximately an additional 120,000 ha (including existing PA expansion) are to enter formal PA status. Under the IUCN system, new PAs will contain areas managed as national parks (category II), protected landscapes (V) and strict nature reserves (I).

- The Government-funded Feasibility Study for the Una River (2005) confirms the ecological and landscape uniqueness of the area, and the very strong public demand for formal protection. Public support was also confirmed in the social assessment undertaken during project preparation. Legislation governing the PA is currently in the Parliament and is expected to be approved by mid-2008, and enter into force by Autumn 2008.
- IBTV, which was the site of the 1984 Winter Olympics, has tremendous potential as a demonstration of PA management with strong ecological, cultural and recreational values. A new Feasibility Study for the site was completed in May 2007. Although there is broad consensus for establishing this area as a national park, attention needs to be paid to building good working relationships between local stakeholders and PA authorities. Draft legislation for this site has been prepared, and will be presented to Parliament by end-2008. Project funds have been allocated for public consultation and dissemination activities to facilitate the process.
- The Prenj-Cvrtnica-Cabulja-Vran area is included as a new PA based on the site's biodiversity value, tourism potential and contribution to strengthening the country's PA network. Already highlighted in the Dinaric Arc Ecoregion conservation initiative (WWF) for its ecosystem values, the site also offers considerable potential for mine-safe tourism development unlike portions of IBTV. There is broad government and private sector support for establishing the site as a PA.

#### Sub-component 1b): Ecological and PA Management Assessment.

**Overview.** Technical assistance will be provided to improve the monitoring system for key issues such as wildlife, habitats and visitors (existing and potential). The system would then be implemented on a sustainable basis as part of regular PA operations by PA staff, with additional technical assistance to the extent required. A focal point for M&E will be identified in each Entity environment ministry to co-ordinate activities across PAs and with other ministries.

- For all areas the project will support baseline ecological surveys to assess biodiversity and resource use (timber harvesting, livestock carrying capacity, hunting, NTFP collection) and put in place a biodiversity monitoring system at site, Entity and State level.
- The project will also support the adaptation and use of the "Protected Areas Management Effectiveness (PAME) Tracking Tool". This tool, developed by the World Bank/WWF Alliance for Forest Conservation and Sustainable Use and now mandated by GEF<sup>8</sup>, will assist in the tracking and monitoring of management effectiveness in individual PAs, and aggregate

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<sup>8</sup> World Bank/ World Wildlife Fund Alliance for Forest Conservation and Sustainable Use, Reporting Progress in Protected Areas – A Site Level Management Effectiveness' Tracking Tool, 2003

key data for the country. Preliminary site specific adaptations of the PAME tool for the 4 existing PAs will be tested and refined during Year 1. Progress in management effectiveness would be measured through annual PA scorecards.

- Relevant findings from the State Forest Inventory and the Forest Management Information System which is financed by IDA under the FDCP will also be taken into account under this subcomponent.
- This subcomponent will also be the major source of technical information to be compiled in the semi-annual project progress reports and the mid-term review report. Monitoring procedures will be devised, principally, as a PA management tool but they will also record the progress of project activities by providing key data for the results framework.

The information compiled under this subcomponent will assist in the process of decision making by providing the parameters to support policy formulation and planning for both the existing and new protected areas. This will facilitate better selection, planning and management of areas for future protection. The feedback will be given to management and all involved ministries.

Increased accountability should help foster public support for sustainable land use management approaches in high conservation value forest and mountain ecosystems.

#### Sub-component 1c): PA Facilities.

**Overview.** The project will also finance new infrastructure and limited small-scale building rehabilitation, necessary for improving the operations of existing PAs, and for capitalizing the newly created protected areas. Infrastructure investments will be undertaken in accordance with revised and new management plans. Infrastructure is generally “soft”, e.g., trail improvements, new trail creation, signage, resting places, park boundary markings, visitor entry posts. In addition, the project will finance some limited goods for park operations. These small-scale facilities investments will improve the products and services offered by PAs, and enable management to increase the capture of key revenues such as entry fees.

**Component 2: Capacity and Support for Biodiversity Conservation** (total US \$1.84 million, of which US \$0.99 million is GEF)

**Summary.** This component will focus on strengthening institutions responsible for planning, establishment, and management of PAs to ensure the sustainability of the expanded PA network, through: (i) training and technical assistance for environmental capacity-building at the PA, Entity and State levels; (ii); public awareness programs; and (iii) Project management.

#### Sub-component 2a): Institutional Capacity Development.

**Overview.** The project will finance capacity building, learning and skill development in order to strengthen the institutions responsible for PA management throughout BiH. While some capacity exists (especially in the existing PAs), technical management skills need to be enhanced and built up for these and new management authorities as they are formed. This subcomponent will also benefit from IDA-financed support under FDCP for capacity building related to National Standards for Forest Certification, the High Conservation Value Forests toolkit, strategic forest planning, and expansion of revenue options. Training impacts are expected in terms of positive participant feedback, improved knowledge and attitudes about biodiversity, PA management and objectives, and increased and better practice of PA management approaches and tools. The periodic reviews of PA management effectiveness will further capture information about knowledge, attitudes and practice, and pull in information captured through self-assessment exercises and visitor feedback.

**Existing and Proposed PAs.** Training and technical assistance will focus on key areas including:

- Ecosystem-based management and building skills in tools such as adaptive management, conservation and restoration site selection, stakeholder engagement and communication, and forest and pasture management, ecotourism development;
- Business planning covering issues such as marketing, financial management and sustainability and including strategies to increase customer appeal through eco-labeling or certification, improve capture from existing revenue sources (e.g., tourism operations, resource user fees) and diversify revenue streams and increase abilities to access external sources such as EU assistance;
- Field skills, especially for staff such as rangers in topics including patrolling and enforcement, community engagement, conflict management, communications, visitor management and interpretation.

Given the critical role of the forest sector in BiH, an important aspect of the training will be with forest professionals, to give them new skills to incorporate biodiversity into forest management both inside PAs (including buffer zones) and outside in the broader production landscape. Similarly, with the increased emphasis on tourism development throughout the country and PAs in particular, assistance needs to focus developing and supporting tourism that is better able to meet environmental standards while being economically profitable.

**Entity and State.** The project will finance capacity building for the Ministries in charge of PA management and land use planning (MET in FBiH; MSPCEE in RS) as well as the National Biodiversity Committee, so that they are capable of providing leadership for biodiversity conservation and EU convergence. This will include assistance with: (i) operationalizing parts of the NBSAP including the policy, legal and financial aspects of establishing an effective system of biodiversity protection; and (ii) strengthening cross-border initiatives to conserve high conservation value ecosystems in the Balkans, through targeted exchanges with neighboring PA authorities. This will complement capacity building being supported with IDA financing under FDCP to implement the National Standards for Forest Certification and the High Conservation Value Forests toolkit. It will also involve close coordination with IDA-financed efforts under FDCP to build capacity related to the alternative forest revenues including the use of forest areas for tourism as well as non-timber forest products and hunting, in order to maximize both learning and regional approaches affecting areas that include both the FMPAP PAs and other forest areas.

**EU Accession.** Additional support would be aimed at building the institutional capacity to deepen the understanding for the use of different EU funding programs and instruments to finance biodiversity and nature protection (including the Natura 2000 network) once BiH will become eligible to take advantage of these funds. This support is particularly timely given the current EU “Assessment of Programme Preparation in Areas of Nature, Biodiversity and Climate Change” which forms part of the EU’s assistance strategy for preparation of the future Instrument of Pre-Accession. The study is due to be completed by July 2008. As noted by the EU, experience to date shows that alignment with EU legislation on biodiversity and nature protection has been a substantial stumbling block for accession.

**Studies.** This component will also support case studies on selected PA management issues, e.g., grazing impacts and strategies, sustainable tourism development.

#### Sub-component 2b): Public Awareness Programs.

**Overview.** The project will support the implementation of an outreach program to raise public awareness and support for biodiversity conservation and the PA network. In addition to

providing technical assistance in public outreach at the PA and entity level, the project will support public awareness initiatives with activities such as development of promotional materials, establishing and/or improving PA websites, environmental education, media advertising and public consultations on PA operations and management. Where relevant, it will build on the IDA-financed FDCP efforts to strengthen communication skills and transparency.

#### Sub-component 2c): Project Management.

**Overview.** This sub-component contains limited financing for project management and operating costs, including coordination and administrative staff, procurement, disbursement and financial management, and monitoring and evaluation activities at the Entity level. Support is also provided for Project Guidance Committee meetings. For further details, see Annexes 6, 7, and 8.

#### **Component 3: Local Initiatives in Biodiversity Conservation** (total US \$0.50 million, of which US \$0.41 million is GEF)

**Summary.** The project will support conservation efforts by local stakeholders in and around PAs which generate global biodiversity conservation benefits and improve economic returns to local communities involved in protected areas management. As such these initiatives will be expected to enhance the objectives and activities of FMPAP through contributing positively to mitigating and/or reducing significant threats to the biodiversity of the PA and to the monitoring of biodiversity resources. Underlying concepts of this component include: a) the generation of economic and other incentives for stakeholders to adopt or change land use practices that have an adverse impact on globally significant biodiversity in or adjacent to PAs; and b) improving relationships between local stakeholders and PA authorities at a time when a significant expansion of the PA network is underway.

**Threats to PAs.** Although there are differences in the types and extent of threats at the project sites, all PAs experience varying levels of unregulated, and to some extent illegal, resource extraction (e.g., of timber, fuel wood, non-timber forest products, grazing), unregulated tourism development and poor management of waste. Additionally, some sites are losing landscape values as cultivation and grazing practices change or cease. Others are facing threats from land-mines and mineral extraction -- threats that are clearly difficult for local communities to address under this component.

**Eligible Activities.** Given that it will not be possible to address all threats, it is expected that eligible activities that contribute to biodiversity conservation will fall under three broad categories suitable for local stakeholders to design and manage:

- i. PA compatible income-generation, e.g., ecotourism activities, sustainable NTFP extraction, agri-environmental enterprises, environmental certification<sup>9</sup>;
- ii. habitat and landscape conservation, e.g., site and landscape restoration, participatory pasture management; and
- iii. sustainable environmental management, e.g., waste management schemes, alternative energy promotion.

Proponents will not have to confine themselves to working within one category. Proponents will also be encouraged where possible to look for synergies with Local Environmental Action Plans

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<sup>9</sup> Certification of state forest enterprise operations is being supported under FDCP and would not be eligible for GEF financing. However, the subproject grants might include, for example support for certification efforts that improve market access for small scale enterprises involved in sustainable NTFP harvesting or ex-situ production of threatened species.

(LEAP) that have been prepared for several municipalities. Proposals for biodiversity conservation-related activities in the six project sites would be eligible for support, except for activities which are adequately supported by other environmental and social grant programs.

**Eligible applicants.** Eligible applicants would include the following:

- a) non-governmental sector – non-government organizations, village councils, traditional associations, trade associations, community-based organizations and groups;
- b) private sector – companies and businesses; and
- c) government sector - authorities such as municipalities or smaller, local schools.

Applications from consortia of organizations and individuals across sectors, and partnerships will be encouraged.

**Sub-project grants and duration.** The respective PMUs will oversee sub-project administration and evaluation. The grants can range in size from US\$20,000 to US\$100,000. The maximum amount will only be given to sub-projects with a high likelihood of having major positive impact on significant biodiversity resources in the PAs and the participants. At least one grant will be awarded per project supported PA. It is anticipated that between 6-10 proposals will be funded in total. The total value of grants will not exceed US\$360,000, with each entity able to award up to US\$180,000. The minimum duration for an initiative will be six months and the maximum 24 months. It is anticipated that agreements will be signed for all grants by the end of year 2..

**Beneficiary Contribution.** Co-financing by beneficiaries will be required because it demonstrates real interest from the grant recipient and a stronger stake in sub-projects success. Beneficiaries may co-finance in kind and/or in cash, with the amount of co-financing required to be no less than 20% of the total value of the sub-project, i.e., beneficiaries must provide a contribution that is 25% of the value of the grant being requested<sup>10</sup>.

**Sub-project Design and Review.** A contracted organization will facilitate public consultations involving PA management staff, PMU and local stakeholders including affected populations. Participants in the consultations will identify and agree on key biodiversity and PA resources, threats to biodiversity, and priorities in biodiversity conservation to be addressed. Participants will be familiarized with and agree on criteria for eligible activities and recipients, and based on the PA and biodiversity discussions and in accordance with the Access Restriction Process Framework mutually agree on sub-projects to be prepared, collaborations and partnerships and procedures for specific activities and their phasing for particular PAs. To help ensure sustainability, the contracted facilitating organization will, in addition to facilitating the above process, a) hold training sessions for proponents on proposal preparation; b) facilitate the review of sub-project proposals; and c) assist in monitoring and evaluation of sub-projects as agreed with the PMUs. Through this participatory process, PA authorities will be able to engage with stakeholders and foster innovative and site-specific responses.

**Evaluation of Proposals.** Each PMU working with working with the PA staff and the contracted TA, would review sub-project proposals based on agreed criteria. Proposals may undergo detailed expert technical review and revisions requested from proponents as needed. The recommendations of the review team (including the expert technical review) would be compiled and presented to the respective PMU Managers for approval for funding, and submitted to the World Bank for no-objection.

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<sup>10</sup> In-kind contributions may include the value to the sub-project of the use of land, operating costs of premises, equipment, supply of materials, and wages of participants.

**Proposal Requirements.** Successful proposals will be able to demonstrate:

- Relevance of the sub-project to the FMPAP objectives, PA plans and priorities;
- Beneficial impacts on significant biodiversity resources and status and rural livelihoods;
- Effectiveness with realistic activities designed to achieve the desired objectives;
- Efficiency of resource use, and beneficiary contribution of at least 25% of grant funds;
- Sustainability of results and potential for replication.

“Guidelines for Implementing Local Initiatives for Biodiversity Conservation” have been prepared and agreed.

**Capacity-building aspects.** The experience gained by participants would be useful for accessing additional funding at a later stage whether from international sources such as the EU or internally through the Entity-based Eco-Funds. Grant-awarding schemes are a common EU practice, e.g., as Financial Instrument for the Environment (LIFE)-Nature or the Special Action Program for Instrument for Pre-Accession Assistance for Rural Development (IPARD, which include support for “agri-environmental” activities which promote agricultural production practices which are compatible with environmental protection and landscape conservation.

### **Project Area Description**

**Populations at the project sites.** The sites targeted under this project vary significantly in terms of the surrounding population. Taking account the entire population of the municipalities located partly within or around the PAs, the most populated site is IBTV with 101,000 inhabitants, followed by Kozara with 94,000, Una River watershed with 61,000, Sutjeska with 41,500, Janj FR with 12,500 and Lom with 1,500. The population within the Prenj complex is estimated at less than 25,000 (the latter figure will be verified in the Feasibility Study).

**Socio-economic conditions at the project sites.** The social assessment identified the following as the principal sources of income for the majority of households in the vicinity of the PAs: pensions, monthly salaries from jobs not related to use of natural resources in the PAs, disabled persons' benefits, and remittances from relatives. Agricultural production is primarily for subsistence purposes, and very little is sold commercially. The population of Kozara is the most dependent on agricultural produce. Residents in the Kozara, Sutjeska, Lom and Janj areas are engaged in modest levels of livestock production to meet household needs and for income-generation. Dairy production occurs in all the project areas, with reliance on sales of milk and cheese for income more common in the IBTV, Kozara, Janj and Lom areas. Similarly, picking of mushrooms, herbs and non-timber forest products for household consumption is a widespread practice in all the areas, and more common near Janj, Lom and Sutjeska. In all of the areas, such products are rarely sold for income-generation. Most residents of the six PAs claimed that they use wood only for their own heating and cooking requirements. There are some earnings based on sales of firewood in the Igman, Bjelasnica-Treskavica and Sutjeska areas. Illegal logging is believed to be performed by both local residents of the PAs and non-residents<sup>11</sup>. Few individuals reportedly perform primary timber processing for a living. Most of the employed Lom area residents work in the forestry sector.

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<sup>11</sup> Based on feedback from forest inspections, there has been a decrease in illegal logging during the recent years. This particularly refers to illegal logging by non-residents. BiH has adopted an Action Plan for Elimination of Illegal Logging (at the level of both BiH Entities).

## Existing Project Protected Areas: Overview

Protected Area	Area (ha) & Zones	Biodiversity and PA values	Population <sup>12</sup>	Threats	Comments
Sutjeska National Park, RS (established 1962) IUCN Category II – National Park	Total -17,250  (1,434 - Perucica Virgin Forest)	- 12 vegetation zones, Perucica Virgin Forest - 2,600 vascular plant spp., - 20 endangered, 4 sensitive, 200 rare - 36 mammal spp., including bear, chamois and wolf - 37% of BiH's bird species recorded - regional PA connectivity (Durmitor NP, Montenegro) - BiH's highest peak, Maglic - mountain pastures, meadows & lakes, - historical and cultural sites	41,500 (rural and urban settlements)	- illegal resource extraction (timber, game) - inappropriate tourism activities	- Hunting Reserve – 53,240ha - proposed expansion, Tara Canyon –approx. 8,000ha - Management Plan (2003-2012)
Kozara National Park, RS (established 1967)	Total - 3,494 (3,049 – forestry 429-tourism 17-general)	- beech/fir, oak, conifer forests - wide range of endemic species (especially medicinal plants) - mammals including martens, bear, & wolf - historical and cultural sites - pastoral landscape	94,000 (rural and urban settlements)	- habitat change - extensive forestry operations - tourist numbers and tourism activities	- Hunting Reserve – 16,772ha - expansion potential - no PA management plan
Janj Forest Reserve, RS, (established 1954) IUCN Category 1a – Strict Nature Reserve in the core zone	Total – 295  (57 – core zone)	- remnant virgin beech and fir/spruce forests - 60 plant spp (with Lom) - genetic diversity - 30 fungi spp. - scientific research	12,500 (rural )	- operations in adjacent FBiH forests affect PA	- expansion potential
Lom Forest Reserve, RS (established 1956)	Total - 298	- remnant virgin beech and fir/spruce forests - Illyric spp. ,e.g., <i>Cardamine trifolia</i> - 60 plant spp (with Janj) - genetic diversity - 30 fungi spp. - scientific research	1,500 (rural)	- operations in adjacent FBiH forests affect PA	- expansion potential

<sup>12</sup> Figure is an estimate of population of the municipalities located partly within or around the protected areas.

## Project Protected Areas: Overview of New Areas

Protected Area	Area (ha) and Zones	Biodiversity & PA values	Population	Threats	Comments
Igman-Bjelasnica-Treskavica-Visocica (declared Site of Special Interest, 2005)	Total – 92,000 <sup>13</sup>  (16,000 – biodiversity protection, 600 – intensive recreation, 44,600 – nature recreation, 20,800 – traditional land use 6,350 – sustainable resource use 3,650 – restricted mined area)	- key transitional vegetation zones - approx. 3,000 plant spp., representing 66% of all species recorded in BiH - 32 globally-threatened spp., including bats - montane/glacial relict spp - remnant virgin forests - karstic landscape – canyons (Rakitnica, Neretva), caves, - mountain pastoral landscape - archaeological features - aquatic ecosystems	101,000 (rural and urban settlements)	- poor waste management - construction - existing and proposed hydroelectric dams - unregulated resource extraction (timber, fuelwood, game) - mined areas	- Feasibility Study (2007) - Draft Legislation on NP proclamation prepared
Una (declared Site of Special Interest, 2004)	Total – 19,800 <sup>14</sup>  (13, 500 – guided protection comprising 4,600 under strictest protection, 8,900 under guided protection; and 6,300 under guided development)	- refugial area with high number of endemic and relict spp. - over 170 medicinal herbs - habitat of globally threatened Eurasian otter - Una River – tufa caves, waterfalls, canyons, islands, - mosaic landscape with aquatic and grassland habitats - cultural and historical sites	61,000 (rural and urban settlements)	- unregulated extraction of resources (forests, grazing) - planned hydropower facilities - land mines - poor waste management	- draft Law on Una NP adopted by FBiH Parliament - Law expected to be adopted by Government in 2008 - Government commitment for budget allocation to NP in 2008
Prenj-Cvrstica-Cabulja-Vran	Anticipated size – approx. 95,000 <sup>15</sup>	- endemic and relict plant associations resulting from glacial processes - 20% of endemic floral species, rare spp. of pine and fir - globally endangered karst ecosystems, canyons - sections of Neretva River basin	25,000	- waste dumping - unregulated forest resource extraction - unregulated tourism development	- No Site of Special Interest status

<sup>13</sup> Feasibility Study for the Area with Special Characteristics Significant for FBiH - Igman-Bjelasnica-Treskavica-Visocica, Draft Final Report, (2007)

<sup>14</sup> Feasibility Study, Una National Park, (2005)

<sup>15</sup> “Study about Influence of the Forestry on Biologically Sensitive Areas in B&H” , June 2001

**Annex 5: Project Costs**  
**BOSNIA-HERZEGOVINA:**  
**FOREST AND MOUNTAIN PROTECTED AREAS PROJECT**

**Project Costs and Financing<sup>16</sup>**  
(US\$ million)

Components	RS GEF	FBIH GEF	Total GEF	RS Gov <sup>17</sup>	FBIH Gov <sup>18</sup>	Bene-ficiaries	Total Direct Project Costs	Parallel IDA financing under FDCP
<b>Protected Area Development</b>								
PA Management Planning	0.24	0.37	0.61	0.20	0.30	0.00	<b>1.11</b>	0.70 <sup>19</sup>
Ecological and PA Management. Assessment	0.11	0.10	0.21	0.10	0.15	0.00	<b>0.46</b>	1.50 <sup>20</sup>
PA Facilities	0.55	0.42	0.97	0.48	0.34	0.00	<b>1.80</b>	0.00
<i>subtotal</i>	<u><b>0.90</b></u>	<u><b>0.86</b></u>	<u><b>1.80</b></u>	<u><b>0.75</b></u>	<u><b>0.75</b></u>	<u><b>0.00</b></u>	<u><b>3.30</b></u>	<u><b>2.20</b></u>
<b>Capacity &amp; Support for Biodiversity Conservation</b>								
Institutional Capacity Development	0.20	0.22	0.42	0.09	0.09	0.00	<b>0.60</b>	0.25 <sup>21</sup>
Public Awareness Programs	0.10	0.14	0.25	0.15	0.15	0.00	<b>0.56</b>	0.05 <sup>22</sup>
Project Management & Project Monitoring	0.14 <sup>23</sup>	0.09 <sup>24</sup>	0.23	0.14	0.14	0.00	<b>0.50</b>	0.00
<i>Subtotal</i>	<u><b>0.44</b></u>	<u><b>0.44</b></u>	<u><b>0.89</b></u>	<u><b>0.38</b></u>	<u><b>0.38</b></u>	<u><b>0.00</b></u>	<u><b>1.65</b></u>	<u><b>0.30</b></u>
Local Initiatives Grants	<u><b>0.19</b></u>	<u><b>0.19</b></u>	<u><b>0.41</b></u>	<u><b>0.00</b></u>	<u><b>0.00</b></u>	<u><b>0.08</b></u>	<u><b>0.45</b></u>	<u><b>0.00</b></u>
Price and Physical Contingencies (10%)	0.17	0.17	0.34	0.13	0.13	0.01	<b>0.60</b>	0.00
<b>TOTAL</b>	<u><b>1.70</b></u>	<u><b>1.70</b></u>	<u><b>3.40</b></u>	<u><b>1.26</b></u>	<u><b>1.26</b></u>	<u><b>0.09</b></u>	<u><b>6.00</b></u>	<u><b>2.50</b></u>

<sup>16</sup> Numbers may not add up precisely due to rounding.

<sup>17</sup> Allocation of government budget across subcomponent is notional only, since this will depend on PA allocation of staff time and other budgeted resources for project-related activities.

<sup>18</sup> Allocation of government budget across subcomponent is notional only, since this will depend on PA allocation of staff time and other budgeted resources for project-related activities.

<sup>19</sup> Portion of State Forest Inventory and Forest Management Information System.

<sup>20</sup> Portion of State Forest Inventory and Forest Management Information System.

<sup>21</sup> Strengthening capacity in strategic planning, alternative forest revenues, and certification support.

<sup>22</sup> Strengthening capacity in communications and transparency.

<sup>23</sup> Includes US\$9,000 in base costs at State-level Project Guidance Committee meetings chaired by MFTER.

<sup>24</sup> Includes US\$9,000 in base costs at State-level Project Guidance Committee meetings chaired by MFTER.

## **Annex 6: Implementation Arrangements**

### **BOSNIA-HERZEGOVINA: FOREST AND MOUNTAIN PROTECTED AREAS PROJECT**

1. **Overview.** As noted earlier, BiH represented by the Ministry of Finance and Treasury would be the recipient of GEF grants and would transfer funds to the FBiH and RS Governments. To ensure close collaboration with all relevant governmental decision-makers, including Entity, cantonal, and state-level institutions, a Project Guidance Committee will be established. The MET and MSPCEE would lead the process of protected area declaration and expansion. PMUs within MET and MSPCEE will undertake core implementation functions including oversight, procurement, financial management, annual planning, supervision, monitoring of repayments, reporting and evaluation. Each project component will include contracted technical assistance to implement activities. Subproject grants will be awarded and disbursed under the Component 3 – Local Initiatives Component. PA authorities will oversee field-level implementation and coordination of project activities, and undertake a limited amount of procurement. Where appropriate (for example in the Janj and Lom Forest Reserves in the RS) implementation will be closely coordinated with MAWMFs in both entities. The implementing ministries may form entity-level steering groups if considered necessary, but their functions should complement those of the Project Guidance Committee and support the ministerial Project Management Units.

2. **Project Guidance Committee** – This comprises the Sub-Committee for Biodiversity (established in 2002 through a decision of the Steering Committee for Environmentally Sustainable Development of BiH), GEF BiH Focal Point from MFTER, Entity PMU Managers and from each Entity one representative each from local government, the private sector and non-government organizations (NGO). The Project Guidance Committee will: (a) provide overall project guidance and review project progress; (b) support and guide policy or legal/regulatory aspects needed to facilitate successful project implementation; and (c) serve as a forum for strengthening the environment sector through experience-sharing and networking among key players. The responsible Entity line ministries (MET and MSPCEE) will appoint the local government, private sector and NGO representatives (three from each Entity with a total of six representatives). Semi-annual meetings will be held with at least one meeting per year to coincide with a World Bank Project supervision mission.

3. **Project Management Units.** In the FBiH, it has been agreed that the existing Sector for Project Implementation in MET will serve as the primary implementation unit. In the RS, a similar Sector for Project Coordination and Development is being established in the MSPCEE and likewise will oversee implementation. Each unit will oversee day-to-day financial, administrative and technical management of project activities. For the purposes of this document, both are being referred to as Project Management Units (PMUs).

PMU Staffing: In the FBiH the Department comprises a full-time manager, two financial management officers, two procurement staff, an accountant and two additional office staff. For the purposes of FMPAP, a dedicated FM specialist has been hired and additional translation support will be mobilized. In the RS, the unit has a manager in place and needs to assign two staff members for financial management and procurement duties. The unit will retain consultants for at least the initial six months to strengthen financial management and procurement capacities,

and will hire translation support as needed. The MET and MSPCEE will each appoint staff person as their respective M&E focal point, and they may also be included as part of the PMU staff. Each PMU can hire additional technical assistance as needed and in consultation with the Bank team to strengthen implementation capacities.

PMU Responsibilities: Each unit will be based in their respective capitals, and responsibilities will comprise:

- Preparation of annual work plans, budgets, implementation schedules for each component consistent with detailed project designs and guidelines, including review and disbursement of grants under Component 3 : Local Initiatives in Biodiversity Conservation;
- Monitoring of project activities and results and preparation of financial monitoring and project progress reports, updating manuals and guidelines in consultation with the Bank team, and providing comments on policy and other implementation issues;
- Coordination of M&E activities across PAs and with other government agencies, including the units within the entity Ministries of Agriculture, Water Resources, and Forestry which is responsible for the State Forest Inventory and the Forest Management Information Unit, and the state focal point on national standards for forest certification (assuming that the M&E focal point is part of the PMU – if not then this will be handled at the ministerial level, with administrative support of the PMU).
- Preparation of tender documentation and procurement of project technical assistance, training and facilities for PAs and as needed for PMUs in close consultation with the Bank team. This may require arranging for unified tenders across entities if efficiencies can be obtained;
- Provision of institutional support to the PA management authorities and units with emphasis on project management including finance and administration, procurement, monitoring and evaluation;
- Providing basic information and guidance to all project stakeholders and exchange information on experiences with similar programs, nationally and internationally, and with relevant donors;
- Communicating about the project to the public and the media, and key stakeholders;
- Facilitation of inter-ministerial coordination, and in the RS ensure close cooperation with MAWMF regarding project implementation in the Forest Reserves;
- Providing support for Bank supervision missions and liaison with Bank staff;
- Participation in the Project Guidance Committee; and
- Functioning as paymaster for the project.

**4. Protected Area Management Units.** It has been agreed that for each existing PA (four in total) the current staff will assume responsibilities associated with project implementation. However, additional technical assistance may be procured if needed in consultation with the PMU. In the case of the Forest Reserves, PA management will report to the PMU in the MSPCEE on project-related tasks, and as required by MAWMF to that ministry on these and other functions. Until PA authorities are established in FBiH, the Federation's PMU will fulfill the following responsibilities as per project design and appropriate for each site. Specific responsibilities comprise:

- Preparation of annual work plans and budgets for review and approval by their respective PMU;
- Supporting and overseeing field-level implementation of project activities, e.g., preparation of management plans, facilities development, training courses, public consultations, etc.;

- Monitoring of project activities and results and preparation of financial monitoring and project progress reports;
- Working closely with contracted technical assistance in project component implementation;
- Communication and liaison with local stakeholders about project activities and results;
- Procurement of equipment, labor and other items in consultation with PMU and as agreed in annual work plans and budget;

5. ***Cooperation with Other Ministries.*** The inclusion of Forest Reserves and forest areas of biodiversity importance in the project requires that the Entity line ministries maintain operational-level cooperation and liaison with MAWMFs. It has been agreed that the Entity PMUs will hold regular meetings with MAWMF representatives, and share all progress and financial reports on a timely basis. Both Entity Line ministries are considering in establishing entity level steering or supervisory committees which would include representation from the forestry sector.

## Annex 7: Financial Management and Disbursement Arrangements

### BOSNIA-HERZEGOVINA: FOREST AND MOUNTAIN PROTECTED AREAS PROJECT

#### Country Issues

A report providing an update on the assessment of the country's public financial management (FM) was prepared in 2006. Although BiH has made good progress in establishing modern public FM institutions and systems since the war ended in 1995, systemic and structural weaknesses in public sector budgeting, accounting, reporting, and auditing remain a challenge. The Treasury accounting system now provides reliable information; systems are in place to record, report, and track receipt and use of funds; and there is independent audit of the budget execution reports. However, weak compliance with the existing internal control rules and procedures is further compounded by the absence of a modern internal audit system thus weakening the internal control framework. Moreover, current public procurement practices are weak and fail to comply with the Public Procurement Law. The use of country FM systems in BiH should begin with a pilot Project subject to a separate Project fiduciary assessment after progress has been made in setting up an effective internal audit function at the level of the State and the two Entities. Currently available resources in the FBiH MET and RS MSPCEE do not permit to use country systems for FM for this Project.

#### Risk analysis

**Risk assessment.** The overall FM risk for the project is substantial before mitigation measures, and with adequate mitigation measures agreed, the FM residual risk is rated moderate. Table below summarizes the FM assessment and risk ratings of this project:

Risk	Risk Rating	Risk Mitigation Measures	Risk after mitigation
<b>Inherent Risk</b>			
Country level. Perceived corruption in the country is high. Compliance on internal controls is weak. Internal audit is not yet developed. Capacity of State Audit Institution is still low. Efficient and effective procurement practices are lacking and appropriate complaints mechanisms missing.	S	Corruption risk will be mitigated by instituting additional procedures and strengthening system of internal controls. The internal controls to be applied in practice are described in Financial Manuals. Quarterly IFRs will be submitted to the Bank. Risk imposed by low capacity of SAI will be mitigated by using private auditors acceptable to the Bank for the project audit.	M
Entity level. Weak financial Management structures in the two ministries that will implement the project. Large infrastructure investments prone to corruption.	S	The risk will be mitigated by instituting additional key controls to be applied during implementation of the project by dedicated project staff, FM capacity building. Any changes to the PMU's staff structure will be agreed with the Bank.	M
Project level. Complexity of the project is modest.	M	The FBiH PMU has previous experience in implementing Bank funded projects. In the RS, experienced specialists will provide support until the MSPCEE PMU has sufficient capacity.	M
Overall Inherent Risk	S		M

<b>Risk</b>	<b>Risk Rating</b>	<b>Risk Mitigation Measures</b>	<b>Risk after mitigation s</b>
<b>Control Risk</b>			
1. Budgeting and Planning. Capacity for budgeting and planning is adequate, and there is substantial experience in this respect.	M	No additional mitigation measures needed.	M
2. Accounting.	M	No additional mitigation measures needed. Current accounting systems will continue being used in the FBiH PMU, while an experienced specialist will establish the system, carry out the FM initially, and develop FM capacity of the new MSPCEE PMU in the RS.	M
3. Internal controls	S	FM manuals already in use for ongoing Bank-financed projects include detailed description of internal control procedures. In the FBiH this manual will be adapted to FMPAP prior to negotiations. In the RS, an experienced specialist will adapt an existing manual to FMPAP. .	M
4. Funds flow	M	No additional mitigation measures needed.	M
5. Financial reporting	S	Financial reporting will be based on the current systems used in accordance with project-specific formats to be agreed at negotiations. Existing software will be adjusted to accommodate these formats, in the FBiH, by the PMU, and in the RS, by the experienced specialist. The RS specialist will also establish the full reporting system.	M
6. Auditing.	M	No additional mitigation measures needed. A private audit company acceptable to the Bank will perform audit of the project based on existing audit arrangements.	M
7. Staffing	S	In FBiH, PMU staff experienced with SWMP will train and advise new staff in Bank procedures. In RS, an experienced specialist will establish the system, carry out the FM initially, and develop FM capacity of the new MSPCEE PMU.	M
Overall Control Risk	S		M
Overall FM Risk	S		M

**Strengths.** Previous experience with Bank funded projects in the FBiH PMU represents the principal strengths of the Project FM arrangements.

**Weaknesses.** In FBiH MET, the principal weakness is that FM specialist in the PMU has no previous experience in working with Bank financed projects and in RS MSPCEE the PMU is not yet appropriately staffed. This is mitigated (a) in FBiH through the involvement of experienced FM specialist for Solid Waste Management Project (SWMP) who will provide training and advice to the new FMPAP FM specialist, and (b) in the RS through engagement part-time FM consultant under a short-term consultancy contract who would train the FM specialist in the RS PMU.

**Action Plan.** Several details were discussed during negotiations and have been reflected in the minutes or attachments to the minutes: These include:

- Formats for the Interim Unaudited Financial Reports (IFRs). Draft formats were finalized and confirmed during negotiations.

- Guidelines for the Local Initiatives Grants Subcomponent. Draft guidelines focusing on technical aspects are available and were finalized and confirmed during negotiations. Details of FM Arrangements for the Grants are included in the Financial Management Manual.
- MET PMU submitted to the Bank a draft updated financial management manual for FMPAP, which is acceptable to the World bank
- MSPCEE PMU has signed an MOU acceptable to the World Bank with a specialist who is experienced with at least one IDA-financed project, agreeing that the specialist specialists (a) establish the financial management and procurement systems for FMPAP, (b) provide the fiduciary services during the initial three months after project effectiveness in close collaboration with the PMU staff so as to build the capacity of these staff to take over the fiduciary services, and (c) provide advice on a retainer basis to these staff for an additional three months after the transfer of fiduciary operations to the PMU staff, with extension if requested by the PMU. This MOU includes a confirmation that the specialist will adapt an existing FM manual and software for the FMPAP. The initial payment for services will be payable upon project effectiveness.
- Both PMU will use FM software that is already used for ongoing projects
- The legal covenants specify that the RS MSPCEE shall appoint its own financial management staff person within one month after project effectiveness.
- Timeframes for actions prior to effectiveness will be specified and agreed as a sideline agreement and attached to the minutes of negotiations, although they will not be formally treated as effectiveness. Having these dates will ensure that fiduciary capacity in accordance with Bank standards is in place by project effectiveness. Regarding FM aspects these steps will include

No.	Action	Responsible	Proposed target date
1.	In the RS, the experienced specialist specified in the MOU shall submit the initial update of the FM operational manual.	Specialist specified in MOU	April 30, 2008
2.	In the RS, the World Bank shall complete its review of the draft FM operational manual and the specialist shall respond if necessary with a revised submission.	World Bank Specialist specified in MOU	May 8, 2008 May 15, 2008
3.	In the FBiH and the RS, the PMUs will submit a draft final contract for the FM software	PMUs	August 31, 2008

### **FM Implementation Arrangements.**

**Implementing agencies.** The project is to be implemented under the overall responsibility of the FBiH MET and the RS MSPCEE. A PMU has been established in the FBiH MET, including procurement and FM aspects, of the whole project. A Project Manager for the RS PMU has been nominated in the RS MSPCEE, with further team members to be appointed. The PMUs will have overall responsibilities for implementation, including procurement and FM actions.

**Planning and Budgeting.** The PMUs in the two Entity-level ministries will prepare annual plans based on detailed procurement plans. Care should be taken that variances of actual versus budgeted figures are monitored on a regular basis, appropriately analyzed and corrective actions taken. The two PMUs (in the case of the RS, with the assistance of the contracted experienced PMU) will prepare budgets for all Project components for each Entity.

**Accounting Policies and Procedures.** Project accounting, on cash basis, will be maintained separately within the PMUs. Accounting procedures are set out in detail in a FM Manual for the

FBiH PMUs for the current SWMP. The FM Manual covers: (a) the FM system proposed under the project, with special emphasis on accounting and auditing policies, standards and internal controls; (b) the role of the FM systems in project management and implementation; (c) the accounting arrangements required for project management, the format for and content of project financial reporting; (d) the auditing arrangements that will be used during project implementation; and (e) budgeting and planning. This manual is to be further developed and amended to cater for the FMPAP, before Board presentation date. The FM manual for RS PMU will be based on the existing manual used by the experienced specialist, which will be adjusted to accommodate the FMPAP design.

**Staffing.** The FBiH PMU consists of a Head of PMU (Assistant Minister), Senior Procurement Officer, Procurement Officer, and two Financial Managers. It is planned that one junior accountant and an additional procurement officer joins the team shortly. This staffing level is satisfactory for the implementation of the project. The existing SWMP FMS will train the FMPSP FMS. The RS PMU has Manager who is a member of MSPCEE's regular staff. In RS, an experienced specialist will establish the system, carry out the FM initially, and develop FM capacity of the new MSPCEE PMU.

**FM Manual.** Project specific controls and procedures relating to FM will be described in the FM Manuals prepared for the project in each Entity. Key internal controls to be applied include appropriate authorizations, control checks, segregation of duties, reconciliations and documenting transactions. The Manuals will set out the FM and internal control policies and procedures and are intended to guide staff and minimize the risk of errors and omissions, as well as delays in recording and reporting. These written standards will also clarify responsibilities, including level of authority, clear control over assets, cash, and bank accounts, and it ensures timely and accurate financial reporting. The procurement function for the project will be centralized in the two ministries project units, and the project procurement specialists will initiate the procurement process.

**Internal Controls.** The controls for the project are expected to follow the following procedures: The institution receives an invoice and verify it in terms of quality and quantity of the goods/services received versus invoiced. The invoice is then forwarded to the project units where it is registered as received and forwarded to the Project Director. The invoice is immediately given to the project accountant who registers the invoice in a simple log file with name of supplier, amount, and date of payment. He/she checks the invoice, the calculation of the invoice, and finds the appropriate budget from which the amount will be charged (contract number, item number and program (component)). The accounting code needs to be written on the invoice by the accountant. After putting his/her initials the invoice is given to the project procurement staff. The procurement staff checks the invoice against the relevant contract number, if necessary attaches a copy of the relevant paragraph on which the invoice is based from the contract and signs. All relevant documentation shall be attached to the invoice enabling the relevant coordinator to immediately evidence that the necessary checks have been performed. The invoice is finally received again by the project accountant. The receipt of the approved invoice is registered in the registry mentioned above ensuring that payment can be made as per the payment terms. Payment order and the invoice with all designated approvals and signatories (described in the FMI Manual) are submitted to the commercial bank where the Designated Account is opened for payment or in case of Direct Payment the application form for such payment method is submitted to the Bank. After applying the eligible percentages the request for payment of the counterpart contribution with all designated approvals and signatories (described

in the FM Manual) is processed for payment. Bank Statements are received weekly by the project units. Based on the Bank Statements the project accountants will record executed payments and perform due reconciliation of the bank and grant balances. The project units will prepare interim un-audited financial reports listed above quarterly in the agreed format and submit the reports to the Bank. The project's financial records will be reconciled with the World Bank's Disbursement Summary statement on a monthly basis by the Financial Management. The Financial Manager will reconcile on a monthly basis the balance on Special Account per the project's accounting records with statements received from the bank at which the Special Account is held.

***Procedures for Local Initiatives Grants.*** With respect to the local initiatives grants, the procedures will be described in Guidelines on the Local Initiatives Grants were agreed at negotiations, with details on FM aspects specified in the FM Operational Manuals. The Guidelines contain key internal controls and procedures that need to be in place before small grant funds can be disbursed including: a clear description of eligibility criteria for beneficiaries; a clear description of eligibility criteria for sub-projects; procedures and processes of monitoring and evaluation of the grants, including reporting; and the procurement processes for the grants. Procedures for disbursement, accounting, documentation and financial reporting will be specified in the FM Operational Manual;

***Internal Audit.*** The project units have no internal audit function and none is considered necessary. The activities will be subject to an external audit by the Supreme Audit Institution of the two entities.

## **Reporting and Monitoring**

***FM Reporting and Monitoring Arrangements.*** The PMUs will maintain financial records for the Project and will ensure appropriate accounting for the funds provided. The PMUs will prepare on a cash basis and submit quarterly Interim Un-audited Financial Statements (IFRs) in a form agreed with the Bank, due within 45 days of the end of each quarter. The PMUs will also prepare annual project financial statements, in a form acceptable to the Bank, and these will be audited by an external audit firm acceptable to the Bank. The IFRs will include: Project Sources and Uses of Funds Statement, Project Balance Sheet, Statement of Expenditures (SoE) and Payments made during reporting period against contracts subject to the World Bank prior review.

***FM Reporting and Monitoring Capacity.*** The current FBiH PMU in MET in-charge for the implementation of the SWMP submits Interim Un-audited Financial Statements on a quarterly basis. The reports continue to be submitted on time and are acceptable to the Bank. The same arrangements will be retained for the new project. However the format of IFRs has been revised in order to reflect the new sources and uses of funds for the new project. The reporting will be done in USD. The PMU has purchased and has implemented the software that was developed by e-Line d.o.o. Sarajevo. It is used for the current SWMP. The accounting software system uses MS SQL database. It consists of the following modules: financial, procurement and reporting. The financial modules include 4 sub-modules: Payments, Reports, Other Categories, and Reports by Other Categories. The payments are entered into the system based on disbursement categories. The reporting sub-modules allow the PMU to print detailed reports and the financial statements. The procurement module enables the PMU to enter all necessary information on procurement matters. The financial software has adequate security levels. The system meets the Bank's reporting requirements, although the PMU intends to purchase an additional license so that it can make a separate trial balance for the FMPAP. The system updates needed for the new

project will be completed by project inception. In the RS, the software used by the experienced FM specialist who is subject to the MOU will be adapted to the FMPAP. It will include modules on financial, procurement and reporting. The financial modules will include 4 sub-modules: Payments, Reports, Other Categories, and Reports by Other Categories. The payments will be entered into the system based on disbursement categories. The reporting sub-modules will allow the PMU to print detailed reports and the financial statements. The procurement module will enable the PMU to enter all necessary information on procurement matters. The financial software will have adequate security levels. The system will also meet the Bank's reporting requirements.

## **External Audit**

***Audit Arrangements.*** The PMUs will be responsible for ensuring that project financial statements, designated accounts, and Statement of Expenditures (SOEs) are audited by an independent auditor, acceptable to the Bank, in accordance with standards on auditing that are acceptable to the Bank. The annual project audit will be carried out in accordance with the *Guidelines for Auditing under World Bank financed projects (June 2003)*. The audit report shall be in a format in accordance with the International Standards on Auditing promulgated by the International Federation of Accountants (IFAC). The audited project financial statements will be sent to the Bank within six (6) months of the end of the Government's fiscal year. The audit expenses will be financed from the GEF grant source of funds.

***Audit Capacity.*** There are government-wide audit arrangements covering all Bank financed projects in Bosnia and Herzegovina (with the exception of revenue earning entities). The State Ministry of Finance and Treasury (MoFT) has recently renewed a one-year contract for the audit of fiscal year 2007 with Price Waterhouse Coopers, Macedonia for the audits of World Bank financed projects. The FMPAP will be included on the list of projects audited under the master audit agreement with Price Waterhouse Coopers, Macedonia. There is option of contract extension up to two additional years subject to successful audit performance. The audited financial statements of the current SWMP implemented by the FBiH MET for the FY 2006 have been received by due date. The auditors' opinion on the financial statements was unqualified. The management letter contained minor recommendations relating to accounting issues. The audit of the new project will be included in the current arrangements of the MoFT.

## **Funds Flow and Disbursement Arrangements**

***Retroactive Financing.*** Retroactive financing for expenditures made no earlier than March 15, 2008 will not exceed US\$100,000.

***Timeframe.*** It is expected that the proceeds of the GEF Grant will be disbursed over a period of four years, plus an additional ten months which includes six months between project completion and closing as well as four months for the completion of accounts and the submission of withdrawal applications. As there is no standard disbursement profile for Bosnia and Herzegovina, the disbursement forecast is based on the Bank's experience with financing similar projects in other ECA countries, and other projects in Bosnia and Herzegovina. The Grant closing date is estimated to be April 30, 2013.

***Disbursement Arrangements.*** Disbursements from the GEF grant will follow the transaction-based method, i.e., the traditional Bank procedures including reimbursements with full documentation, Statements of Expenditure (SOE), direct payments and special commitments. Disbursements from the Grant proceeds would be administered by the PMUs. The PMUs are

responsible for retaining supporting documentation for SOEs and making them available to supervision missions, as well as to the auditors. The draft CFAA for BiH recommended that report-based disbursements (previously known as PMR-based disbursements) should not be introduced in the BiH portfolio at this stage because of significant risks relating to (i) project FM weaknesses and lack of capacity in PMUs; (ii) the shaky banking system; and (iii) the unstable political situation and general governance problems presently affecting Bosnia and Herzegovina.

**Designated Accounts.** The state Ministry of Finance and Treasury will open a two designated accounts for each Entity for GEF funds in a bank acceptable to the World Bank. The designated accounts will be denominated in USD. The Government contribution will be paid into separate local bank accounts for each Entity.

**Disbursement Allocations.** The Grant amount of US\$3.4 million funded by GEF will be allocated to the FBiH and RS as indicated in the tables below. These tables set forth the Categories of items to be financed out of the proceeds of the Grant, the allocation of the amounts of the Grant to each Category and the Percentage of expenditures for items so to be financed in each Category.

**Allocation for FBiH Activities:**

Category	Amount (in USD)	% of Expenditures to be Financed
Eligible goods, works, consultant services, training and operating costs	US\$1,520,000	100%
Local Initiatives Grants	US\$180,000	100%
<b>Total</b>	<b>US\$1,700,000</b>	

**Allocation for RS Activities:**

Category	Amount (in USD)	% of Expenditures to be Financed
Eligible goods, works, consultant services, training and operating costs	US\$1,520,000	100%
Local Initiatives Grants	US\$180,000	100%
<b>Total</b>	<b>US\$1,700,000</b>	

**Expenditures Eligible for GEF Financing.** Eligible expenditures will include all works, goods, consultants, training, local initiative grants, and operating costs in accordance with the project cost estimates, the agreed procurement plan, and the annual budgets, which are made in accordance with Bank guidelines and project-specific guidelines specified in the legal agreements.

**Supervision Plan**

During project implementation, the Bank will supervise the project's FM arrangements in two main ways: (a) review the project's quarterly IFRs as well as the project's annual audited financial statements and auditor's management letter and remedial actions recommended in the auditor's Management Letters; and (b) perform on-site supervisions, review the project's FM and disbursement arrangements to ensure compliance with the Bank's minimum requirements. Supervisions will be performed by the Bank accredited FM Specialist. The strengthening of

fiduciary capacity in the two PMUs will be closely monitored. Supervisions will be performed by the Bank accredited FM Specialist.

### **FM Legal Covenants**

<i><b>FM Covenants</b></i>	
Appoint an independent auditor by January 31 of each year and provide an audit to the Bank by June 30 of each year.	State MOF
Prepare and submit to the Bank quarterly interim financial reports within 45 days after the end of each quarter.	Entity PMUs
The RS shall appoint financial management and procurement staff for the MSPCEE PMU within one month of project effectiveness to carry out fiduciary functions for the project.	Entity PMUs
Implement the project in accordance with the provisions of the Financial Management Manual, Procurement Manual and Guidelines for Local Initiatives in Biodiversity Conservation.	Entity Governments including PMUs
Provide counterpart funds as required for financing their share of project costs on a timely basis, and will deposit these funds into the Project Accounts for withdrawal as required for project implementation	Entity Governments
Maintain acceptable FM arrangements throughout the project life.	Entity PMUs

**Annex 8: Procurement Arrangements**  
**BOSNIA-HERZEGOVINA:**  
**FOREST AND MOUNTAIN PROTECTED AREAS PROJECT**

**A. General**

Procurement for the proposed project would be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004, Revised October 2006; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, Revised October 2006 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 Loan, 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 Recipient and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

A General Procurement Notice (GPN) will be published in the *Development Business* announcing goods, consulting services to be procured, and inviting interested eligible suppliers and consultants to express interest and to request any complementary information from the Recipient. Specific Procurement Notices (SPN) will be published in the on-line edition of the Development Business for all ICB contracts, and in the printed edition at the option of the Recipient. For goods to be procured through ICB, individual bidding opportunities would also be advertised in a major local newspaper on the same (or within 5) day(s) of the on-line publication. The local advertisements will be in the English language and, at the option of the Recipient, will also be in the local language. For consultants' contracts above US\$100,000, SPN/Request for Expression of Interest will be advertised in on-line edition of the Development Business and in at least one major national newspaper of wide circulation (in the local and English languages). Civil servants are eligible to be hired as individual consultants or as members of a team with financing under the Loan provided they are on leave of absence without pay and they have not been working for any of the Beneficiary Agencies immediately prior to taking leave of absence.

**Procurement of Goods:** Goods procured under this project would mainly be Information Technology, comprising off-the-shelf hardware and software as well as the design and development of new systems. In addition to the main IT equipment various peripherals would be procured. Other goods may include furniture, small equipment (including office equipment), communication equipment, vehicles, training and printing material. All Goods to be procured through ICB will be procured using the Bank's Standard Bidding Documents (SBD). All goods will be grouped, to the extent possible, to encourage competitive bidding. The following methods of procurement would be followed:

- (i) **International Competitive Bidding (ICB).** Computer equipment and software under all Components of the Project for contracts above US\$100,000 equivalent per contract will be procured using ICB.
- (ii) **Shopping (SH)** procedure will be used for readily available off-the-shelf goods, training and publicity materials and for all small volumes of computers, software and peripherals under the project. All items would have standard specifications, estimated to cost less US\$100,000 equivalent per contract.

- (iii) **Direct Contracting.** Where certain goods are available only from a particular supplier or in cases where compatibility with existing equipment so requires goods may be procured under Direct Contracting (Single Source) have obtained prior approval from the Bank (in accordance with a paragraph. 3.6 of the Procurement Guidelines).

**Procurement of Works:** Works procured under this project would include: marking PA boundaries, trail improvement, and construction and rehabilitation of small buildings in the PAs. These works will be small and scattered so they cannot be grouped into larger bidding packages. All contracts estimated to cost less than US\$100,000 equivalent each may be procured using Shopping, and those estimated at less than US\$ 500,000.00 equivalent per contract may be procured using NCB procedures<sup>25</sup> and bidding documents for procurement of works satisfactory to the Bank. Force Account will be used on case-by-case with the Bank's prior agreement.

**Procurement of non-consulting services:** Non-consulting technical services, such as Survey and mapping, digitizing and other, should the need arise during project implementation; will be procured following the above spelled arrangements for Procurement of Works.

**Selection of Consultants:** Consulting services from firms and individuals required for the project will include technical assistance to participating Entities and institutions, development of communication activities, IT / IM strategy, studies, project management, QA & QC, Public awareness campaign, improving legal framework, TA for reduction of administrative barriers and regulatory impact assessment, etc.

Short lists of consultants for services estimated to cost less than \$100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines and with the prior agreement of the Bank.

The following procurement procedures will be used for selection of consultant services:

- (i) **Quality and Cost Based Selection (QCBS)** procedures, as described in Section II, paras 2.1 to 2.31 of the Consultant Guidelines will be used if necessary for assignment under all Components of the Project;
- (ii) **Least Cost Selection (LCS)** procedure would be used for selection of an auditor to carry out audit of the Financial Statements of the Project. The shortlist should comprise only firms selected from the Bank list of eligible firms;
- (iii) **Selection under a Fixed Budget (FBS)** may be used for assignments related to Public Relations (PR). In accordance with paragraph 3.5 of the Consultants Guidelines the RFP shall indicate the maximum available budget and a firm will be selected that offers the best quality technical proposal within that available budget.

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<sup>25</sup> NCB will be subject to the following conditions: a point system of evaluation will not be used; domestic preference will not be applied; international bidders will not be excluded from bidding; No bids will be rejected at the bid opening. All bids submitted on or before the deadline for submission of bids will be opened and read out at a public bid opening; local bidders shall demonstrate availability of obtaining securities and reasonable access to credit; bid evaluation criteria shall be pre-disclosed to bidders; and technical specifications shall be clearly written. These conditions shall be discussed at the negotiations and made part of the Financing Agreement.

- (iv) **Selection Based on Consultants' Qualifications (CQ)** will be used for contracting firms for certain assignments under all components of the project for which the value of the assignments is estimated to cost less than US\$100,000 equivalent per contract.
- (v) **Individual Consultants (IC)**. Many specialized activities where specific skills are needed for short period of time at scattered intervals and which would not be practical to package with the assignments for consulting firms described above, would be best served through the recruitment of individual consultants (both foreign and national) to assist in capacity building and institutional strengthening within all components of the project and to assist the PMU in various tasks. Selection of individual consultants will be carried out in accordance with Section V of the Consultant Guidelines. Individuals will be selected based on their qualifications for the assignment by comparing the CVs obtained in response to an advertisement in the national press or Development Business.
- (vi) **Sole Source (SS)**. Consultants may be hired under sole source contracts with the prior approval of the Bank in accordance with paragraphs 3.9 to 3.13 of the Consultants Guidelines and following the agreed Procurement Plan.

**Training Activities.** Training is an integral element of the project's capacity building objective. The Loan will finance training programs, including training workshops, study tours and local trainings. Such training programs might be included in larger TA contracts with firms to reduce administrative burden on the Recipient side. The PMUs would be responsible for administration of a small number of local workshops (including project launch, mid term and completion workshops) and limited number of study tours for the beneficiary Agencies. Expenditures related to such training activities include: (a) for local training and workshops – per diems of participants to cover transportation, lodging and subsistence; minor organizational expenses (stationery, handouts, training materials, coffee breaks); (b) for international study tours – international travel and visa costs, per diems (lodging and subsistence) and course-related expenses (fixed tuition or participation fee).

The Recipient would be expected to prepare and agree a training plan with the Bank every six months. This Plan will define the agreed procedures that will be used for procurement of various training services. The estimated budget, list of participants and draft agenda for each training event will be subject to Bank prior review, however, this may be done through the Annual Plan. Expenditure items for training activities, including study tours, would be reported under SOEs. The status of the training plan would be included as part of the quarterly progress reports, and would be updated and/or modified as may be mutually agreed between the coordination units and the Bank.

**Local Initiatives Grants Program:** The project includes selected, appraised and approved in accordance with the agreed Guidelines on the Local Initiatives Grants up to an amount not exceeding the equivalent of US\$100,000 for each grant.

Procurement under the Local Initiatives Grants Program would be procured by the grant beneficiaries in accordance to the Manual for Conducting Very Small-Value Procurement Under World Bank / IDA Small Grants, Loans and Credits, May 2004.

**Operating Costs:** Operating costs generated by project implementation, including the day-to-day operating cost for office maintenance, supplies and consumables, and incremental costs of

operating and maintaining the equipment provided under the project, other sundry items, office rental and utilities, recurrent cost of the implementing agency directly related to project implementation, would be financed by the project and would be procured using the implementing agency's administrative procedures which were reviewed and found acceptable to the Bank.

**Recurrent cost:** Also other recurrent cost resulting from the implementation of some project activities, not directly related to the operating cost of the project implementation agency, would be financed under the project using the implementing agency's administrative procedures which were reviewed and found acceptable to the Bank.

## **B. Assessment of the agency's capacity to implement procurement**

An assessment of the capacity of the implementing agencies to implement procurement actions for the project has been carried out by Nikola Kerleta, Procurement Specialist. The Project Management Units (PMUs) within the Ministry of Environment and Tourism (MET) in the Federation of BiH and Ministry of Spatial Planning, Civil Engineering and Ecology (MSPCEE) in Republika Srpska will be responsible for procurement. The assessment covered the organizational structure for implementing the project and the interaction between the project's staff responsible for procurement and the Ministry's project and other staff.

The project will be implemented and procurement activities will be carried out by specialized teams, the Sector for Project Implementation established within the Ministry of Environment and Tourism (MET) in the Federation of BiH and in the Sector for Project Coordination and Development of the Ministry of Spatial Planning Civil Engineering and Ecology (MSPCEE) in Republika Srpska. These offices are generically referred to as Project Management Units (PMUs).

The core staff in the PMUs will comprise, but not limited to: Project manager, Financial specialist, and Procurement specialist who will be responsible for all fiduciary arrangements related to the project. The PMUs are supported by other employees of the Ministries in preparation of different technical specifications. The Ministries are well staffed with professionals from different areas (engineers for bio-diversity, forestry, civil engineers, urban planning specialist, etc.).

**Staffing of the Procurement Function in the FBiH MET.** The PMU of MET has a record of good knowledge of World Bank procurement rules, procedures and bidding documents from the previous and on-going Bank projects and is fully capable to undertake all necessary functions. The procurement function in the MET PMU is staffed by Senior Procurement Officer assisted with Procurement Officer and both are full time employees of the Ministry. Procurement officers possess sufficient professional experience relevant to procurement under the World Bank procurement procedures.

**Staffing of the Procurement Function in the PMU of the RS MSPCEE.** The PMU of MSPCEE is in place and has gained experience through managing other international projects, but does not have previous knowledge of World Bank procurement rules, procedures and bidding documents. The procurement function in the PMU of the Ministry of Spatial Planning, Civil Engineering and Ecology (MSPCEE) in Republika Srpska has not been staffed yet. In addition to the risk of delays in procurement, the following are some other potential risks that may result in procurement delays:

- 1) the Ministry might not be able to assigned qualified and experienced employee as procurement staff of the PMU in a timely manner. The following measures are envisaged to mitigate these risks:
  - a) The PMU of the RS MSPCEE has a MOU with a procurement specialist, as consultant, with suitable educational background and experience in international procurement, familiar with the WB procurement procedures and guidelines.
  - b) The consultant will be engaged under terms of reference acceptable to the World Bank.
  - c) The RS MSPCEE shall appoint a procurement staff person in the PMU no later than one month after project effectiveness.
- 2) Usually, tender committees<sup>26</sup> also delay procurement as their members do not have any procurement training. The following measures are envisaged to mitigate these risks:
  - a) Providing basic procurement training to the member of the committees, and
  - b) by requiring that the Ministries / PMUs provide the Bank with the qualification and experience of tender committee members and seek its approval. Furthermore, tender committee members could be required to sign a certificate that they would withdraw themselves from any procurement action should they determine any conflict of interest.

During supervision mission, the conduct of procurement under the project would be reviewed in light of the potential procurement risks, and recommendations made if necessary, to improve the procurement process.

**Support and Control Aspects.** The PMUs are subject to audit by independents external auditors. The public auditing practices in the country are yet to be strengthened.

**Record Keeping.** The procurement staff of the PMUs will have responsibility for maintaining procurement records. However, a procurement filing and control system has to be organized so as to address the project needs. All documents on procurement will be maintained in the Ministries which will have a logging system. The duration of maintenance of the documentation in the Ministries will be at least three years. After completion of this period, all documents are to be sent to the Government archives. The PMUs will maintain a computerized procurement database.

**Risk Analysis / Country Procurement Environment.** Public procurement in the country is regulated by a harmonized Law on Public Procurement (LPP) enacted in September 2004. The law applies to all administrative authorities of BH, Entities, Brcko District, Cantons, municipal bodies, public organizations, and public enterprises. An implementing regulation came into force in January 2005. A new Public Procurement Agency has been established. However, significant capacity building is still required in the line ministries and in the Public Procurement Agency to enhance the Government capacity to conduct procurement. In addition, a procurement review body has yet to be set up to adjudicate disputes. In late 2006 Bank staff conducted a Country Procurement Assessment Review scanning the legislative framework, procurement practices, institutional capacity and the risks for corruption. The assessment found that the risk was moderate for conducting public procurement in Bosnia and Herzegovina. The report issued

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<sup>26</sup> These risks apply to both Ministries (the Ministry of Spatial Planning Civil Engineering and Ecology in Republika Srpska and the Ministry of Environment and Tourism in the Federation of BiH)

a series of recommendations designed to strengthen the public procurement environment/capacity in the country<sup>27</sup>, including legislative reform, improving procurement procedures and practices, institutional reform, and capacity building.

**Implementing agency risk assessment.** Based on the assessment of the capacity of the PMUs to carry out and manage procurement and in line with the CPAR the Bank determines that the overall risk for procurement is **High**. It is recommended that the procurement thresholds for procurement of goods, works and consultancy contracts are set in accordance with the latest ECA regional thresholds. The review thresholds for the project will be determined after the procurement plan is prepared prior to GEF TF negotiations. In addition to the prior review supervision to be carried out from Bank, it is recommended one supervision mission per year visit the field to carry out post review of procurement actions. The procurement staff in the PMUs would properly collect and maintain the procurement documentation.

Also, a further issue exists as to reflect the cross-sectoral integrated concept project, concerning management and coordination between the Ministries of Agriculture, Water Management and Forestry (MAWMF) in both Entities, Ministry of Foreign Trade and Economic Relations (MFTER), Cantonal and Municipal institutions, Tourism Trade Associations, Protected Areas Association, related NGOs, and academics. In order to ensure successful implementation it is essential that the DSIs take on a proactive rather than reactive role.

**Action plan for building agency's capacity.** In order to build-in and maintain strong procurement management capacity in the Ministries the Bank recommends the following actions:

- In order to get better understanding of the Bank's new procurement and consultant guidelines, as well as the new bidding and proposal documents, the relevant staff involved in the procurement management process to attend appropriate trainings organized by relevant institution (e.g.: ILO in Turin), or by the Bank within the country and/or region.
- The Bank will carry out a brief training session on procurement during the project launch workshop, as well as will provide the PMUs with a full set of the most recent guidelines, bidding, proposal and evaluation documents on CD and paper.
- The MSPCEE PMU will contract a local procurement specialist to provide the procurement services during the initial three months after project effectiveness in close collaboration with the PMU staff so as to build the capacity of these staff to take over the procurement functions, and to provide advice on a retainer basis to the staff for an additional three months after the transfer of fiduciary operations to the PMU staff, with extension if requested by the PMU.

### **C. Procurement Plan**

The Recipient developed a procurement plan for project implementation which provides the basis for the procurement methods. This plan has been agreed and is available at the PMUs . It will also be available in the project database and in the Bank's external website. The

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<sup>27</sup> Main recommendations are: (i) the Public Procurement Agency should issue secondary regulation to guide some specific procurement; (ii) procurement of consultancy services of intellectual nature should be addressed separately in the Law; and (iii) the standard bidding documents need revision.

Procurement Plan will be updated in agreement with the Project Team, as a minimum, annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

#### **D. Frequency of Procurement Supervision**

In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended once every six months supervision missions to visit the field to carry out post review of procurement actions, and will include informal training.

#### **E. Details of the Procurement Arrangements Involving International Competition**

##### **1. Goods, Works, and Non Consulting Services**

- (a) List of contract packages to be procured following ICB and direct contracting:
- (b) ICB contracts for Goods estimated to cost above \$100,000 and Works/Technical services estimated to cost above \$500,000 per contract and all direct contracting will be subject to prior review by the Bank, as well as the first two Shopping procedures.

##### **2. Consulting Services**

- (a) Consultancy services estimated to cost above \$100,000 per contract and single source selection of consultants (firms) for assignments estimated to cost above \$100,000 will be subject to prior review by the Bank, as well as the first two contract of each type below that threshold
- (c) Short lists composed entirely of national consultants: Short lists of consultants for services estimated to cost less than \$100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

### **PROCUREMENT PLAN**

#### **I. GENERAL**

##### **1. Agreed Date of the procurement Plan**

Original : *April 9, 2008*

Revision 1 **April 18, 2008.**

##### **2. Date of General Procurement Notice: estimated June 2008**

#### **II. Goods and Works and non consulting services.**

- 1. Prior Review Threshold:** Procurement Decisions subject to Prior Review by Bank as stated in Appendix 1 to the Guidelines for Procurement.

	<b>Procurement Method</b>	<b>Prior Review Threshold</b>	<b>Comments</b>
1.	ICB for Goods	> \$100,000	All subject to Prior Review
2.	ICB for Works / Technical services	> \$500,000	All subject to Prior Review
3.	Shopping (Goods and Works)	< \$100,000	First 2 Goods and 2 Works contracts are subject to prior review
4.	NCB for works / Technical services	< \$500,000	First 2 Works + 2 Technical services contracts subject to prior review
5.	Direct Contracting*	-	All subject to Prior Review
6.	Force Account*	-	All subject to Prior Review

\* all Contracts subject to justification

2. **Pre-qualification.** Bidders shall be pre-qualified in accordance with the provisions of paragraphs 2.9 and 2.10 of the Guidelines (**No pre-qualification is envisaged**)
3. **Any Other Special Procurement Arrangements:** None

### III. Selection of Consultants

1. **Prior Review Threshold:** Selection Decisions subject to Prior Review by Bank as stated in Appendix 1 to the Guidelines Selection and Employment of Consultants:

	<b>Selection Method</b>	<b>Prior Review Threshold</b>	<b>Comments</b>
1.	Competitive Methods (Firms) QCBS	> \$100,000	All subject to prior review
2.	Competitive Methods (Firms) LCS	Any amount	First contract subject to prior review
3.	Competitive Methods (Firms) CQ	> \$50,000	All subject to prior review
4.	Competitive Methods (Firms) CQ	< \$50,000	First 2 contracts subject to prior review
5.	Individual Consultants (IC)	> \$50,000	All subject to prior review
6.	Individual Consultants (IC)	< \$50,000	First 2 contracts subject to prior review
7.	Single Source (Firms and Individuals)*	-	All subject to prior review
8.	ToRs for Consulting Contracts	All methods / values	All subject to prior review

\* all Contracts subject to justification

2. **Short list comprising entirely of national consultants:** Short list of consultants for services, estimated to cost less than \$100,000 equivalent per contract, may comprise entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.
3. **Any Other Special Selection Arrangements:** None
4. **Consultancy Assignments with Selection Methods and Time Schedule:** See below

### IV. Other

1. **Ex-Post Review:** All other contracts below Bank's prior review threshold are subject to Bank's selective ex-post review. Periodic ex-post review by Bank will be undertaken during regular supervision missions. Procurement documents, such as bidding documents, bids, bid evaluation reports and correspondence related to bids and contracts will be kept readily available for Bank's ex-post review during supervision missions or at any other points in time.

**Annex 9: Economic and Financial Analysis**  
**BOSNIA-HERZEGOVINA:**  
**FOREST AND MOUNTAIN PROTECTED AREAS PROJECT**

***Economic.*** Since technical grants do not require a detailed economic analysis, this section only estimates incremental costs and evaluates environmental benefits in qualitative terms.

Project design assumes environmental and economic benefits arise through physical investment, development of new strategies, capacity building and training. The project will assist PA authorities (and where needed, forest enterprise authorities) to increase their management efficiency, develop new ways of sustainably funding their operations, capitalize important physical investment, and improve the conservation aspects of harvest management. The project will also support activities to assist communities in and around PAs in developing sustainable and alternative revenue generation.

Through the expansion of protected areas covered and stakeholder capacity enhancement activities, the project will generate significant mutual economic and environmental benefits by: (i) creating the opportunity for generating jobs from better utilization of non-timber values of these forests, particularly from tourism and recreation, including non-timber forest product collection, sustainable commercial game management; (ii) securing conservation of biodiversity in internationally important critical forest habitats including HCVPs; and (iii) conservation and improved management of globally significant endemic biodiversity and landscape values of critical ecosystems.

The incremental costs are for those activities that achieve country and regional benefits by (i) supporting protected areas planning; (ii) establishing PA management and building public awareness of biodiversity conservation and IUCN categories in the region; and (iii) increased national capacity to manage protected area natural resources sustainably and conserve their globally important biodiversity. GEF assistance will help to mainstream biodiversity conservation in landscapes where the primary emphasis is on economic uses, with the result that all IUCN categories will be emphasized in the project.

Finally, the project will support activities to stimulate local enterprise and generate new revenue sources compatible with PA management. The result will be improved sustainable revenue generation for populations living in and around PAs through better utilization of the area in non-consumptive ways such as tourism, and increased efficiency of extractive practices such as NTFP collection. Therefore, the social and economic impact of project activities is expected to be positive including the generation of employment in rural areas.

**Parallel Forest Sector Economic Framework:** This project focuses on the process of PA development in forest and mountain ecosystems. BiH has great potential for forestry and the government of BiH has taken some steps to this end. As part of recent reform processes of varying degrees in the different parts of the country, economic and administrative control functions have been separated in the parallel forestry sectors, a step towards more transparency in forest management. Consolidation of the current achievements through implementation of the new legal frameworks has also begun under the FCDP. Entities have also developed action plans to help reduce illegal activities. Implementation of this action plan is helping the forest enterprises to capture a more correct level of revenue from timber harvesting, than they are able to at present.

This project also looks at the tourism potential of forests. The project will invest in tourism and recreation related infrastructure such as ticket booths, gates, and visitor centers as well as in a local and Entity public relations program. These investments should result in increased capture of tourism fees, increased sales of tourism and recreation-related products and services, plus increased visitation to project and other PAs.

Another aspect of the project looks at safety concerns. Mines are a reality left over from the wars, and some remote areas, as well as areas near human activity in especially the Igman mountain complex still contain minefields. While this potential danger has some effect on the utilization of these areas for tourism activities, overall this is not a significant concern. Demining efforts are ongoing, with clear “Do Not Enter” areas (marked in red tape with “skull and crossbones”), in both remote locations and sites close to current/potential future, recreation areas. The project does not propose to directly support any demining. Nevertheless, project support for new management plans will take direct account of demining activities.

Assuming the forests in protected areas become safer through trail management, the net benefit of investments for alternative tourist utilization has significant potential. Recently conducted studies analyzed the potential economic benefits of tourism. An assessment of opportunities for tourism found that the natural and cultural landscapes in BiH provide medium to high potential as a tourism destination. The areas with the highest potential among the project sites are Sutjeska NP and Igman-Bjelasnica-Treskavica-Visocica. It is expected that the feasibility study for Prenj-Cvrsnica-Cabulja will highlight the strong potential for mine-safe tourism development in the western portion of the proposed site. Although air access to BiH is improving, many European tourists come by car, along routes near the protected areas. There are hundreds of thousands of tourists visiting the Adriatic coast for their vacations annually. However, the tourism season is short and confined primarily to the summer months. Naturally the season could be extended to include skiing in winter for mountain areas such as the proposed PA Igman-Bjelasnica-Treskavica-Visocica near Sarajevo.

***Financial.*** Due to government budget constraints, the proposed biodiversity conservation activities could not be implemented without GEF support. Nevertheless, while project protected areas will strive to generate a greater contribution to their annual budget from non-consumptive PA activities, such as tourism and recreation, and less from logging and similar activities, in the long term, experience from other parts of the world show that self-financing for PAs cannot always be expected, nor is it possible. As a result, and assuming the Government’s commitment to increase the area under formal protection and secure sustainable management, future Entity budget provisions need to be made which will impact the financial plans at different levels.

The project recognizes that in the current climate government authorities face significant challenges in financing a PA network that is able to meet fully a range of conservation and other objectives. However, steps are being taken and opportunities exist that improve the prospects for a growing and strong PA system in the country.

At present, the policy framework for government support from and revenue sharing between Entity governments and protected areas is under revision. The PAs have argued persuasively for greater budget support from the central authorities, and it appears that this will be given partly through changes in their institutional arrangements. By converting to or establishing PAs as public institutions, and not enterprises (at present NPs operate as public enterprises), PAs will be eligible for greater levels of government budget support. Such arrangements not only improve the financial projections for PAs, but also better reflect their function and importance as national assets. Increased government allocations for operating costs will reduce the dependence on

revenues from forestry operations, while at the same time the new governance structures will improve accountability and representation. Current annual budgets for these sites, and new management plans will reflect the changes in institutional and associated financial provisions. As public institutions, it is anticipated that in the RS the National Parks will be financed from the Entity budget. However, not all NP revenues are expected to be deposited into the Entity Treasury. Some revenues, e.g., some taxes, entrance fees, will be retained by the NP authority for direct investment. The inclusion of such a provision will be critical for PA financial sustainability. As part of PA management planning and Entity-level policy discussions, the project will strengthen and highlight the value of these and similar mechanisms that allow PAs to manage a portion of the revenue stream from generation of income to investment.

The rebounding of tourist inflows to the country after a decline in the 1990s caused by the war provides an opportunity to generate revenues from tourists and for BiH to capitalize on growing market segments interested in natural and cultural heritage. The increasing importance of ecotourism has been analyzed by a JICA project “Sustainable Development through Eco-Tourism in Bosnia and Herzegovina”. In 2004 JICA interviewed tourists in southern BiH and 23.9% mentioned that their motive for visiting BiH was ecotourism; in the northern area with less cultural heritage it has been even 52.5%. BiH has considerable experience in attracting significant numbers of tourists to its protected areas, but has generally derived limited revenues from entry/user fees. As tourism, and especially ecotourism, becomes more popular in BiH, the existing and proposed protected areas have a good potential to cover a significant portion of their annual operations and maintenance costs from tourism revenues in the long term when the project has been completed.

The project is designed to address concerns of financial sustainability of the protected areas including two current National Parks by enhancing their management and alternative revenue streams such as tourism, and developing a financing strategy for the PA system that includes positioning the system to access external financing sources, especially from the EU.

To support protected area development and financial sustainability, the project would help finance investments in basic, but “soft” PA long-term infrastructure (establishment and maintenance of marked, safe hiking trails, visitor shelters and information centers) and development of related services (training of protected area staff to provide interpretation services to visitors, informational materials for visitors) to promote tourism in the priority protected areas, as determined by feasibility studies and local participation. The project will fund promotion and marketing activities to encourage and thus increase visitation, especially in key market segments focusing on the assets of particular PAs and linking these where appropriate with other attractions and tourist circuits.

The project would benefit local communities by providing opportunities for obtaining new income from increased visitor use of the protected areas (e.g., through sale of food, room services, handicrafts, and employment as park rangers or wildlife guides). The project will also support initiatives that generate income from tourism through improved environmental and social practices, enabling providers to supply a growing customer base willing to pay a premium for good and services that meet certain standards.

Financial projections assume completion of protected area infrastructure and the capacity to manage the protected areas and revenue from protected area visitors. Currently, infrastructure is missing and staff lacks the skills and other resources needed to ensure that visitor use of the protected areas occurs in a sustainable manner and is consistent with the protected areas’ biodiversity conservation objectives. The project would build this capacity through TA, training

and monitoring programs. During the project period, visitor use, and therefore revenues are projected to increase modestly, as the skills to ensure environmental sustainability of tourism are developed. A financing strategy will include a standardized visitor and user fee structure for individual NPs and associated protected areas. It is anticipated that at project completion, on average 20% of recurrent management costs for the project sites will come from tourism and related revenues. Additional financial benefits are expected from increased tax revenues generated by tourism activities and more broadly from the watersheds (and ecosystems) that the PAs protect.

Project expenditures on the integrated components will generate global, BiH and local benefits with non-recoverable incremental costs. The GEF project aims to generate strategies for long term sustainability. Finally, the project does not include any budget to purchase private land.

In the light of the severe fiscal difficulties that the BiH Government is experiencing, this financial contribution would be crucial in ensuring long term conservation of biodiversity in the protected areas.

**Fiscal Impact:** Owing to the financial constraints faced by the Government, every effort has been made to minimize the fiscal impact of this project on the national budget. Even so, it will be important to establish clear expectations for long-term reliable government financing necessary for an effective PA system. This is critical as BiH moves towards meeting requirements for full EU membership, and being able to capitalize on opportunities for much needed financial and technical assistance. In this regard, and with its contributions in the following areas: a) improving financial and technical management of PAs and potential Natura 2000 sites (many are expected to be within PAs); b) building public awareness and understanding of improved PA management standards and policies; and c) prioritization and verification of Natura 2000 sites, the project will enable government authorities and other stakeholders to be better equipped to access EU assistance in preparation for accession. For example, by mid 2008, the EU expects to have completed an IPA Nature and Biodiversity Action Plan including an investment plan for future IPA finance. Additional opportunities lie in Instrument for Pre-Accession Assistance for Rural Development (IPARD) for activities that promote agri-environmental activities. Beyond access to assistance, the tourism potential of PAs will be greatly enhanced when they are able to actively market their natural assets as part of the Natura 2000 network, since for European tourists this acts as an important indicator of quality and experience.

The Government total contribution is estimated at US \$2.5 million or about 42% of project financing, and would come mainly in the form of providing office space, services like cadastre surveys and salaries, among others for certain PA personnel, such as rangers, as well as the staffing and operation of the PMUs. It is expected that the long-term fiscal impact of the project is likely to be positive through enhanced capacities to access an increased and diversified revenue sources.

The project's support to existing and would-be local enterprises in setting up and expanding environmentally friendly businesses in tourism services, farming and crafts production and other entrepreneurial activity, will help expand the Government's tax base.

## Annex 10: Safeguard Policy Issues

### BOSNIA-HERZEGOVINA: FOREST AND MOUNTAIN PROTECTED AREAS PROJECT

The project is classified as Category B. The project will have overall positive environmental impact by conserving biodiversity and improving natural resource use. The project would improve management practices in vulnerable ecosystems and reduce unsustainable use of natural resources in those areas. Positive impacts are expected from the expanded system of protected areas, which would include additional recreation areas, provide employment opportunities from watershed protection and maintain gene pools for forests products harvested and used by the local population (berries, mushrooms, snails, etc.).

<b>Safeguard Policies Triggered by the Project</b>	Yes	No
<a href="#">Environmental Assessment (OP/BP/GP 4.01)</a>	[X]	[ ]
Natural Habitats ( <a href="#">OP/BP 4.04</a> )	[X]	[ ]
Pest Management ( <a href="#">OP 4.09</a> )	[ ]	[X]
Cultural Property ( <a href="#">OPN 11.03</a> , being revised as OP 4.11)	[ ]	[X]
Involuntary Resettlement ( <a href="#">OP/BP 4.12</a> )	[X]	[ ]
Indigenous Peoples ( <a href="#">OD 4.20</a> , being revised as OP 4.10)	[ ]	[X]
Forests ( <a href="#">OP/BP 4.36</a> )	[X]	[ ]
Safety of Dams ( <a href="#">OP/BP 4.37</a> )	[ ]	[X]
Projects in Disputed Areas ( <a href="#">OP/BP/GP 7.60</a> )*	[ ]	[X]
Projects on International Waterways ( <a href="#">OP/BP/GP 7.50</a> )	[ ]	[X]

#### **Environmental Assessment (EA).**

With the B classification the project required the undertaking of a EA and the preparation of an Environmental Management Plan (EMP). The EMP was subject to numerous informal public discussions prior to preparation of the final draft. The final draft, incorporating all comments, was formally disclosed at public meetings in Sarajevo on June 7, 2007 and in Banja Luka, on June 13, 2007.

The EA concludes that the overall environmental impact of the project is expected to be positive. Negative impacts will be outweighed by the positive impacts associated with the project goal of sustainable management of PAs and natural resources. It should also be noted that project has close links with the FDCP which will positively influence forest resource management in the Balkans, and provide recommendations to mainstream biodiversity conservation into forest management planning as well as landscape level prioritization for protected and production areas.

Possible negative impacts are primarily associated with:

- i) renovation/construction of small-scale protected area facilities such as visitor centers, offices, checkposts, park entry booths, watch towers, trail repair and enhancement, etc.
- ii) increase in recreational use of the existing and proposed PAs resulting in additional levels of noise and disturbance to wildlife and waste.

\* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

The EMP, appropriate for existing and future PAs, outlines mitigation measures for the above impacts, provides monitoring guidelines for assessing associated impacts and capacity building activities for impact monitoring and assessment. The EMP also provides a set of “Environmentally Sound Clauses for Contractors” to be used by construction contractors to address possible negative environmental impacts. An environmental screening process is also included for the types of activities likely to be implemented under the Local Initiatives for Biodiversity Conservation. The semi-annual Project Progress Reports will include data on site inspection of environmental compliance.

### **Involuntary Resettlement.**

An Access Restriction Process Framework was developed during project preparation to guide the mitigation of potential negative impacts on livelihoods of populations resident near the PAs. The Framework was disclosed in early June 2007, in both Sarajevo and Banja Luka, and has the endorsement of the relevant Entity ministries. Consultations were held in the communities during the development of the Process Framework.

The establishment of new protected areas and improved management of existing PAs will need to involve local communities in broad and sustained participatory processes. Thorough participation is critical because, it is likely that there will be some restrictions of access to natural resources as a result of PA formation. Where access restrictions are an issue, the Framework will be used to mitigate the impact of these restrictions on livelihoods.

The Framework, appropriate for all existing and future PAs, describes the participatory processes by which project components were prepared and will be implemented. Critical elements in the Framework include: a) social assessments to gauge potential impacts and guide PA establishment as well as mitigation strategies; b) public consultations and mechanisms for representation in PA management; c) communications and outreach strategies to mobilize public support; d) stakeholder participation in identifying and implementing eligible mitigation measures and livelihood strategies; e) local representation, roles and responsibilities in PA monitoring; and e) conflict resolution mechanisms. The Framework also describes the arrangements for implementing and monitoring the process.

It should be noted that the Social Assessment undertaken for the project indicates broad support for PA establishment, in both IBTV and Una River. The vast majority of respondents/participants emphasized the opportunities that the PAs could create, vs. the potential threats.

### **Forests.**

The project will (in a positive way) contribute to the improvement of livelihood of stakeholders depending upon or interact with forests. Specifically, and consistent with OP 4.36, the project aims to harness the potential of forest ecosystems to reduce poverty in a sustainable way integrate forest conservation effectively into sustainable development and protect vital local and global environmental services and values of forests.

### **Natural Habitats.**

Consistent with OP 4.04, the project will help to conserve natural habitats, and ensure that specific project activities avoid habitat degradation.

**Annex 11: Project Preparation and Supervision**  
**BOSNIA-HERZEGOVINA:**  
**FOREST AND MOUNTAIN PROTECTED AREAS PROJECT**

	Planned	Actual
PCN review	03/02/2004	03/02/2004
Initial PID to PIC		03/26/2004
Initial ISDS to PIC		03/26/2004
Appraisal	06/25/2007	06/25/2007
Negotiations	04/09/2008	04/09/2008
Board Approval	05/29/2008	
Planned date of effectiveness	10/31/2008	
Planned date of mid-term review	10/15/2010	
Planned completion date	10/31/2012	
Planned closing date	04/30/2013	

**Key institutions responsible for preparation of the project:**

- Ministry of Foreign Trade and Economic Relations, BiH (GEF Focal Point)
- Ministry of Agriculture, Forestry, and Water Resources, FBiH
- Ministry of Agriculture, Water Management, and Forestry, RS
  - PIUs in both Entities for FDCP, responsible for managing various preparation studies
- Ministry of Environment and Tourism, FBiH
- Ministry of Spatial Planning, Civil Engineering and Ecology, RS

**Bank staff and consultants who worked on the project included:**

Name	Title	Unit
Jessica Mott	Task Team Leader	ECSSD
David Bontempo	Operations Analyst & former Task Team Leader	ECSSD
Christian Peter	former Task Team Leader	AFTS2
Mirjana Karahasanovic	Operations Analyst	ECSSD
Nandita Jain	Natural Resource Management Consultant	
Samra Bajramovic	Program Assistant	ECCBA
Nikola Kerleta	Procurement Analyst	ECSPS
Lamija Hadzagic	Financial Management Specialist	ECSPS
Leigh Hammill	Sr. Program Assistant	ECSSD
Marjory-Anne Bromhead	former Sector Manager	ECSSD
Danielle Malek	Lead Counsel	LEGEC
Agi Kiss	Lead Ecologist	ECSSD
John Fraser Stewart	Sr. Natural Resource Management Specialist	ECSSD
Serena Arduino	Consultant	
Martin Mautner Markhof	Consultant	
John Kellenberg	Sector Manager	ECSSD
Tijen Arin	Environmental Economist	ECSSD
Hiwote Tadesse	Program Assistant	ECSSD

<b>Bank funds expended to date on project preparation:</b> 1. BBFAO: US\$10,587 2. BBGEF: US\$453,000 3. Trust funds: US\$175,000	<b>Estimated Approval and Supervision costs:</b> 1. Remaining costs to approval: US \$30,000 2. Estimated annual supervision cost: US \$90,000
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**Annex 12: Documents in the Project File**  
**BOSNIA-HERZEGOVINA:**  
**FOREST AND MOUNTAIN PROTECTED AREAS PROJECT**

- 1) BiH National Environmental Action Plan, March 2003
- 2) Igman Feasibility Study, 2001
- 3) Una River Feasibility Study, 2005
- 4) Sutjeska National Park Management Plan, 2004
- 5) “Study about Influence of the Forestry on Biologically Sensitive Areas in B&H” , June 2001
- 6) Key Project Documents
  - Social Assessment, 2006, Process Framework, 2007, Participation Plan, 2007, and Operational Sourcebook. 2007
  - Updated Access Restriction Framework, 2008
  - Final Environmental Assessment/Framework Environmental Management Plan, 2007
  - FMPAP: Detailed Project Site Descriptions, 2008
  - Guidelines for Implementing the Local Initiatives Grant Program, 2008
- 7) Studies completed under Italian Trust Fund for the FDCP
  - A. Federation of Bosnia and Herzegovina
    - Development of Feasibility Study for NP Igman-Bjelasnica-Treskavica-Visocica
    - Development of Environmental Management Plan Framework and Testing EMP Through Targeted EAs associated with Proposed FMPAP
    - Study on Game Management in Special Hunting Districts of BiH
    - Revitalization and Setup of Habitat for Chamois in BiH
    - Review of Current Biodiversity in Trstionica Virgin Forest
    - Review of Current Biodiversity in Pljesevica Virgin Forest
    - Biodiversity Endemic Development Centers in Herzegovina area as Contribution to the Targets 2010
    - Evaluation of Biodiversity Status of Ecosystems of Karst Fields in FBiH as Contribution to the Thematic Programs of CBD in Line with Targets 2010
  - B. Republika Srpska
    - Endangered Game Species in BiH
    - Possibility for Establishment of Klekovaca-Lom
    - Justification for Development of Ecotourism in BiH
    - Study on Identification of High Conservation Value Forests (HCVF) in Bosnia and Herzegovina, 2007
    - Development of Environmental Management Plan Framework and Testing EMP Through Targeted EAs associated with Proposed FMPAP
    - Social Assessment of FMPAP
- 8) Other Relevant Reference Materials
  - USAID, Bosnia and Herzegovina: Biodiversity Assessment. 2003
  - World Bank, Journey to a Cleaner Future: Investing in People and Institutions that make Environmental Laws Work, 2007
  - Bosnia-Herzegovina: Annex 1 on the State of the Environment, 2002, [www.rec.org/12.151.doc](http://www.rec.org/12.151.doc)
  - World Bank, Biodiversity Strategy for the Europe and Central Asia Region, (2003)
  - Habitats Directive Working Group-BiH, Elaboration of Methodology and Action Plan for EU Biodiversity Protection Standards Scientific Coordination, Final Draft (2007)
  - Investment Opportunities for Sustainable Tourism Businesses in BiH, Background Study, 2007, prepared for Foreign Trade Chamber of BiH
  - World Bank/World Wildlife Fund Alliance for Forest Conservation and Sustainable Use: Reporting progress in Protected Areas – A Site Level Management Effectiveness Tracking Tool, 2003
  - Regional Environmental Centre, NGO Directory of South Eastern Europe, 2006

**Annex 13: Statement of Loans and Credits**  
**BOSNIA-HERZEGOVINA:**  
**FOREST AND MOUNTAIN PROTECTED AREAS PROJECT**

Project ID	FY	Purpose	Original Amount in US\$ Millions				Cancel.	Undisb.	Difference between expected and actual disbursements	
			IBRD	IDA	SF	GEF			Orig.	Frm. Rev'd
P100792	2008	ROAD INFRASTRUCTURE AND SAFETY PROJECT	0.00	25.00	0.00	0.00	0.00	25.97	0.00	0.00
P101213	2007	AGR./RURAL DEVELOPMENT	0.00	21.00	0.00	0.00	0.00	21.95	1.53	0.00
P100415	2007	AVIAN FLU - BA	0.00	5.00	0.00	0.00	0.00	5.22	1.60	0.30
P096200	2006	LAND REGISTRATION	0.00	15.00	0.00	0.00	0.00	15.34	-0.18	0.00
P090666	2006	ECSEE APL3-BiH	0.00	36.00	0.00	0.00	0.00	38.55	5.10	0.00
P088663	2005	HLT SEC ENHANC	0.00	17.00	0.00	0.00	0.00	11.63	8.17	4.63
P083353	2005	URB INFRA & SERV DEL	0.00	20.00	0.00	0.00	0.00	18.01	2.62	0.00
P079226	2005	EDUC RESTRUCTURING	0.00	10.00	0.00	0.00	0.00	9.62	6.40	1.71
P084596	2004	EMPLYMT 2	0.00	12.00	0.00	0.00	0.00	3.05	1.01	-1.92
P079161	2003	FOREST DEVT/CNSRV TA	0.00	3.75	0.00	0.00	0.00	3.92	-0.19	-0.33
P055434	2003	SM SC COM AGRIC	0.00	12.00	0.00	0.00	0.00	2.54	-2.59	0.00
P057950	2002	SOLID WASTE MGMT	0.00	18.00	0.00	0.00	0.00	17.71	5.40	0.93
P070995	2001	COMM DEVT	0.00	15.00	0.00	0.00	0.04	4.64	-2.78	-1.93
P058521	2001	ELEC PWR 3 REC N	0.00	35.00	0.00	0.00	0.00	4.91	0.34	0.00
<b>Total:</b>			0.00	244.75	0.00	0.00	0.04	183.06	26.43	3.39

**BOSNIA AND HERZEGOVINA**  
**STATEMENT OF IFC's**  
**Held and Disbursed Portfolio**  
**In Millions of US Dollars**

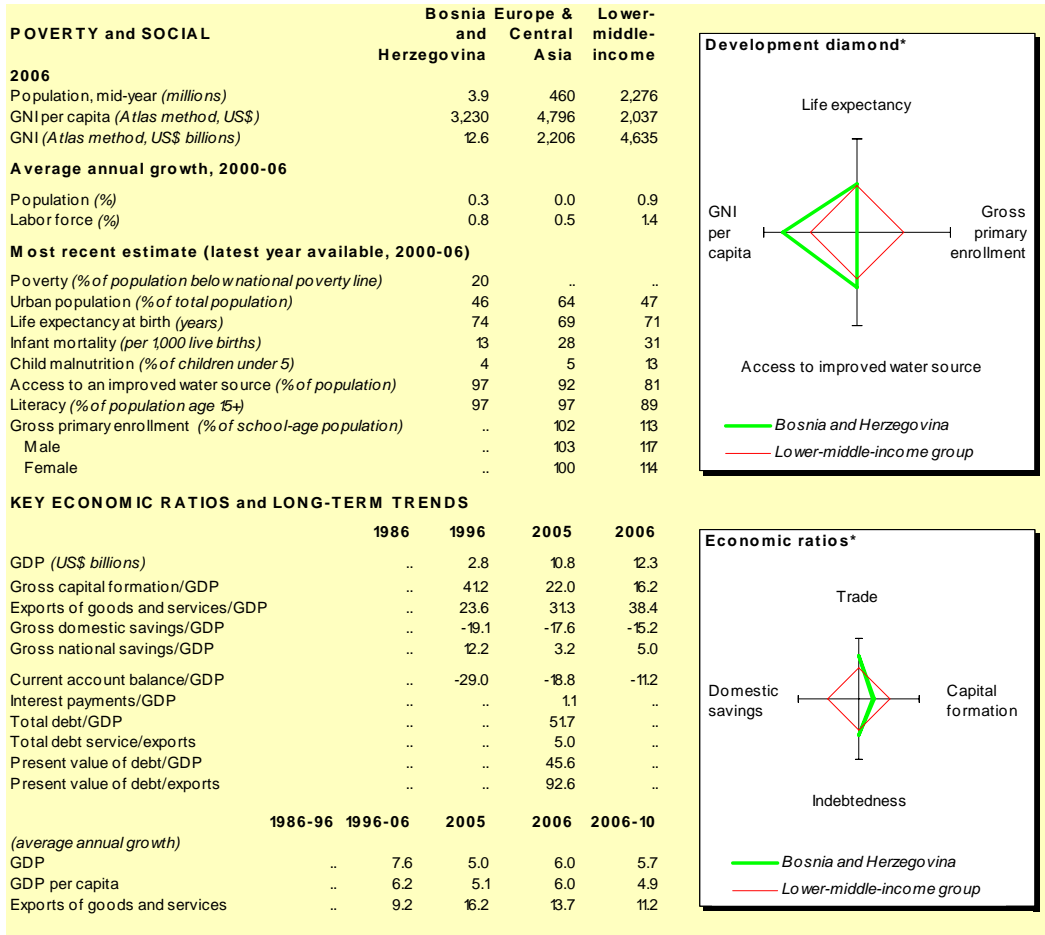
FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic.	Loan	Equity	Quasi	Partic.
1999	Bosnalijek	0.00	1.84	0.00	0.00	0.00	1.84	0.00	0.00
2001	Bosnalijek	0.00	0.00	0.54	0.00	0.00	0.00	0.54	0.00
2005	Bosnalijek	9.22	0.00	0.00	0.00	7.94	0.00	0.00	0.00
1985	Energoinvest	9.93	0.00	0.00	0.00	9.93	0.00	0.00	0.00
1997	Enterprise Fund	0.00	1.48	0.00	0.00	0.00	0.95	0.00	0.00
2002	FCL	11.05	0.00	0.00	2.03	11.05	0.00	0.00	2.03
2004	HVB CPB	11.24	10.97	0.00	0.00	11.24	8.95	0.00	0.00
2005	HVB CPB	0.00	3.82	0.00	0.00	0.00	3.82	0.00	0.00
2006	MI-BOSPO	2.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2006	Nova Banka	12.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2002	ProCredit Bosnia	2.87	0.00	0.00	0.00	2.87	0.00	0.00	0.00
	Raiffeisen-BOS	19.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2002	Raiffeisen-BOS	14.41	0.00	0.00	0.00	14.41	0.00	0.00	0.00

		<b>Committed</b>				<b>Disbursed</b>			
		<b>IFC</b>				<b>IFC</b>			
2005	Raiffeisen-BOS	14.02	0.00	0.00	0.00	14.02	0.00	0.00	0.00
1998	SEF Akova	0.20	0.00	0.00	0.00	0.20	0.00	0.00	0.00
1999	SEF Lijanovici	0.90	0.00	0.00	0.00	0.90	0.00	0.00	0.00
1977	TKA Cazin	4.34	0.00	0.00	0.00	4.34	0.00	0.00	0.00
	Wood Konjuh	1.75	0.00	0.00	0.00	1.43	0.00	0.00	0.00
Total portfolio:		114.35	18.11	0.54	2.03	78.33	15.56	0.54	2.03

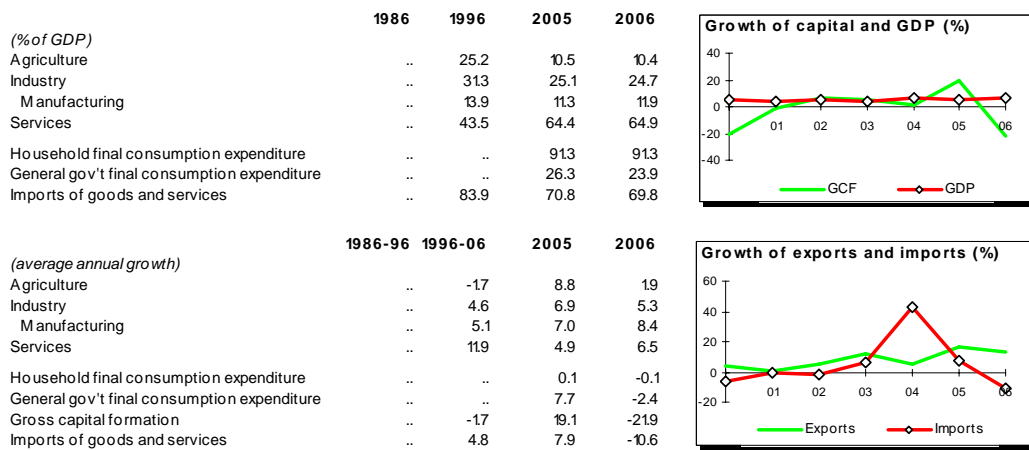
		<b>Approvals Pending Commitment</b>			
FY Approval	Company	Loan	Equity	Quasi	Partic.
2002	Lukavac	0.01	0.00	0.00	0.00
2006	MI-BOSPO	0.00	0.00	0.00	0.00
2006	EKI Bosnia	0.00	0.00	0.00	0.00
2006	Nova Banka	0.00	0.01	0.00	0.00
Total pending commitment:		0.01	0.01	0.00	0.00

## Annex 14: Country at a Glance

### BOSNIA-HERZEGOVINA: FOREST AND MOUNTAIN PROTECTED AREAS PROJECT



#### STRUCTURE of the ECONOMY



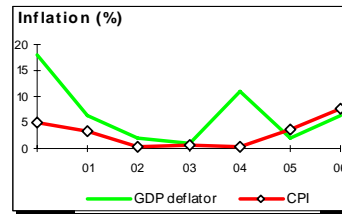
Note: 2006 data are preliminary estimates.

This table was produced from the Development Economics LDB database.

\* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

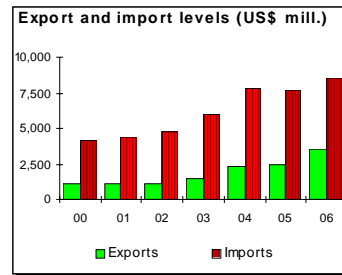
**PRICES and GOVERNMENT FINANCE**

	1986	1996	2005	2006
<b>Domestic prices</b>				
(% change)				
Consumer prices	..	7.7	3.6	7.5
Implicit GDP deflator	..	-17.1	2.1	6.5
<b>Government finance</b>				
(% of GDP, includes current grants)				
Current revenue	..	36.6	46.6	47.0
Current budget balance	..	-3.8	6.2	8.8
Overall surplus/deficit	..	-4.4	13	2.9



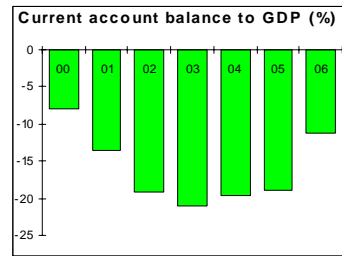
**TRADE**

	1986	1996	2005	2006
(US\$ millions)				
Total exports (fob)	..	336	2,462	3,539
Commodity 1	..	..	320	389
Commodity 2	..	..	602	891
Manufactures	..	..	1,490	2,199
Total imports (cif)	..	2,077	7,690	8,587
Food	..	..	1,260	1,248
Fuel and energy	..	..	..	..
Capital goods	..	..	1,839	1,679
Export price index (2000=100)	..	..	..	..
Import price index (2000=100)	..	..	..	..
Terms of trade (2000=100)	..	..	..	..



**BALANCE of PAYMENTS**

	1986	1996	2005	2006
(US\$ millions)				
Exports of goods and services	..	658	3,367	4,709
Imports of goods and services	..	2,337	7,626	8,555
Resource balance	..	-1,679	-4,258	-3,846
Net income	..	-222	430	485
Net current transfers	..	1,094	1,804	1,986
Current account balance	..	-807	-2,025	-1,375
Financing items (net)	..	1,050	2,470	2,186
Changes in net reserves	..	-243	-445	-811

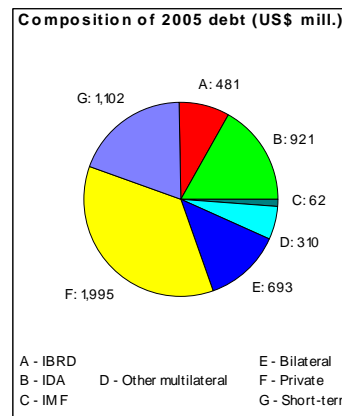


**Memo:**

Reserves including gold (US\$ millions)	..	..	2,548	3,671
Conversion rate (DEC, local/US\$)	..	15	16	16

**EXTERNAL DEBT and RESOURCE FLOWS**

	1986	1996	2005	2006
(US\$ millions)				
Total debt outstanding and disbursed	..	..	5,564	..
IBRD	..	589	481	466
IDA	..	109	921	983
Total debt service	..	..	267	..
IBRD	..	205	41	47
IDA	..	0	7	11
Composition of net resource flows				
Official grants	..	..	291	..
Official creditors	..	..	98	..
Private creditors	..	..	282	..
Foreign direct investment (net inflows)	..	..	299	..
Portfolio equity (net inflows)	..	..	..	..
World Bank program				
Commitments	..	0	27	0
Disbursements	..	110	56	27
Principal repayments	..	25	24	27
Net flows	..	85	32	-1
Interest payments	..	180	25	31
Net transfers	..	-95	7	-31



Note: This table was produced from the Development Economics LDB database.

9/28/07

**Annex 15: Incremental Cost Analysis**  
**BOSNIA-HERZEGOVINA:**  
**FOREST AND MOUNTAIN PROTECTED AREAS PROJECT**

**1. Overview**

The Project Development Objective is to strengthen the institutional and technical capacity for sustainable protected area and natural resource management and expand the BiH network of forest and mountain protected areas.

The project **global environmental objective** is to conserve globally significant biodiversity in critical forests and mountain ecosystems of BiH.

The GEF Alternative will: (i) support PAs via fundamental planning assistance and financing infrastructure for the establishment of new PAs; (ii) promote and increase public awareness of biodiversity conservation; and (iii) strengthen the capacity to conserve and manage biodiversity at local, national and trans-boundary levels and establish regional cooperation for forest and mountain ecosystem conservation. This will include establishing ecologically effective PAs, integrating biodiversity conservation into forestry and other activities in and around PAs, improving monitoring of threatened flora and fauna, and effect their recovery, and building public awareness of BiH's biodiversity.

The GEF Alternative intends to achieve these outputs at a total incremental cost of US \$6 million, to be financed by the GEF (US \$3.4 million), and co-financing from government (US \$2.5 million), and leveraged co-financing from grant recipients (US \$0.1 million). In addition, the Project will leverage outputs from the FDCP (total incremental value of US \$2.5 million). Therefore, the proposed GEF Alternative should be viewed as complementary to ongoing activities throughout BiH.

**2. Project Context**

BiH's biodiversity is currently insufficiently protected and under-valued. At present there are more than 20 PAs covering only about 0.55% of the territory. The categories of these PAs range from Bird Reserves to Strict Nature Reserves with two National Parks (NPs) in RS (Kozara and Sutjeska). The National Environmental Action Plan (NEAP) recognizes the importance of biodiversity, natural and cultural heritage, the threats and the need for expansion the area for conservation and protection. The ratification of the Convention of Biological Diversity is one step in this direction, and has facilitated access to GEF grant funds. A National Biodiversity Strategy and Action is to be completed by April 2008.

The NEAP identifies the sustainable development of forest areas together with the improvement of environmental management and the protection of biological landscape diversity as priorities, which are in line with the new project. BiH's forest resources are amongst the richest in Europe in terms of their extent and variety relative to the size of the country. Covering almost 50% of the land area, forests are one of Bosnia's main natural resources. This compares with 24% for pasture land, much of it close to forest areas, and only 10% for arable land. About 80% of forest

and other wooded land is government-owned. The remainder is owned by a large number of individual private owners that will not be within the scope of this project

In 2002, a new legal framework was adopted for the RS that includes Law on the Protection of Nature. It stipulates the revitalization, protection, preservation and sustainable development of landscapes, units of nature, plants, animals and their habitats as well as other components of nature that are part of the environment. A similar law is currently under review to be passed in the Federation. Also the protection of forest biodiversity is regulated by the applicable Law on Forests, as well as by the Hunting and Fishing Laws. The RS Constitution and the Law on Forests stipulate that forests and forestland are a public good which enjoys the special care and protection of the government.

The challenge is to manage existing and proposed PAs effectively, create new and or expand the system of PAs, to develop participatory approaches to PA management, and to incorporate biodiversity conservation into the production landscape.

### **3. Baseline Scenario**

The primary objective of the forest organization and management reform currently underway in BiH with IDA support is to increase revenues from forest resources, improve forest management, and enhance developmental benefits through participatory approaches in forest land use planning. Regardless of the Government's commitment to biodiversity conservation, without the establishment of an extended network of PAs of sufficient size, biodiversity-rich natural ecosystems would not be sufficiently protected from the major transition-related threats that are anticipated over the short and medium term. Efforts would likely continue to focus on limited investment in the existing NPs, and on small PAs which, while helpful and valid in their own right, would be of questionable viability in terms of establishing larger national coverage of protected landscapes. Government would be unable to commit sufficient budget to establish new PAs and strengthen the management of existing National Parks, and existing Government agencies and NGO groups concerned with conservation would remain weak, ineffective, uncoordinated, and isolated. In the absence of this project, expected impacts (resulting from changing land use, including forestry and tourism) would result in loss of biodiversity, and ecological corridors necessary to maintain viability of populations and ecosystems may be irreversibly disrupted.

As a consequence of the current course of action, regarded as the Baseline Scenario, BiH's diverse and abundant forest biodiversity will likely continue to suffer from unsustainable timber and fuelwood harvesting and associated disturbance; inappropriate tourism: unmanaged hunting; and all resulting in habitat loss and fragmentation. The project will, therefore, lead the way to establishing more PAs in BiH and improving the integrity of the PA network.

#### Costs

The cost of the Baseline Scenario is approximately US \$1 million, which is the average annual total budget contribution from central and local authorities for all PAs in Bosnia-Herzegovina at present. Although institutional changes are underway in the RS that would increase government budget allocations to PAs, the impact will only reduce the pressure to cover critical expenses

such as salaries by 5-10%. Overall, budgets will remain insufficient for proper management of existing parks. If comparable formulas are used to determine budget support for new parks, it is clear that they will be significantly under-funded. One particularly important cost of the baseline is that in the absence of sufficient budget, existing PAs are somewhat reliant on forest, enterprise, and to a lesser extent hunting, revenues to fund their operations. At present 50% to 90% of NP revenues derive from forestry operations. This leaves PA management in a position of relatively less bargaining power regarding the extent of harvesting operations. Moreover under such financing arrangements and management strategies, it is difficult for PA authorities to break the cycle of dependence on consumptive uses to fund their operations and invest in protection.

#### Benefits.

Under the Baseline Scenario, the main observable benefit would be to forest enterprises, particularly the Sarajevo Sume. However, with the establishment of a PA in the IBTV, this forest enterprise could see some of its harvesting potential restricted. That said, the enterprise management is preparing itself for this eventuality, and strongly supports a PA.

Certain activities being undertaken through the FDCP will also contribute to improved management in the PA system, particularly from implementation of the participation plan. Ongoing activities to identify and manage High Conservation Value Forests would continue, but without the opportunity to significantly increase either the area of HCVF under proper protection, or undertake needed training to manage whatever areas are identified. In addition, the FDCP activities to fully implement the forest inventory, and establish the FMIS, would continue, but without the motivation to fully integrate these results into PA operations.

Under the Baseline Scenario, activities supported by international donors in the tourism sector will continue for a limited period. While some of these activities are conducted in and around PAs, they do not incorporate an explicit environmental or biodiversity conservation objective. A more recent conservation initiative, the WWF/IUCN Dinaric Arc Eco-regional Initiative includes Bosnia as yet the level of funding and potential co-financing opportunities cannot be specified.

#### **4. Global Environmental Objective and GEF Alternative**

BiH ratified the Convention on Biological Diversity in 2002. A National Biodiversity Strategy / Action Plan (NBSAP) is to be completed by April 2008. This strategy identifies the project regions as centers of biodiversity, and the project activities as the highest priority for improving the protection of the threatened forest ecosystems. The Forest Sector Strategy, prepared as an input for the NEAP, identifies the need to develop interdisciplinary forest planning, including through the integration of biodiversity conservation.

The Global Environmental Objective of this Project is to conserve globally significant biodiversity in critical forests and mountain ecosystems of BiH. The Project will support in-situ conservation and sustainable use by strengthening and expanding PAs in BiH. The Project is consistent with the objectives of the GEF Operational Program Number 3 Forest Ecosystems and Operational Program Number 4 Mountain Ecosystems.

### Project Scope:

The total cost of the GEF alternative is estimated at US \$6.0 million:

- (i) Protected Area Development: US \$3.7 million
- (ii) Capacity and Support for Biodiversity Conservation: US \$1.8 million
- (iii) Local Initiatives in Biodiversity Conservation: US \$0.5 million

In addition, FDCP provides financing of parallel, complementary activities: US \$2.5 million

### Benefits:

The GEF Alternative would build on the Baseline Scenario and make possible activities and programs that would not be undertaken under the scenario. This would include strengthening capacity at the field and national levels for planning and managing land-use for conservation and sustainable use of biodiversity; establishing effective inter-sectoral participatory planning and sustainable management of natural ecosystems and associated landscapes at selected project sites and thus protecting key forest and mountain ecosystems; supporting participatory approaches to sustainable natural resources conservation in key protected areas; supporting environmental education and awareness programs; developing mechanisms to reduce non-sustainable resource use; and promoting responsible nature-based tourism development.

The GEF Alternative would provide the means (above and beyond the Baseline Scenario) for expanding the existing Nature Reserves and National Parks and drafting and implementing of management plans. Management plans will focus on : i) conservation of the biodiversity of the ecosystems within the project region through protection and management; ii) improved monitoring and applied research on biodiversity and effectiveness of conservation efforts; iii) establishment of infrastructure for improved biodiversity protection and development of responsible nature-based tourism in the region; (iv) preparing and supporting PA administration and management; (v) strengthening public education and awareness; (vi) improving the integration of biodiversity conservation and agricultural activities, especially land-uses such as pasture management, outside of the proposed Parks; and (vii) improved coordination in the protection of biodiversity with neighboring countries.

The Project's utilization of the FDCP outputs will also generate significant benefits to the PA system. The forest inventory work, and the FMIS, will be of crucial importance in creating new management plans, and achieving better management of the forest resources in and around the PAs, thereby contributing to sustainability of both forests and PAs.

The project will significantly build and strengthen the institutional bodies responsible for planning and managing protected areas on a national level. It will ensure the development, co-ordination and sound working relations between the two Entity Governments, in order to create a viable and balanced PA network throughout the country. Improved institutional capacity will also enable the country to use and access different EU funding programs and instruments to finance biodiversity and nature protection, thereby increasing the sustainability of the PA system. The national beneficiaries receiving assistance will be the MET in the FBiH, the MSPCEE in the RS, and at a regional level, the individual protected area management organizations and the regional/cantonal forest enterprises. In addition, through investments in the Forest Reserves in

Janj and Lom, assistance will be provided indirectly to the RS MAWMF. Through the project, national appreciation of the biological and landscape diversity of BiH will be increased and improved opportunities for environmental and conservation education will be gained.

The project will also build mechanisms and capacity to assist local stakeholders, community members, local authorities and NGOs to participate in the preparation and implementation of conservation management plans. Rural communities will benefit from the inclusion of natural resource management and local economic development into the protected area management framework. Other benefits will result from the stimulation of sustainable and compatible economic development activities such as ecotourism within and adjacent to the protected areas. Additional assistance to local stakeholders will be provided through funding local initiatives to help ensure that rural development in and around PAs is compatible with the objectives of PAs, and sustainable development as a whole. The Project will provide targeted assistance to potential recipients to help ensure that proposals meet the Project's focus on conservation. .

#### Global Benefits:

Implementation of the GEF Alternative would provide the means for establishing effective PAs and integrating biodiversity conservation objectives into regional and local development activities. Global benefits would include the recovery of forest habitats and protection of endemic threatened flora and fauna and their recovery. Benefits generated from the project would also include the promotion of local and regional cooperation in biodiversity conservation.

The global benefits of the project include the sustainable conservation and management of some of the last remaining areas of pristine and relatively undisturbed mountain/forest landscapes in Europe, the expansion of the countries' protected area which will increase the area of Illyric Mountain Deciduous Forest and extend the protected areas along the Dinaric Alps which stretch from Mount Olympus National Park in Greece in the south, to Triglav National Park in Slovenia in the north.

The project will establish trans-boundary links with PAs and relevant institutions in Croatia and Montenegro, thereby expanding the network of ecological corridors beyond BiH's borders. Through the collaborative process involved, BiH will benefit from conservation initiatives undertaken in these adjacent countries. Establishment of the protected areas will also ensure the protection of sites of international cultural and archaeological significance.

## **5. Incremental Costs**

The difference between the cost of the Baseline Scenario US \$1 million and the cost of the GEF Alternative US \$6.0 million, US \$5.0 million represents the incremental cost of achieving sustainable global and local environmental benefits. Of this amount, the Government of BiH has committed to financing US \$2.5 million. US \$0.1 million is leveraged as parallel financing from grant recipients, and US \$ 3.4 million is confirmed from GEF. In addition, the Project leverages US \$2.5 million from the IDA-financed FDCP.

## Incremental Cost Matrix

	<b>BASELINE</b>	<b>ALTERNATIVE</b>	<b>INCREMENT</b>
<b>Benefits</b>			
<b>Component 1: Protected Area Development</b>	Limited, or no, further development of the PA system in the short-medium term (3-5 years)	At least 120,000 new hectares brought into protected status, of which approx. 50,000 will be IUCN categories I and VI, and the remaining will be mostly Category II National Park, and Category V Protected Landscape	120,000 hectares of new PAs (comprising approx. 3% of BiH territory, in line with government strategy to work towards a 7-10% coverage within 10 years, in line with EU norms)
<b>Cost</b>	\$0.7 mil	\$4.4 mil	\$3.7 mil
<b><u>Capacity and Support for Biodiversity Conservation</u></b>	Limited technical skill development, particularly in the adoption of new management techniques, both in forest and PA	Broad-based training program implemented for technical staff in all relevant sectors and levels	New techniques to incorporate ecosystem approaches for forest and mountain protected areas management and appropriate zoning and other practices adopted and applied in management plans
	\$0.3 mil	\$2.1 mil	1.8 mil
<b><u>Local Initiatives in Biodiversity Conservation</u></b>	Limited or no opportunities to incentivize behavioral change for local inhabitants in and around PAs	Technical assistance and grants for local collaborative initiatives	A facilitated approach and financial incentives demonstrate to local inhabitants how protecting biodiversity can be positively linked to improvements in their livelihoods
	0	\$0.5 mil	\$0.5 mil
<b>Total</b>	<b>US\$ 1.0 million</b>	<b>US\$ 7.0 million</b>	<b>US\$ 6.0 million</b>
<b>Global Environmental Benefit</b>	Government continues limited status quo and both ability and quality of PAs decreases. Forest Management and Regional Development Plans would not take into account biological diversity under threat	An integrated conservation and forest management strategy will be designed and implemented that will draw attention to biodiversity conservation needs and opportunities. Without GEF funding the critical biodiversity conservation efforts would drastically be constrained as the BiH government is forced to act in favor of short term horizon rather than long term sustainability.	Endemic biodiversity of global significance will be protected in the forest landscapes of BiH
		<b>US\$ 3.4 million</b>	<b>US\$ 3.4 million</b>
<b>Domestic Benefit</b>	Minimal alternative income opportunities	Integration of biodiversity conservation into forest management strategy will preserve sustainable use options for economically important endemic forest species and enable access to new sources of income, such as eco-tourism.	Increased revenues from forest resources, improved forest management, and sustainable developmental benefits through participatory approaches in forest land use planning.
	<b>US\$ 1.0 million</b>	<b>US\$ 3.6 million</b>	<b>US\$ 2.6 million</b>

## Annex 16: STAP Roster Review

### BOSNIA-HERZEGOVINA: FOREST AND MOUNTAIN PROTECTED AREAS PROJECT

#### Review of Project Appraisal Document for a Forest and Mountain Protected Areas Project in Bosnia and Herzegovina

STAP Reviewer: Jeffrey A. McNeely, Chief Scientist, IUCN

#### 1. Scientific and technical soundness of the project

Generally speaking, this project is scientifically and technically sound. But I did find some issues that were inadequately considered. The major issues are discussed in the following paragraphs.

##### **Lack of a systems plan**

While the areas that have been selected for attention under the project all sound very important, and probably are the most appropriate sites for the project, it still would seem to have been useful to include in the project the preparation of a protected areas systems plan for Bosnia and Herzegovina. A protected areas system plan is the design of a total reserve system covering the full range of ecosystems and communities found in Bosnia and Herzegovina. The systems plan should identify the range of purposes of protected areas and help to balance the different objectives. It should also identify the relationships among the components of the protected areas system, including between individual areas, between protected areas and other land uses, and between different sectors and levels of the various stakeholders in Bosnia and Herzegovina. It should help demonstrate important linkages with other aspects of economic development, and show how various stakeholders can interact and cooperate to support effective and sustainable management of protected areas. A protected areas systems plan can help establish priorities for a workable national system of protected areas. It would provide the framework within which the various areas proposed for attention under the GEF project would relate to the larger picture.

A national protected areas system plan can also be an invaluable tool for communicating with decision makers, the private sector, and the various other interest groups in various parts of the country. The process of preparing a systems plan will also offer an opportunity for building a stronger constituency to support protected areas. Much of the necessary work has already been done in preparing the project appraisal document, so preparing the national systems plan should not be a terribly time consuming and expense process. A useful tool for guiding such a document is Davey, Adrian G. 1998. **National System Planning for Protected Areas**. IUCN, Gland, Switzerland. This document is available on the internet at [www.iucn.org/themes/wcpa/publications](http://www.iucn.org/themes/wcpa/publications). Hard copies are available directly from IUCN's World Commission on Protected Areas. (WCPA).

***Response:*** *Bosnia-Herzegovina (hereinafter in the responses, Bosnia) is in the process of preparing a national protected area systems plan. At the time the project was originally proposed, it was expected that such plan would have been already well-advanced, as this was to be done through the World Bank-funded Forest Development and Conservation Project (FDCP), as a cornerstone aspect of the development of the National Biodiversity Strategy (NBS). However, a decision was taken in 2004 by the government to utilize instead UNEP financing NBS. Unfortunately, for a variety of reasons, this has taken a very long time to be started. Even*

*so, the areas proposed for inclusion in the project were derived by a high-level, inter-ministerial, and inter-Entity, Working Group. In its deliberations, the Working Group took account of numerous existing proposals for a future PA network.*

*The UNEP-funded work is now underway, and is expected that the national PA system plan will be completed by mid-2007. Although this will be too late to alter the existing proposals, the team believes that the areas proposed for inclusion in the project represent a strong technical consensus on the highest priority areas for immediate protection. The team is further highly confident that all areas proposed will be part of any future national plan. Here it should be noted that four of the six areas are already protected; one of the remaining two (Una River) has a completed Feasibility Study, paid by the Bosnian government, and the last, the Igman mountain complex, has a Feasibility Study underway.*

*Action. The Project Brief will more fully reflect the ongoing work through UNEP funding, to develop an integrated national PA system plan, and make more explicit ways in which the project will support that plan.*

### **Small Grants**

The small grants component of the project is excellent, and an essential element in the success of the overall project. But I was a little surprised that the project document did not even mention the concept of payments for ecosystem services. The Millennium Ecosystem Assessment has strongly supported the concept of ecosystem services, in other words, the benefits that nature provides to people. A full discussion of ecosystem services is available in the reports of the Millennium Ecosystem Assessment, but they cover provisioning services, which are the goods produced or provided by ecosystems; regulating services, such as regulation of pollinators, climate, nutrients, and extreme natural events; cultural services, the non-material benefits from ecosystems, including recreational, educational and inspirational; and supporting services, such as primary production, carbon sequestration, soil formation and so forth. The approach taken by the MA implies that ecosystem services have value to people, which in turn implies that these ecosystem services have an *economic* value that can be internalized in economic policy and the market system. Some of these services are relatively easy to quantify, though in the past they have been considered as public goods and hence have suffered from market imperfections. But the value of carbon sequestration in forests, for example, is substantial, and at a global scale, some US\$ 11.3 billion worth of carbon credits were traded on the international market in 2005. The economic value of water catchments have also been demonstrated. It would seem to be useful to explore the various options for payments for ecosystem services provided by protected areas, as a means of providing long-term financial security to the protected areas. In those that support production of forest products, including non-timber forest products, eco-labeling would both enhance the value and the credibility of their sustainable harvesting. The World Bank is deeply involved in the process of building markets for ecosystem services, and actively promotes environmental fiscal reform (see, for example, World Bank. 2005. **Environmental Fiscal Reform: What should be done and how to achieve it.** IBRD, Washington D.C.).

The project is also seeking to reach out to the private sector, and in many parts of the world, the private sector is an active player in the market for ecosystem services, including cultural services such as natural beauty. The private sector can use ecosystem services to create direct financial income; ensure that the firm receives necessary supplies of natural resources; captures the demand for the service from clients (for example, tourists); may enable it to compensate for any

negative impacts on biodiversity on a voluntary basis; improve its public image; and simply act in an ecologically responsible manner that requires it to invest in ecosystem services. A global information service on developments in new ecosystem service-based markets is available at [www.ecosystemmarketplace.com](http://www.ecosystemmarketplace.com). A service where providers and beneficiaries of ecosystem services can work together to capture the benefits associated with ecosystem services is available at [www.katoombagroup.org](http://www.katoombagroup.org).

None of this is meant to replace the Small Grants Facility component of the project, which remains well conceived. But sustainability for the existing and planned new protected areas may well depend on developing new streams of revenue, and payments for ecosystem services should at least receive an appropriate degree of attention in the project.

***Response.*** *The team wishes to emphasize that the Project does intend to support payments for environmental/ecosystem services (PES) as an important element of longer-term financial sustainability mechanisms. However, it has been suggested that PES be de-emphasized, because the project has a limited lifetime, it will take some time to develop this relatively complex mechanism, and in any case, such payments will likely not make a large contribution to PA revenue streams until the longer-term. Nevertheless, (PES), will be developed, as part of both the Small Grants Program (SGP), and in terms of new funding sources for PAs.*

***Action.*** *Preparation/Appraisal activities will continue to refine the SGP, and will focus renewed attention on early development of mechanisms for testing payment for environmental services.*

***Update from Appraisal.*** At appraisal, in response to reviewer and recipient feedback, the “small grants program” was changed into a smaller “local initiatives program” which will be limited to just a few subprojects (at least one per project PA). While PES is one of the subproject options, it will not necessarily be selected. However PES will still be considered in the context of PA management planning and the evolution of PA financing.

## **IUCN Categories**

The project document mentions in several places that the full range of IUCN protected area categories will be used. This sounds like a good idea, but I do not think that this strategy should be applied too strictly. In a country where so many people are occupying the rural areas, it may be extremely difficult to establish a Category I protected area, and given the economic situation in the country, Category V areas may be much more appropriate. Perhaps a few of the core zones which are providing critical habitat to threatened species could receive strict protection, but as a zoning measure rather than a category for the entire protected area.

The project emphasizes the importance of multiple-use management of protected areas, but the IUCN category system has variable uses that are permissible. Multiple-use management is more likely under Categories IV, V and VI.

***Response.*** *The above approach, especially the idea of zoning, is exactly what is foreseen. The only areas which are now planned for strict protection are the two small forest preserves, which already exist in this status. The other areas are clear multiple use areas which will fall, as noted, most likely under Categories IV, V and VI.*

***Action.*** *New management plans, taking into account Feasibility Studies, Environmental Assessments, and Social Assessments, will create the specific distinctive zones within any given PA.*

## **2. Identification of the global environmental benefits and/or drawbacks of the project**

Bosnia and Herzegovina is a sparsely-populated keystone in the Balkans, and thereby plays an important role in providing global environmental benefits, including providing habitats for endemic species of plants. Its karst ecosystems are substantial, and significant at a global scale. The fact that so little of the landscape is yet included as legally-established protected areas indicates that Bosnia and Herzegovina is a prime candidate for expanding its protected area system in a way that can contribute to conserving the globally important biodiversity of the Balkan region.

Some of the proposed protected areas are outstanding on a global scale, such as the Tara Canyon, which may be the most spectacular canyon in Europe, and the Perucica Forest, which may be one of the least-disturbed forests in the Balkans, if not all of Europe.

***Response.** The team appreciates the above comment, particularly in that it reflects the client's strong belief in the opportunities presented by Bosnia's significant natural assets.*

## **3. Project's context within GEF goals, operational strategies, programme priorities, GEF Council guidance and the provisions of the relevant Conventions**

This project is particularly relevant to the Convention on Biological Diversity, and specifically its efforts to implement Articles 8(a) and 8(b) on Protected Areas. Decision VII/28 on protected areas provides guidance on protected areas, and the programme of work on protected areas in the Annex provides additional guidance that is well reflected by the project.

Numerous CBD COP decisions on forest biological diversity also relate, including Decisions II/9, III/12, IV/7, V/4, VI/22, and VII/1. This project as designed will be entirely consistent with the guidance provided by the COP.

COP Decision VII/27, on mountain biological diversity contains a programme of work on mountain biodiversity, which covers protection, sustainable use of mountain resources, and institutional elements that are all relevant to this project. Additional elements on information sharing may need to be incorporated in the project design.

***Response/Action.** The team appreciates this confirmation of the project's conformity with key international provisions on biodiversity. Continuing preparation efforts, particularly as part of the ongoing Social Assessment, will ensure that additional methods of information sharing are reflected in project design.*

## **4. Regional context**

As part of the former Yugoslavia, Bosnia and Herzegovina is surrounded by other countries with whom they do not always have cordial relationships. While it certainly seems sensible to have regional cooperation in protected areas, and especially trans-boundary protected areas, such regional cooperation is far from simple under the current conditions. That said, a more optimistic perspective is that protected areas could provide a means of promoting trans-boundary cooperation on shared ecosystems or on wide-ranging species, such as wolves and brown bears. The karst ecosystems shared between Croatia and Bosnia-Herzegovina would also seem to be prime targets for enhancing regional cooperation. Training of staff for protected areas may also be more effective if several of the GEF projects in the region combine their efforts, including sharing of curriculum materials. On transboundary protected areas, the project might wish to consider another IUCN publication: Sandwith, Trevor, *et al.* 2003. **Transboundary Protected**

**Areas for Peace and Cooperation.** IUCN, Gland, Switzerland. This volume is available on the internet at the same site mentioned above.

***Response/Action.*** *The team agrees with the above view of the potential difficulties in establishing transboundary activities. We further agree that the training programs should be designed to enable experience from other Balkan PAs to be brought into Bosnia; this strategy will be incorporated in the first year design of the training program. It should be noted that particularly in Sutjeska National Park, there is ongoing cooperation with the the Durmitor National Park in Montenegro; the project design explicitly seeks to strengthen this cooperation, especially in terms of better coordination of recreation activities between the two parks.*

## **5. Replicability of the project**

Virtually all countries in the world now have protected areas, though Bosnia and Herzegovina have one of the weakest national systems. But the proposed project will build institutional capacity, staff competence, and new approaches to protected areas. Using the new approaches and institutional frameworks and building on the expanded technical competence of staff, it may well be expected that additional protected areas will be established. As accession to the EU becomes more likely, EU funding may lead to expanded support for protected areas. However, given the point made above about a national systems plan, replicability would seem to be most likely if there is a solid framework on how to proceed with any additional protected areas. Some of the alternative sites mentioned in the project document might be considered for such replication.

An essential element of any such replicability will be ensuring that appropriate staff are engaged, put in place, and given real career opportunities within the protected areas of the country. Replicability will also depend on building a constructive and positive relationship with other sectors, especially tourism and forestry. It will also be useful to learn lessons from other European countries who have faced similar challenges. Croatia is relatively advanced in its protected areas, with an outstanding karst ecosystem that has been recognized on the World Heritage List, namely Plitvice National Park. Plitvice is able to recover virtually all of its running costs through various forms of revenue generation.

If the Government of Bosnia and Herzegovina provides the necessary policy support to enable the protected areas to retain a reasonable share of the value of the ecosystem services they provide, then replication may be far more likely.

***Response/Action.*** *As noted above, the national PA system plan is underway. Certainly, the central government authorities, as well as local administrations and non-governmental organizations, are increasingly aware of new funding sources (e.g., the EU). Staff in existing parks are already quite well-trained for their specific roles; the challenge will be to bring their knowledge to a higher level. This is particularly true in cases where the forest enterprises will need to take an active role in PA management (in the small forest reserves of Janj and Lom, and in Kozara National Park, especially). In addition, the project will undertake a significant effort in training new staff for new areas. Even in this case, however, it should be noted that project implementation/PA management teams are already being formed – and trained from government resources – for new skills.*

*It is absolutely clear that neighboring countries' experiences will need to be leveraged, and the team especially appreciates the suggestions to look more closely at Croatia's experience. This*

*has been done to some extent, but further collaboration/information sharing with the Croatian experts will be pursued prior to Appraisal.*

*At this time, the policy framework for revenue sharing between Entity governments and protected areas is under revision. The PAs have argued persuasively for greater budget support from the central authorities, and it appears that this will be given. By project Appraisal, the final formulas for revenue sharing in the PAs should be completed. This will partly be based on recommendations from an ongoing international consultancy focused on providing options for financial sustainability for the overall PA system. Project design and indicators will be modified based on the final policy agreements.*

## **6. Sustainability of the project**

Most of the comments made above can be applied to the issue of sustainability of the project. The Small Grants Facility, a very important element of the project, is unlikely to be sustainable without project funding. But if the small grants are used to develop commercially viable ways of managing the benefits from ecosystem services provided by the protected areas, then sustainability is far more likely. An additional element in the project to examine the economic benefits of the multiple ecosystem services provided by the proposed protected areas would be a significant contributor to the sustainability of the project.

The fact that other donors are also active in Bosnia and Herzegovina, including the Government of Italy, USAID, and JICA, indicate that further possibilities for support of protected areas may also be possible, and this project may help to improve the design of subsequent projects.

***Response.*** *To-date, project design has focused on the modalities for executing the SGP, with less focus on longer-term sustainability. However, the Bank team, and the client, agree with the above comment that the SGP will have a difficult time being sustainable without project funding. It is expected that experience gained from the project will enable Bosnia to leverage additional sources of finance for similar grant-making activities in the future. This might be from bilateral sources. Importantly, such grants are regular features of a number of EU pre-accession instruments which will become available to the country during the project implementation period.*

***Action.*** *Remaining preparation will place greater focus on the long-term sustainability of the Small Grant Program. Additionally, the financial sustainability consultancy noted above is expected to make recommendations on this topic.*

## **7. Linkages to other focal areas**

One of the most obvious links of the project is to climate change, which is both a challenge to protected areas (because the climatic conditions may influence the distribution of the species that the protected areas are established to conserve) and an important justification for protected areas (because they may offer opportunities for enabling ecosystems to adapt to changing climatic conditions). As discussed above, many of the forested areas may be important in terms of carbon sequestration. It is possible that some of the habitat restoration issues may benefit from the Clean Development Mechanism under the Kyoto Protocol. The threat to endemic plant species, particularly in the mountain areas, will require particular attention as climates change.

In terms of international waters, some of the rivers in Bosnia and Herzegovina do flow into neighboring countries, and the protected areas may help ensure that the quality of water is at an acceptable level. But it must be recognized that this is a minor link.

In terms of land degradation, the biggest problem is with land mines, which still are a problem in several hundred thousand hectares and provide a significant threat to developing such areas for the conservation of biodiversity. On the other hand, they also hamper other forms of development, and may serve as de facto reserves. But land mines are also a significant source of pollution as they degrade, so efforts at de-mining should continue and expand. The project addresses all four of the strategic priorities of the GEF operational strategy on biodiversity. The project is directly addressing protected areas (SP1); the work that it is doing to mainstream forests and agriculture into the new protected areas address SP2 on mainstreaming biodiversity; the project includes a significant element of capacity building (SP3), and the project will seek to develop best practices for protected areas (SP4).

The project will also address OP2 on coastal, marine, and freshwater ecosystems, though in Bosnia and Herzegovina the coastal and marine component is miniscule, while the freshwater ecosystems are very important. The project also addresses OP3 on forest ecosystems and OP4 on mountain ecosystems. In terms of OP13 on conservation and sustainable use of biological diversity important to agriculture, the project document contains relatively little discussion of non-timber forest products. But medicinal plants and edible fungi are likely to be significant components in many of the proposed new protected areas. This might require some further attention.

**Response/Action**. *The team is in full agreement with these comments. With particular reference to climate change and carbon sequestration, this is something which might be able to be developed in the future, depending on what kinds of habitat restoration ultimately occurs in a given PA. However, our present understanding is that carbon sinks projects are not highly favored, even under the Clean Development Mechanism. The Bosnian government is aware of some opportunities to leverage carbon funding, and our ongoing dialogue will continue to engage on this point.*

*It is certainly the case that landmines remain an important challenge. We note that overall, the only park with any significant remaining landmine issues is the Igman mountain complex outside Sarajevo. Demining efforts are ongoing there, with clear “Do Not Enter” areas (marked in red tape with “skull and crossbones”), some of which are in remote locations, and some of which are in locations close to current/potential future, recreation areas. The project does not propose to directly support any demining. Nevertheless, project support for new management plans will take direct account of demining activities.*

*Non-timber forest products (NTFPs) are an important source of livelihood enhancement for some of the population, including both those living in/near PAs, and locally-based tourist visitors. At present, the two existing national parks (Sutjeska and Kozara) have well-established procedures for collection of NTFPs. As the project will primarily strengthen their management capacity, and provide some much-needed asset capitalization, no conflicts are foreseen about this topic. In the new parks, feasibility studies provide evidence of some utilization of NTFPs, but they do not suggest that this is a barrier to park establishment, nor do they indicate any serious conflicts. By project Effectiveness, a Process Framework tool will be put in place, to mitigate effects of any potential restrictions which might arise in any PA.*

## **8. Linkages to other programmes and action plans at regional or sub-regional levels**

Bosnia and Herzegovina forms part of the Pan-European Biological and Landscape Diversity Strategy (PEBLDS), and has the potential to expand its participation in this important

programme. Significant European Union funding supports this effort, and a PEBLDS meeting was held at the end of February 2006 in Croatia, which was attended by colleagues from Bosnia and Herzegovina. Along with Natura 2000, such pan-European efforts can offer considerable support to this project.

***Response.*** *Bosnian experts in multiple fields related to forestry and biodiversity are active in a number of fora, including those above. This has expanded the authorities' understanding of other programs, and is expected to continue. Further, the project will indeed provide support for initial identification of sites for inclusion in Natura 2000. This will be clarified in the Project Brief.*

## **9. Other beneficial or possible environmental damaging effects**

The concern about landmines has already been mentioned. A potential conflict with the wood-processing industry could be addressed through seeking appropriate certification, such as the Forest Stewardship Council ([www.fsc.org](http://www.fsc.org)).

Another issue that will require some attention is the relationship between the various ministries and level of government, including between the Entities. The governance complexity will provide some management challenges that will need to be addressed. The fact that the project will be executed by the Ministries of Agriculture, Forestry and Water Management, without the Ministry of Environment, may complicate relationships.

Some attention will also need to be given to the balance between patrolling and enforcement on one hand, while building understanding and support from local people on the other hand.

At least some of these protected areas have considerable potential for winter tourism, as evidenced by the 1984 Winter Olympics held in Sarajevo. The possibility of over-development will need to be considered, especially if large areas of forest are cleared in order to make more ski runs. The distribution of endemic species will need to be particularly considered.

The project document says nothing about invasive alien species, but this is a problem for protected areas throughout the world, and certainly should be considered as one of the important management issues, especially given the importance of the endemic Balkan flora.

***Response.*** *The project design has tried to be sensitive to the competing claims between conservation and forest utilization, in some of the areas. It is indeed the case that in the existing national parks, an important revenue source is fees from timber extraction. This process is long-standing, and in these parks, there is very good coordination between park management and forest enterprises, and this is expected to continue. In the parks proposed for establishment, the final management arrangements are still being determined. It is likely that in both Una and the Igman mountain complex, timber harvesting will continue to play an important role. That said, the forest enterprises are supportive of park establishment, as it is not expected that they will "lose" significant assets in the process.*

*The Bank, through the FDCP, is very heavily engaged in overall governance improvements in the forest sector, including harvesting and wood processing. These improvements will have numerous positive implications for the management efficiency of the PAs.*

*The complexity of the implementation arrangements is due to the reality of the complex administrative structure in the country. However, we note that the ministries of agriculture will not be the primary implementation authority; this will rest with the Entity ministries of*

environment and physical planning. The ministries of agriculture currently contain the project implementation units for ongoing projects, and preparation has utilized their expertise. During implementation, even procurement and financial management is planned to be organized in dedicated “project implementation teams/units” in the ministries of environment. Importantly, most of the day-to-day operations will be undertaken at the PA level, which is most appropriate.

- Action. The Project Brief will be revised to make these arrangements more clear.

The point on winter tourism and potential overdevelopment of the Igman complex is important. However, no “large clearing” is foreseen, even taking into account current development of the high-density tourist areas. Bosnia’s environmental regulations, assisted by the Environmental Management Plan Framework being developed at present, will help to guide new construction so as to minimize environmental disruption (including endemics). Even so, we would emphasize again the multiple-use nature of these parks, and the reality that especially for Igman, the country sees increasing tourism there as an important potential driver for economic growth in the area.

Update from Appraisal. By the time of the appraisal, the main responsibility for project implementation was assigned to the Entity environmental ministries, and includes specific arrangements for coordination with the Entity Ministries of Agriculture, Forestry and Water Management.

## 10. Capacity building aspects

The project clearly intends to include a significant element of capacity building, but this has not yet been fleshed out to much detail. In addition to appropriate training for all categories of protected area staff, it might also be worth considering to incorporate conservation elements in the school curriculum at all level. It would also be helpful to support appropriate elements in the non-governmental sector, including youth groups; these are often the strongest supporters of protected areas and their capacity is well worth considering.

Response. It is indeed correct that the capacity building is not yet well-defined. The full training program for the first year will be designed by project Appraisal. Subsequent needs will be determined on a yearly basis. The team very much welcomes the suggestion on inclusion of NGOs and youth groups; the Bank is actively engaged with youth groups in the Balkans, and ongoing preparation will make a more concerted effort to collaborate with those efforts.

## 11. Innovativeness of the project

The innovativeness of the project comes from its location in a country that is emerging from a war between 1992 and 1995; has a very small amount of its territory in the protected area system; and is seeking to use protected areas as a foundation for its further economic development. The fact that many European tourists drive to the Balkans for vacations may offer some innovations for linking protected areas to European tourism. The fact that protected areas are run by “National Park Enterprises” may offer creative opportunities for developing new funding mechanisms, especially if these are linked to payments for ecosystem services. The Small Grants Facility will also offer multiple opportunities for innovation, and it is important to ensure that the allocation of these small grants does not become overly bureaucratic.

Response. The team appreciates this understanding of the significant tourism potential in Bosnia. As noted before, payment for ecosystem services will be explored further, and will be

*included as one of the SGP themes. Present design of the SGP is intended to be reasonably straightforward, and efforts will be made to ensure that the specific operational modalities are not overly bureaucratic.*

## **CONCLUSION**

This project is an extremely important one for Bosnia and Herzegovina, offering it an opportunity to join other European countries with an appropriate system of protected areas. The sites that have been identified are likely to be the most important ones, but a comprehensive system plan for the country would be helpful in showing how the various protected areas relate to each other. In terms of the sustainability of the protected areas system, the concept of payment for ecosystem services is well worth considering and would offer the project a new dimension of innovation. Such an approach may be especially relevant in establishing a new system when many options are still open.

# BOSNIA AND HERZEGOVINA FOREST AND MOUNTAIN PROTECTED AREAS PROJECT

- |                                                                                   |                   |                                                                                                            |
|-----------------------------------------------------------------------------------|-------------------|------------------------------------------------------------------------------------------------------------|
| <b>PROPOSED:</b>                                                                  |                   |                                                                                                            |
|  | FEASIBILITY STUDY |  MAIN ROADS               |
|  | NATIONAL PARKS    |                                                                                                            |
| <b>EXISTING:</b>                                                                  |                   |                                                                                                            |
|  | FOREST RESERVES   |  INTERNATIONAL BOUNDARIES |
|  | NATIONAL PARKS    |                                                                                                            |
|                                                                                   |                   |  SELECTED TOWNS         |
|                                                                                   |                   |  NATIONAL CAPITAL       |



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BOSNIA AND HERZEGOVINA

FOREST AND MOUNTAIN PROTECTED AREAS PROJECT

PROJECT DOCUMENT

EUROPE AND CENTRAL ASIA

ECSSD

Date: April 16, 2008 Country Director: Jane Armitage Sector Manager/Director: John Kellenberg Project ID: P079161 Environmental Assessment: Not Required Lending Instrument: Technical Assistance Loan	Team Leader: Jessica Mott Sectors: Forestry (50%);Central government administration (50%) Themes: Land administration and management (P);Other environment and natural resources management (P);Environmental policies and institutions (S);Rural non-farm income generation (S);Other public sector governance (S)
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Global Supplemental ID: P087094 Lending Instrument: Specific Investment Loan Focal Area: B-Biodiversity Environmental Assessment: Partial Assessment Supplement Fully Blended?: No	Team Leader: Jessica Mott Sectors: Forestry (50%);Sub-national government administration (25%);Central government administration (25%) Themes: Biodiversity (P);Other environment and natural resources management (P);Environmental policies and institutions (S);Participation and civic engagement (S)
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**Project Financing Data**

Loan    Credit    Grant    Guarantee    Other:

For Loans/Credits/Others:

Total Bank financing (US\$m.): US\$3.4 million

Proposed terms: Grant

**Financing Plan (US\$m)**

Source	Local	Foreign	Total
BORROWER/RECIPIENT	2.50	0.00	2.50
Global Environment Facility (GEF)	2.90	0.50	3.40
Local Communities	0.10	0.00	0.10
GLOBAL ENVIRONMENT - Associated IDA Fund	1.80	0.70	2.50
Total:	7.30	1.20	8.50

**Borrower:**

Ministry of Finance and Treasury  
Sarajevo

Bosnia and Herzegovina

**Responsible Agency:**

FBiH Ministry of Environment and Tourism

Bosnia and Herzegovina

RS Ministry of Civil Engineering, Physical Planning, and Ecology

Bosnia and Herzegovina

**GEF Estimated disbursements (Bank FY/US\$m)**

FY	2009	2010	2011	2012	2013	2014			
Annual	0.30	0.50	0.70	0.80	0.90	0.20			
Cumulative	0.30	0.80	1.50	2.30	3.20	3.40			

Project implementation period: Start November 1, 2008 End: October 31, 2012

Expected effectiveness date: October 31, 2008

Expected closing date: April 30, 2013

Does the project depart from the CAS in content or other significant respects?  Yes  No  
*Ref. PAD I.C.*

Does the project require any exceptions from Bank policies?  Yes  No

*Ref. PAD IV.G.*

Have these been approved by Bank management?  Yes  No

Is approval for any policy exception sought from the Board?  Yes  No

Does the project include any critical risks rated "substantial" or "high"?  Yes  No  
*Ref. PAD III.E.*

Does the project meet the Regional criteria for readiness for implementation?  Yes  No  
*Ref. PAD IV.G.*

Project development objective *Ref. PAD II.C., Technical Annex 3*

The project development objective (PDO) is to strengthen the institutional and technical capacity for sustainable PA and natural resource management, and expand the BiH network of forest and mountain PAs.

Global Environment objective *Ref. PAD II.C., Technical Annex 3*

Because the PDO is considered both local and global in nature, it is also considered to be the global environmental objective for purposes of GEF consideration.

Project description [one-sentence summary of each component] *Ref. PAD II.D., Technical Annex 4*

Component 1: Protected Area Development (will support PA management plans, operations, assessments, and facilities development in existing and new PAs.

Sub-component 1a): PA Management Planning. The project will finance development and implementation of new PA plans for the two existing National Parks, for two existing forest reserves and for the new NPs in Una River and IBTV. In addition, the project will undertake new feasibility studies to examine the options for expansion of existing and possible new protected areas.

Sub-component 1b): Ecological and PA Management Assessment. The project will support for

the ecological assessments and periodic assessment of PA management effectiveness.

Sub-component 1c): PA Facilities. The project will support new infrastructure, and limited small-scale building rehabilitation, necessary for improving the operations of existing PAs, and for establishing the newly created protected areas, e.g. trail improvements, new trail creation, signage, resting places, park boundary markings, visitor entry booths, etc.

Component 2: Capacity and Support for Biodiversity Conservation will focus on strengthening the institutions responsible for planning, establishment, and management of PAs.

Sub-component 2a): Institutional Capacity Development. At the PA-level training and technical assistance will focus on building competencies in key areas including: ecosystem-based management focusing on adaptive management: integration of ecological, economic and social aspects, and sustainability; business planning emphasizing financial sustainability and marketing of PAs as quality destinations; and field-level skills in areas such as patrolling, community engagement, visitor management and interpretation.

Sub-component 2b): Public Awareness Programs. The project will support the development and implementation of an outreach program to raise public awareness for biodiversity conservation and PAs.

Sub-component 2c): Project Management and Project Monitoring. Limited financing will be provided for project management and associated operating costs, meetings of the Project Guidance Committee, and project monitoring.

Component 3: Local Initiatives in Biodiversity Conservation will support selected grants for biodiversity conservation efforts by local stakeholders which promote improved natural resource management and generate economic benefits to local communities involved in protected areas management.

Which safeguard policies are triggered, if any? **Ref. PAD IV.F., Technical Annex 10**  
OP 4.01 Environmental Assessment; OP 4.04 Natural Habitats; OP 4.12 Involuntary Resettlement; OP 4.36 Forests; OP 4.04 Natural Habitats.

Significant, non-standard conditions, **if any**, for:

**Ref. PAD III.F.**

Board presentation:

None

Loan/credit effectiveness:

- The GEF Grant Agreement between the World Bank and the Recipient, a Project Agreement between the World Bank and an Entity, and a Subsidiary Agreement between the same Entity and the Recipient (as satisfactory to the World Bank) have been executed, and there is evidence that the GEF Grant Agreement, the Project Agreement and the Subsidiary Agreement are duly authorized or ratified and legally binding on the parties in accordance with their terms.

Covenants applicable to project implementation:

Disbursement Conditions

- For each Entity, a Project Agreement between the Entity and the World Bank has been

executed, a Subsidiary Agreement between the Recipient and the same Entity has been executed, and an opinion has been furnished to the World Bank stating that the Project Agreement and Subsidiary Agreement have been duly authorized or ratified by the Entity and the Recipient, as the case may be, and are legally binding upon them in accordance with their respective terms.

- There will be no withdrawals for payments made prior to the date of the Grant Agreement, except for withdrawals for expenditures made on or after March 15, 2008 up to an aggregate amount not to exceed \$100,000 equivalent for Categories 1 and 3 of the Project.

#### Financial Management and Reporting Covenants

- The State Ministry of Finance shall appoint an independent auditor by January 31 of each year and provide an audit to the World Bank by June 30 of each year.

- The Entity PMUs shall prepare and submit to the World Bank quarterly interim financial reports within 45 days after the end of each quarter.

- The Entity PMUs shall prepare and submit to the World Bank semiannual project progress reports by August 15 and February 15 of each year, and a draft mid-term report by September 30, 2010 in accordance with guidelines acceptable by the World Bank.

#### Implementation Covenants

- The Recipient shall cause the Entities to implement the project in accordance with the provisions of the Financial Management Manual, the Guidelines for Local Initiatives in Biodiversity Conservation, the Access Restriction Process Framework, and the Environmental Management Plan, and shall not amend or waive or permit to be amended or waived these except with prior written approval of the World Bank.

- The Recipient shall cause the Entities to maintain PMUs with terms of reference and resources satisfactory to the World Bank, and with competent staff in adequate numbers.

- The RS shall appoint financial management and procurement staff for the MCEPPE PMU within one month of project effectiveness to carry out fiduciary services for FMPAP.

- The Entities shall provide domestic budget financing for the project PAs and PMUs at levels satisfactory to the World Bank.

- No less than one month after the effective date, the Recipient shall cause the Entities to appoint representatives from local government, the private sector and non-government organizations to the Project Guidance Committee as satisfactory to the World Bank.

- The Entity environment ministries shall designate a M&E focal point within three months of project effectiveness to coordinate M&E activities across PAs and with other government agencies.

- The Recipient shall apply in accordance with arrangements agreed with the World Bank the Protected Area Management Effectiveness Tracking Tool for project-supported PAs.

## Reporting Progress in Protected Areas: National Park Kozara

Name of protected area	National Park Kozara		
Location of protected area (country, ecoregion, and if possible map reference)	Bosnia-Herzegovina, Entity Republika Srpska, Prijedor Municipality, 44° 59' N 16° 51'E		
Date of establishment (distinguish between agreed and gazetted*)	Agreed	Gazetted - 1967	
Ownership details (i.e. owner, tenure rights etc)	Entity Government		
Management Authority	Public Enterprise, NP Kozara		
Size of protected area (ha)	3,494		
Number of staff	Permanent - 70	Temporary - 4	
Annual budget (US\$)	Approx 1.42M KM or US\$ 1.12M		
Designations (IUCN category, World Heritage, Ramsar etc)	No official designation		
Reasons for designation	Historical significance (WWII site and monument), Landscape values (mixed forest and pastoral),		
Brief details of GEF funded project or projects in PA	FMPAP project to start late 2008		
Brief details of other relevant projects in PA	N/A		
List the two primary protected area objectives			
Objective 1	Protection of cultural and historic heritage		
Objective 2	Protection of biodiversity and natural resources		
List the top two most important threats to the PA (and indicate reasons why these were chosen)			
Threat 1	Lack of Management Plan for the Park – this gives main direction for management and development of the protected area		
Threat 2	Inappropriate status as a public enterprise which leads to financial problems		
List top two critical management activities			
Activity 1	Forestry operations to generate revenue for the Park		
Activity 2	Visitor management and control		

**Name/s of assessors :** Dragan Romcevic (Director NP), Natasha Pjevic (Manager of Planning and Anaysis), Daniel Sidjak (Manager-Forestry), Vinko Kos (Manager-Finance)

**Contact details :** [info@npkozara.com](mailto:info@npkozara.com), [www.npkozara.com](http://www.npkozara.com)

**Date assessment carried out :** 18 April, 2008

\* Or formally established in the case of private protected areas

Issue	Criteria	Score	Comments	Next steps
1. Legal status	The protected area is not gazetted	0	<i>Note:</i> see fourth option for private Reserves 1967	
Does the protected area have legal status?	The government has agreed that the protected area should be gazetted but the process has not yet begun	1		
<i>Context</i>	The protected area is in the process of being gazetted but the process is still incomplete	2		
	The protected area has been legally gazetted (or in the case of private reserves is owned by a trust or similar)	<b>3</b>		
2. Protected area regulations	There are no mechanisms for controlling inappropriate land use and activities in the protected area	0	Absence of management plan which has been accepted by Ministry and without which some management options are not defined and regulations do not formally exist. Law on nature protection does not specify certain detail. Without Plan do not have official authority to penalize. Preparation of Ecosystem-based Management Plan included as part of FMPAP (to be noted throughout the scorecard when Plan is mentioned)	Prepare Management Plan for NP, Establish status and internal regulations for Park management (through by-laws)
Are inappropriate land uses and activities (e.g. poaching) controlled?	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are major problems in implementing them effectively	1		
<i>Context</i>	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are some problems in effectively implementing them	<b>2</b>		
	Mechanisms for controlling inappropriate land use and activities in the protected area exist and are being effectively implemented	3		
3. Law enforcement	The staff have no effective capacity/resources to enforce protected area legislation and regulations	0	<i>Possible issue for comment:</i> What happens if people are arrested? Lack of financial resources due to above status issue with the result that NP ability to enforce is limited. Employees can implement regulations but with limited means.	As Above and obtain financial resources for enforcement
Can staff enforce protected area rules well enough?	There are major deficiencies in staff capacity/resources to enforce protected area legislation and regulations (e.g. lack of skills, no patrol budget)	1		
<i>Context</i>	The staff have acceptable capacity/resources to enforce protected area legislation and regulations but some deficiencies remain	<b>2</b>		
	The staff have excellent capacity/resources to enforce protected area legislation and Regulations	3		

Issue	Criteria	Score	Comments	Next steps
4. Protected area objectives  Have objectives been agreed?  <i>Planning</i>	No firm objectives have been agreed for the protected area	0	There are objectives for the present status and these are implemented, but these will be changed to reflect new status.	Prepare new Management Plan for new status
	The protected area has agreed objectives, but is not managed according to these Objectives	1		
	The protected area has agreed objectives, but these are only partially implemented	2		
	The protected area has agreed objectives and is managed to meet these objectives	3		
5. Protected area design  Does the protected area need enlarging, corridors etc to meet its objectives?  <i>Planning</i>	Inadequacies in design mean achieving the protected areas major management objectives of the protected area is impossible	0	<i>Possible issue for comment:</i> does the protected area contain different management zones and are these well maintained?  For example need clear definition of core zone management	Expansion of about an additional 4000ha but need feasibility study for this area. Prepare Management Plan with better design.
	Inadequacies in design mean that achievement of major objectives are constrained to some extent	1		
	Design is not significantly constraining achievement of major objectives, but could be improved	2		
	Reserve design features are particularly aiding achievement of major objectives of the protected area	3		
6. Protected area boundary demarcation  Is the boundary known and demarcated?  <i>Context</i>	The boundary of the protected area is not known by the management authority or local residents/neighbouring land users	0	<i>Possible issue for comment:</i> are there tenure disagreements affecting the protected area? Some re-marking will be undertaken as part of FMPAP	Re-marking of boundary lines
	The boundary of the protected area is known by the management authority but is not known by local residents/neighbouring land users	1		
	The boundary of the protected area is known by both the management authority and local residents but is not appropriately demarcated	2		
	The boundary of the protected area is known by the management authority and local residents and is appropriately demarcated	3		

Issue	Criteria	Score	Comments	Next steps
7. Management plan	There is no management plan for the protected area	0	Management Plan exists but it is old (since 1971-1991) and the Park still operated based on that Plan (with a focus on forestry and hunting). No Management Plan for new status exists.	Prepare new Management Plan
Is there a management plan and is it being implemented?	A management plan is being prepared or has been prepared but is not being implemented	1		
	An approved management plan exists but it is only being partially implemented because of funding constraints or other problems	<b>2</b>		
	An approved management plan exists and is being implemented	3		
<i>Planning</i>				
Additional points	The planning process allows adequate opportunity for key stakeholders to influence the management plan	<b>+1</b>	Stakeholders are consulted about Park Management, give proposals and comments on activities, e.g., hotel operators	Expand stakeholder participation in new management plan
<i>Planning</i>	There is an established schedule and process for periodic review and updating of the management plan	+1		
	The results of monitoring, research and evaluation are routinely incorporated into planning	+1		
8. Regular work plan	No regular work plan exists	0	Meet targets for current work plan and status, but this is limited by finances. Need to change to reflect new status.	Establish status and Management Plan
Is there an annual work plan?	A regular work plan exists but activities are not monitored against the plan's targets	1		
	A regular work plan exists and actions are monitored against the plan's targets, but many activities are not completed	2		
	A regular work plan exists, actions are monitored against the plan's targets and most or all prescribed activities are completed	<b>3</b>		
<i>Planning/Outputs</i>				
9. Resource inventory	There is little or no information available on the critical habitats, species and cultural values of the protected area	0		
Do you have enough information to manage the area?	Information on the critical habitats, species and cultural values of the protected area is not sufficient to support planning and decision making	1		

Issue	Criteria	Score	Comments	Next steps
<i>Context</i>	Information on the critical habitats, species and cultural values of the protected area is sufficient for key areas of planning/decision making but the necessary survey work is not being maintained	<b>2</b>	Completed flora inventory and cultural values, partial faunal inventory, Ecological assessments and baselines included in FMPAP	Complete faunal inventory
	Information concerning on the critical habitats, species and cultural values of the protected area is sufficient to support planning and decision making and is being maintained	3		
10. Research  Is there a programme of management-orientated survey and research  <i>Inputs</i>	There is no survey or research work taking place in the protected area	0	Most recent planned and detailed flora research was published in 2007 (field work from 2005-2006). Otherwise research is ad hoc due to limited resources.	Some research is planned under project but limited.
	There is some ad hoc survey and research work	<b>1</b>		
	There is considerable survey and research work but it is not directed towards the needs of protected area management	2		
	There is a comprehensive, integrated programme of survey and research work, which is relevant to management needs	3		
11. Resource management  Is the protected area adequately managed (e.g. for fire, invasive species, poaching)?  <i>Process</i>	Requirements for active management of critical ecosystems, species and cultural values have not been assessed	0	In the current status this is the case. But with new status demands may change. There are fires on edge of NP but management has not experienced any negative consequences with these due to timely control. Illegal cutting and hunting are at minimal levels or almost non-existent.	Additional equipment for efficient protection
	Requirements for active management of critical ecosystems, species and cultural values are known but are not being addressed	1		
	Requirements for active management of critical ecosystems, species and cultural values are only being partially addressed	2		
	Requirements for active management of critical ecosystems, species and cultural values are being substantially or fully addressed	<b>3</b>		

Issue	Criteria	Score	Comments	Next steps
12. Staff numbers  Are there enough people employed to manage the protected area? <i>Inputs</i>	There are no staff	0	For current status and operations staff is adequate	
	Staff numbers are inadequate for critical management activities	1		
	Staff numbers are below optimum level for critical management activities	2		
	Staff numbers are adequate for the management needs of the site	3		
13. Personnel management  Are the staff managed well enough? <i>Process</i>	Problems with personnel management constrain the achievement of major management objectives	0	There is always room for improving staff management.	Training for senior managers
	Problems with personnel management partially constrain the achievement of major management objectives	1		
	Personnel management is adequate to the achievement of major management objectives but could be improved	2		
	Personnel management is excellent and aids the achievement major management objectives	3		
14. Staff training  Is there enough training for staff? <i>Inputs/Process</i>	Staff are untrained	0	Skills are needed in visitor management and relations, language skills Training for PA staff in certain tourism related skills included as part of FMPAP	Training activities planned in this project, human resources development should be included in new Management Plan
	Staff training and skills are low relative to the needs of the protected area	1		
	Staff training and skills are adequate, but could be further improved to fully achieve the objectives of management	2		
	Staff training and skills are in tune with the management needs of the protected area, and with anticipated future needs	3		
15. Current budget  Is the current budget sufficient?	There is no budget for the protected area	0	Current budget is for an enterprise but NP needs government finances for operating as NP	Establish status as institution and receive greater government resources
	The available budget is inadequate for basic management needs and presents a serious constraint to the capacity to manage	1		
	The available budget is acceptable, but could be further improved to fully achieve effective management	2		

Issue	Criteria	Score	Comments	Next steps
<i>Inputs</i>	The available budget is sufficient and meets the full management needs of the protected area	3		
16. Security of budget	There is no secure budget for the protected area and management is wholly reliant on outside or year by year funding	0	NOT APPLICABLE – Current NP operates as public enterprise and is self-financing from mainly forestry, and a small amount from entrance fees and minor commercial souvenir sales	Change in status needed
Is the budget secure?	There is very little secure budget and the protected area could not function adequately without outside funding	1		
<i>Inputs</i>	There is a reasonably secure core budget for the protected area but many innovations and initiatives are reliant on outside funding	2		
	There is a secure budget for the protected area and its management needs on a multi-year cycle	3		
17. Management of budget	Budget management is poor and significantly undermines effectiveness	0	Budget management is adequate but budget amount is insufficient	Increase budget by changing status as well explore opportunities for improved visitor revenues
Is the budget managed to meet critical management needs?	Budget management is poor and constrains effectiveness	1		
<i>Process</i>	Budget management is adequate but could be improved	2		
	Budget management is excellent and aids effectiveness	3		
18. Equipment	There are little or no equipment and facilities	0	Have facilities that need to be renovated, inadequate number of and old vehicles, and other equipment are outdated. Limited budget results in buying low quality equipment. Some “soft” infrastructure included in FMPAP	Obtain budget for equipment.
Are there adequate equipment and facilities?	There are some equipment and facilities but these are wholly inadequate	1		
<i>Process</i>	There are equipment and facilities, but still some major gaps that constrain management	2		
	There are adequate equipment and facilities	3		

Issue	Criteria	Score	Comments	Next steps
19. Maintenance of equipment  Is equipment adequately maintained?  <i>Process</i>	There is little or no maintenance of equipment and facilities	0	Given the limited budget outdated facilities and equipment are maintained as best as possible	Obtain budget.
	There is some ad hoc maintenance of equipment and facilities	1		
	There is maintenance of equipment and facilities, but there are some important gaps in maintenance	2		
	Equipment and facilities are well maintained	3		
20. Education and awareness programme  Is there a planned education programme?  <i>Process</i>	There is no education and awareness programme	0	Given limited budget and resources ad hoc activities are done, usually based on opportunities as they arise. Education and public awareness activities about PAs included in FMPAP	Education awareness activities are planned in this project
	There is a limited and ad hoc education and awareness programme, but no overall planning for this	1		
	There is a planned education and awareness programme but there are still serious gaps	2		
	There is a planned and effective education and awareness programme fully linked to the objectives and needs of the protected area	3		
21. State and commercial neighbours  Is there co-operation with adjacent land users?  <i>Process</i>	There is no contact between managers and neighbouring official or corporate land users	0	Neighbours are forest enterprises and the NP maintains regular contact and cooperation on issues such as illegal cutting, joint communication. No private companies in the area. NP has contact with some farmers since agriculture is small-scale. Usually local contact with farmers is about fuel wood requests and grazing access.	If more intensive tourism development takes places, local communities could participate in ecotourism to improve their economic status. Need to consider the role of grazing since there is large area of forest and on-going grazing contributes to landscape values of the NP.
	There is limited contact between managers and neighbouring official or corporate land users	1		
	There is regular contact between managers and neighbouring official or corporate land users, but only limited co-operation	2		
	There is regular contact between managers and neighbouring official or corporate land users, and substantial co-operation on management	3		
22. Indigenous people	Indigenous and traditional peoples have no input into decisions relating to the management of the protected area	0	NOT APPLICABLE in Bosnia-Herzegovina. No indigenous populations are present.	

Issue	Criteria	Score	Comments	Next steps
Do indigenous and traditional peoples resident or regularly using the PA have input to management decisions? <i>Process</i>	Indigenous and traditional peoples have some input into discussions relating to management but no direct involvement in the resulting decisions	1		
	Indigenous and traditional peoples directly contribute to some decisions relating to management	2		
	Indigenous and traditional peoples directly participate in making decisions relating to management	3		
23. Local communities	Local communities have no input into decisions relating to the management of the protected area	0	Other than direct requests, local communities are not directly participating. However, there is local representation on NP supervisory board.	Have joint meetings with local representatives/organisations to discuss park issues of common interest
Do local communities resident or near the protected area have input to management decisions? <i>Process</i>	Local communities have some input into discussions relating to management but no direct involvement in the resulting decisions	1		
	Local communities directly contribute to some decisions relating to management	2		
	Local communities directly participate in making decisions relating to management	3		
Additional points	There is open communication and trust between local stakeholders and protected area managers	+1	Not full trust but there is communication	As above plus increase transparency about activities implemented by the Park
<i>Outputs</i>	Programmes to enhance local community welfare, while conserving protected area resources, are being implemented	+1		
24. Visitor facilities	There are no visitor facilities and services	0	<i>Possible issue for comment:</i> Do visitors damage PA? Leave rubbish, vandalism (defacing the public property), setting small fires NP faces challenges of many visitors in short periods See previous comment in 18	Renovate some buildings, improve trails and signage.
Are visitor facilities (for tourists, pilgrims etc) good enough?	Visitor facilities and services are inappropriate for current levels of visitation or are under construction	1		
	Visitor facilities and services are adequate for current levels of visitation but could be improved	2		
	Visitor facilities and services are excellent for current levels of visitation	3		
25. Commercial tourism	There is little or no contact between managers and tourism operators using the protected area	0	Possible issue for comment: examples of contributions	
Issue	Criteria	Score	Comments	Next steps

Do commercial tour operators contribute to protected area management? <i>Process</i>	There is contact between managers and tourism operators but this is largely confined to administrative or regulatory matters	1	Tourism operators organize one-day trips and get in contact for information for site activities and interpretation services (e.g., guides) from the NP. Contact and cooperation is, however, limited	Strengthen cooperation with operators.
	There is limited co-operation between managers and tourism operators to enhance visitor experiences and maintain protected area values	2		
	There is excellent co-operation between managers and tourism operators to enhance visitor experiences, protect values and resolve conflicts	3		
26. Fees If fees (tourism, fines) are applied, do they help protected area management?  <i>Outputs</i>	Although fees are theoretically applied, they are not collected	0	As a public enterprise retain all revenues including entrance and other use fees.	Anticipate that even as an institution the NP will retain fees
	The fee is collected, but it goes straight to central government and is not returned to the protected area or its environs	1		
	The fee is collected, but is disbursed to the local authority rather than the protected area	2		
	There is a fee for visiting the protected area that helps to support this and/or other protected areas	3		
27. Condition assessment  Is the protected area being managed consistent to its objectives?  <i>Outcomes</i>	Important biodiversity, ecological and cultural values are being severely degraded	0	<i>Possible issue for comment:</i> It is important to provide details of the biodiversity, ecological or cultural values being affected  Recent study on flora (2007) stated that expectations of researchers regarding the variety of species were exceeded by 50%.  Regarding cultural values the main monument and museum have been maintained	Conduct faunal assessment for NP, especially for species with small populations, e.g., lizards,  Also need to study status of other species of small populations, e.g., <i>taxus bacata</i> in the NP
	Some biodiversity, ecological and cultural values are being severely degraded	1		
	Some biodiversity, ecological and cultural values are being partially degraded but the most important values have not been significantly impacted	2		
	Biodiversity, ecological and cultural values are predominantly intact	3		
Additional points <i>Outputs</i>	There are active programmes for restoration of degraded areas within the protected area and/or the protected area buffer zone	+1	NOT APPLICABLE	
28. Access assessment	Protection systems (patrols, permits etc) are ineffective in controlling access or use of the reserve in accordance with designated objectives	0		

Issue	Criteria	Score	Comments	Next steps
Is access/resource use sufficiently controlled?  <i>Outcomes</i>	Protection systems are only partially effective in controlling access or use of the reserve in accordance with designated objectives	1	Shortage of equipment and resources limited efficiency of control	Obtain resources to purchase equipment, vehicles, etc. May partially result from change in status.
	Protection systems are moderately effective in controlling access or use of the reserve in accordance with designated objectives	2		
	Protection systems are largely or wholly effective in controlling access or use of the reserve in accordance with designated objectives	3		
29. Economic benefit assessment  Is the protected area providing economic benefits to local communities?  <i>Outcomes</i>	The existence of the protected area has reduced the options for economic development of the local communities	0	<i>Possible issue for comment:</i> how does national or regional development impact on the protected area?  Five or six years ago there were less tourism facilities. New tourism development, e.g., hotel in NP, has increased some local employment. Local Initiatives component in FMPAP for PA and biodiversity compatible activities	Further tourism development of the Park can benefit local communities and economy.
	The existence of the protected area has neither damaged nor benefited the local economy	1		
	There is some flow of economic benefits to local communities from the existence of the protected area but this is of minor significance to the regional economy	2		
	There is a significant or major flow of economic benefits to local communities from activities in and around the protected area (e.g. employment of locals, locally operated commercial tours etc)	3		
30. Monitoring and evaluation  Are management activities monitored against performance?  <i>Planning/Process</i>	There is no monitoring and evaluation in the protected area	0	Currently have supervisory services for protection, fauna and flora, wild animal counts annually (for hunting control purposes). Otherwise not systematically defined and used. Incomplete surveys means that in the case of fauna it is difficult to monitor without baseline data. Medicinal herb collection needs a system. M&E systems establishment and improvement included in FMPAP	Plan for M&E for rare and endangered species, e.g., medicinal herbs, <i>taxus bacata</i> , orchids,
	There is some ad hoc monitoring and evaluation, but no overall strategy and/or no regular collection of results	1		
	There is an agreed and implemented monitoring and evaluation system but results are not systematically used for management	2		
	A good monitoring and evaluation system exists, is well implemented and used in adaptive management	3		
<b>TOTAL SCORE</b>		65 (total score divided by 30/28 to account for 2 not applicable items)		





### **Applying the GEF Tracking Tools**

**Objective:** To measure progress in achieving the targets and indicators established at the portfolio level under Strategic Priority One of the biodiversity focal area. The following targets and indicators are being tracked for all GEF-3 projects and will be tracked for all GEF-4 projects.

#### **Indicators for Strategic Priority One: Catalyzing Sustainability of Protected Area Systems at National Levels**

- The number of countries that receive support for strengthening protected areas (PA) systems to ensure their long-term sustainability.
- The number of hectares of PAs supported.
- The number of PAs supported and the percentage of marine or freshwater protected areas.
- Number of protected areas and total hectares under any “global priority lists” or other international recognition (e.g. Biosphere reserves, World Heritage Sites, Ramsar, WWF Global 200 etc.).
- The percentage of individual PAs that demonstrate improved management effectiveness against baseline scenarios by mid-term and end of project as a contribution to a national PA system.
- The percentage of PA systems that demonstrate improved management effectiveness against baseline scenarios by mid-term and end of project.

**Rationale:** Project data from the GEF-3 and GEF-4 project cohort, respectively, will be aggregated for analysis of directional trends and patterns at a portfolio-wide level to both inform the strategic priorities of the GEF and to report to GEF Council on portfolio-level performance in the biodiversity focal area.

**Structure of Tracking Tool:** Each tracking tool requests background and coverage information on the project and specific information required to track the indicator sets listed above. Please note that Section Two of the tracking tool for **Strategic Priority One: Catalyzing Sustainability of Protected Area Systems at National Levels** provides an assessment of protected area management effectiveness. Section Two of this Tracking Tool is derived from the “World Bank/WWF Alliance for Forest Conservation and Sustainable Use Site-Level Management Effectiveness Tracking Tool (METT/PAME) for Protected Areas” and complete instructions on how to apply the METT are provided with the METT.

**Guidance in Applying the Tracking Tool:** The tracking tools are applied three times: at work program inclusion or CEO endorsement, at project mid-term, and at project completion. Projects which fall clearly within Strategic Priority (SP) #1 or Strategic Priority (SP) #2 will only apply the tracking tool for the respective Strategic Priority.

The tracking tools are designed to be “user-friendly”, while attempting to ensure objective assessment of the progress of the project situation. *The tracking tool does not substitute or replace project level M&E processes, or GEF Implementing Agencies’/Executing Agencies’ own monitoring processes.* Project proponents and managers will likely be the most appropriate individuals to complete the Tracking Tool, in

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

collaboration with the project team, since they would be most knowledgeable about the project. Staff and consultants already working in the field could also provide assistance in filling out the Tracking Tool.

**Submission:** The finalized tracking tool will be cleared by the GEF Implementing Agencies and Executing Agencies before submission. The tracking tool is to be submitted to the GEF Secretariat at three points:

- 1.) With the project document for work program inclusion or CEO endorsement;
- 2.) Within 3 months of completion of the project's mid-term evaluation or report; and
- 3.) With the project's terminal evaluation or final completion report, and no later than 6 months after project closure.

## **Section One: Project General Information**

1. Project Name: Forest and Mountain Protected Areas Project
2. Project Type (MSP or FSP): FSP
3. Project ID (GEF): P087094
4. Project ID (IA): 39952
5. Implementing Agency: World Bank
6. Country: Bosnia and Herzegovina

Names of reviewers completing tracking tool and completion dates:

	<b>Name</b>	<b>Title</b>	<b>Agency</b>
<b>CEO Endorsement</b>	Muris Hadžić	PMU Manager	FBiH - Ministry of Environment and Tourism, Date: 14 April 2008
	Zoran Lukač	PMU Manager	RS- Ministry of Spatial Planning, Civil Engineering and Ecology, Date: 16 April 2008
<b>Project Mid-term</b>			
<b>Final Evaluation/project completion</b>			

7. Project duration: **Planned** 4 years **Actual** *To be decided at Project completion*

8. Lead Project Executing Agencies: Entity Governments of the Federation of Bosnia and Herzegovina: Ministry of Environment and Tourism, and Republika Srpska: Ministry of Spatial Planning, Civil Engineering and Ecology

9. GEF Operational Program:

- drylands (OP 1)
- coastal, marine, freshwater (OP 2)
- forests (OP 3)
- mountains (OP 4)
- agro-biodiversity (OP 13)
- integrated ecosystem management (OP 12)
- sustainable land management (OP 15)

Other Operational Program not listed above: \_\_\_\_\_

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
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10. Project coverage in hectares:

<b>Targets and Timeframe</b>	<b>Foreseen at project start</b>	<b>Achievement at Mid-term Evaluation of Project</b>	<b>Achievement at Final Evaluation of Project</b>
<b>Project Coverage</b>			
<b>Extent in hectares of protected areas targeted by the project</b>	141,377	141,377 (expected)	141,377

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

Please complete the table below for the protected areas that are the target of the GEF intervention. Use **NA** for not applicable.

Name of Protected Area	Is this a new protected area? Please answer yes or no.	Area in Hectares	Global designation or priority lists (E.g., Biosphere Reserve, World Heritage site, Ramsar site, WWF Global 200, etc.)	Local Designation of Protected Area (E.g, indigenous reserve, private reserve, etc.)	IUCN Category for each Protected Area <sup>1</sup>					
					I	II	III	IV	V	VI
1. Sutjeska NP Perucica Primeval Forest  Tara Canyon (proposed expansion)	No	17,250 1,434 (included in above) 8,000	None	National Park	X	X				
2. Kozara NP	No	3,494	None	National Park		X				

1

- I. Strict Nature Reserve/Wilderness Area: managed mainly for science or wilderness protection  
 II. National Park: managed mainly for ecosystem protection and recreation  
 III. Natural Monument: managed mainly for conservation of specific natural features  
 IV. Habitat/Species Management Area: managed mainly for conservation through management intervention  
 V. Protected Landscape/Seascape: managed mainly for landscape/seascape protection and recreation  
 VI. Managed Resource Protected Area: managed mainly for the sustainable use of natural ecosystems

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

<b>3. Janj FR</b>	<b>No</b>	<b>295</b>	<b>None</b>	<b>Forest Reserve</b>	X					
<b>4. Lom FR</b>	<b>No</b>	<b>298</b>	<b>None</b>	<b>Forest Reserve</b>	X					
<b>5. Una NP (proposed)</b>	<b>Yes</b>	<b>19,800</b>	<b>None</b>	<b>NA</b>		X			X	
<b>6. Igman-Bjelasnica-Treskavica-Visocica NP (proposed)</b>	<b>Yes</b>	<b>92,000</b>	<b>None</b>	<b>NA</b>	X	X			X	

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

## **Reporting Progress in Protected Areas**

## **A Site-Level Management Effectiveness Tracking Tool**

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## Reporting Progress in Protected Areas: National Park Sutjeska

Name of protected area	National Park Sutjeska	
Location of protected area (country, ecoregion, and if possible map reference)	Bosnia-Herzegovina, Dinaric Alps, Located in SE of Entity of Republika Srpska, 43°19' N, 18° 37'E, borders Montenegro	
Date of establishment (distinguish between agreed and gazetted*)	Agreed	Gazetted – 9 Feb-1962
Ownership details (i.e. owner, tenure rights etc)	Entity Government	
Management Authority	NP Sutjeska Public Enterprise, RS Government decision 1996	
Size of protected area (ha)	17,250ha	
Number of staff	Permanent - 81	Temporary - 15
Annual budget (US\$)	Approximately 1.8m to 2.0m KM, 1.4m-1.6m USD	
Designations (IUCN category, World Heritage, Ramsar etc)	II – National Park, Perucica Forest – UNESCO WHS	
Reasons for designation	Biodiversity values, Perucica Primeval Forest, Historical Monument (WWII)	
Brief details of GEF funded project or projects in PA	Forest Mountains and Protected Areas Project (WB) – due to start late 2008	
Brief details of other relevant projects in PA	N/A	
List the two primary protected area objectives		
Objective 1	Protection and conservation of significant biodiversity and cultural resources of educational and scientific value, especially Perucica Primeval Forest (ancient beech-spruce-fir).	
Objective 2	Promote recreational and tourism opportunities and diversify the park's economic base in keeping with conservation and in a way that contributes to local and regional socio-economic development.	
List the top two most important threats to the PA (and indicate reasons why these were chosen)		
Threat 1	Inadequate and irregular financing threaten the management of Park and achievement of management objectives	
Threat 2	Illegal hunting of game species in the Park and adjacent Hunting Reserve due to the large area to be patrolled and insufficient staff for protection.	
List top two critical management activities		
Activity 1	Forestry is the primary activity and revenue earner and needs to be reduced in keeping with NP objectives	
Activity 2	Nature protection activities are important but need to be strengthened in keeping with NP objectives	

**Name/s of assessor (including people consulted):** Zdravko Radovic (Director), Slobodan Carapic (Executive Director for Economics and Administration), Mirjana Radovic (Manager, Tourism)

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**Date assessment carried out (Day/Month/Year):** 15 April, 2008

\* Or formally established in the case of private protected areas

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Issue	Criteria	Score	Comments	Next steps
1. Legal status	The protected area is not gazetted	0	<i>Note:</i> see fourth option for private Reserves Formally gazetted (No. 5/62)	Expansion of PA to include Tara Canyon under consideration. Feasibility study is under preparation. Likely new area to be about 8000ha
Does the protected area have legal status?	The government has agreed that the protected area should be gazetted but the process has not yet begun	1		
Context	The protected area is in the process of being gazetted but the process is still incomplete	2		
	The protected area has been legally gazetted (or in the case of private reserves is owned by a trust or similar)	3		
2. Protected area regulations	There are no mechanisms for controlling inappropriate land use and activities in the protected area	0	Based on management experience and opinion. Incidents of illegal game hunting. Some training and equipment to improve protection responsibilities include in FMPAP	Training for rangers, provide better monitoring and communications equipment
Are inappropriate land uses and activities (e.g. poaching) controlled?	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are major problems in implementing them effectively	1		
Context	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are some problems in effectively implementing them	2		
	Mechanisms for controlling inappropriate land use and activities in the protected area exist and are being effectively implemented	3		
3. Law enforcement	The staff have no effective capacity/resources to enforce protected area legislation and regulations	0	<i>Possible issue for comment:</i> What happens if people are arrested?  Based on management experience and opinion, staff needs training and more funds are needed.  Most recent incident of illegal hunting and arrest was one week earlier	Training and provision of better equipment as above
Can staff enforce protected area rules well enough?	There are major deficiencies in staff capacity/resources to enforce protected area legislation and regulations (e.g. lack of skills, no patrol budget)	1		
Context	The staff have acceptable capacity/resources to enforce protected area legislation and regulations but some deficiencies remain	2		
	The staff have excellent capacity/resources to enforce protected area legislation and Regulations	3		

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Issue	Criteria	Score	Comments	Next steps
4. Protected area objectives  Have objectives been agreed?  <i>Planning</i>	No firm objectives have been agreed for the protected area	0	A management plan exists for 2003-2012, but there have been insufficient funds for full implementation with forestry operations providing the primary revenue for the Park.	Update Management Plan to accommodate changed status as "public institution" with increased government budget support (due within 5 months).
	The protected area has agreed objectives, but is not managed according to these Objectives	1		
	The protected area has agreed objectives, but these are only partially implemented	2		
	The protected area has agreed objectives and is managed to meet these objectives	3		
5. Protected area design  Does the protected area need enlarging, corridors etc to meet its objectives?  <i>Planning</i>	Inadequacies in design mean achieving the protected areas major management objectives of the protected area is impossible	0	<i>Possible issue for comment:</i> does the protected area contain different management zones and are these well maintained?  Based on management experience and opinion, and Management Plan	Expansion to include Tara Canyon, and improve connections with Durmitor NP in Montenegro
	Inadequacies in design mean that achievement of major objectives are constrained to some extent	1		
	Design is not significantly constraining achievement of major objectives, but could be improved	2		
	Reserve design features are particularly aiding achievement of major objectives of the protected area	3		
6. Protected area boundary demarcation  Is the boundary known and demarcated?  <i>Context</i>	The boundary of the protected area is not known by the management authority or local residents/neighbouring land users	0	<i>Possible issue for comment:</i> are there tenure disagreements affecting the protected area? Partial physical boundary markings are present.	Complete physical boundary demarcation
	The boundary of the protected area is known by the management authority but is not known by local residents/neighbouring land users	1		
	The boundary of the protected area is known by both the management authority and local residents but is not appropriately demarcated	2		
	The boundary of the protected area is known by the management authority and local residents and is appropriately demarcated	3		

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Issue	Criteria	Score	Comments	Next steps
7. Management plan	There is no management plan for the protected area	0	Dependence to date on forestry revenues, very limited government budget. Annual work plans and budgets are prepared.	Need to convert to "public institution" as soon as possible
Is there a management plan and is it being implemented?	A management plan is being prepared or has been prepared but is not being implemented	1		
	An approved management plan exists but it is only being partially implemented because of funding constraints or other problems	2		
	An approved management plan exists and is being implemented	3		
<i>Planning</i>				
Additional points	The planning process allows adequate opportunity for key stakeholders to influence the management plan	+1	The current plan included a number of outreach and awareness raising activities during its development	Update to Plan is anticipated
	There is an established schedule and process for periodic review and updating of the management plan	+1		
	The results of monitoring, research and evaluation are routinely incorporated into planning	+1	To the extent possible this is done.	
<i>Planning</i>				
8. Regular work plan	No regular work plan exists	0	Annual workplans and budgets are prepared but funding constraints exist due to current status.	Need to convert to "institution" status, and also training to improve staff skills
Is there an annual work plan?	A regular work plan exists but activities are not monitored against the plan's targets	1		
	A regular work plan exists and actions are monitored against the plan's targets, but many activities are not completed	2		
	A regular work plan exists, actions are monitored against the plan's targets and most or all prescribed activities are completed	3		
<i>Planning/Outputs</i>				
9. Resource inventory	There is little or no information available on the critical habitats, species and cultural values of the protected area	0	Based on management experience and opinion. Some studies have been carried out. Additional surveys are planned as part of FMPAP.	Additional surveys and studies are planned, e.g. fauna and flora inventories, Red Species list updates.
Do you have enough information to manage the area?	Information on the critical habitats, species and cultural values of the protected area is not sufficient to support planning and decision Making	1		

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
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Issue	Criteria	Score	Comments	Next steps
<i>Context</i>	Information on the critical habitats, species and cultural values of the protected area is sufficient for key areas of planning/decision making but the necessary survey work is not being maintained	<b>2</b>		
	Information concerning on the critical habitats, species and cultural values of the protected area is sufficient to support planning and decision making and is being maintained	3		
10. Research  Is there a programme of management-orientated survey and research  <i>Inputs</i>	There is no survey or research work taking place in the protected area	0	Research activities are <i>ad hoc</i> and not always in support of PA management objectives	Studies are to be undertaken, but in support of PA management, e.g. large fauna conservation research
	There is some ad hoc survey and research work	<b>1</b>		
	There is considerable survey and research work but it is not directed towards the needs of protected area management	2		
	There is a comprehensive, integrated programme of survey and research work, which is relevant to management needs	3		
11. Resource management  Is the protected area adequately managed (e.g. for fire, invasive species, poaching)?  <i>Process</i>	Requirements for active management of critical ecosystems, species and cultural values have not been assessed	0	Based on management experience and opinion. Training and technical assistance will be provided under the FMPAP.	PA management skills and knowledge need to be improved for ecosystem-based management.
	Requirements for active management of critical ecosystems, species and cultural values are known but are not being addressed	<b>1</b>		
	Requirements for active management of critical ecosystems, species and cultural values are only being partially addressed	2		
	Requirements for active management of critical ecosystems, species and cultural values are being substantially or fully addressed	3		

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
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Issue	Criteria	Score	Comments	Next steps
12. Staff numbers  Are there enough people employed to manage the protected area? <i>Inputs</i>	There are no staff	0	Staff numbers are adequate but skill type and level is inadequate for PA management	Training (including re-training existing staff) is needed and requirements are to be identified
	Staff numbers are inadequate for critical management activities	1		
	Staff numbers are below optimum level for critical management activities	2		
	Staff numbers are adequate for the management needs of the site	3		
13. Personnel management  Are the staff managed well enough? <i>Process</i>	Staff numbers are adequate for the management needs of the site	0	Based on management experience and opinion. Problems associated with undecided status of NP authority have prevented improved personnel management, e.g. union status	Decision on NP management status needed as soon as possible
	Problems with personnel management partially constrain the achievement of major management objectives	1		
	Personnel management is adequate to the achievement of major management objectives but could be improved	2		
	Personnel management is excellent and aids the achievement major management objectives	3		
14. Staff training  Is there enough training for staff? <i>Inputs/Process</i>	Staff are untrained	0	Staff need additional training to meet PA management objectives  Some staff training in ecosystem-based management, visitor relations and other topics, is included as part of FMPAP.	Prepare training plan for inclusion in Management Plan update, and in preparation for Management planning.
	Staff training and skills are low relative to the needs of the protected area	1		
	Staff training and skills are adequate, but could be further improved to fully achieve the objectives of management			
	Staff training and skills are in tune with the management needs of the protected area, and with anticipated future needs			
15. Current budget  Is the current budget sufficient?	There is no budget for the protected area	0	Based on management experience and opinion, and current budget and work plans	Obtain "institution" status and additional funds
	The available budget is inadequate for basic management needs and presents a serious constraint to the capacity to manage	1		
	The available budget is acceptable, but	2		

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

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Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

Issue	Criteria	Score	Comments	Next steps
<i>Inputs</i>	The available budget is sufficient and meets the full management needs of the protected area	3		
16. Security of budget	There is no secure budget for the protected area and management is wholly reliant on outside or year by year funding	0	Based on management experience and opinion. There is very little government budget contribution at present, and operations and activities are covered primarily from forestry and tourism revenues.	Obtain "institution" status, and revise management plan
Is the budget secure?	There is very little secure budget and the protected area could not function adequately without outside funding	1		
<i>Inputs</i>	There is a reasonably secure core budget for the protected area but many innovations and initiatives are reliant on outside funding	2		
	There is a secure budget for the protected area and its management needs on a multi-year cycle	3		
17. Management of budget	Budget management is poor and significantly undermines effectiveness	0	Based on management experience and opinion. Technical assistance on business planning for conservation is included in FMPAP.	Technical assistance for business planning for PAs, management information systems are needed
Is the budget managed to meet critical management needs?	Budget management is poor and constrains effectiveness	1		
	Budget management is adequate but could be improved	2		
<i>Process</i>	Budget management is excellent and aids effectiveness	3		
18. Equipment	There are little or no equipment and facilities	0	Small scale facilities are needed, e.g. entrance booths. Some provision of "soft facilities" are included in FMPAP.	Small equipment and "soft" infrastructure needs to be identified (prepare list) for inclusion into management plan update.
Are there adequate equipment and facilities?	There are some equipment and facilities but these are wholly inadequate	1		
	There are equipment and facilities, but still some major gaps that constrain management	2		
<i>Process</i>	There are adequate equipment and facilities	3		

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Issue	Criteria	Score	Comments	Next steps
19. Maintenance of equipment	There is little or no maintenance of equipment and facilities	0	Based on management opinion and experience. Tourism facilities need renovation.	See above 18.
Is equipment adequately maintained?	There is some ad hoc maintenance of equipment and facilities	1		
<i>Process</i>	There is maintenance of equipment and facilities, but there are some important gaps in maintenance	<b>2</b>		
	Equipment and facilities are well maintained	3		
20. Education and awareness programme	There is no education and awareness programme	0	Based on management experience and opinion Raising awareness of PAs and biodiversity is part of FMPAP.	Education and public relations campaigns planned in FMPAP with technical assistance and training included
Is there a planned education programme?	There is a limited and ad hoc education and awareness programme, but no overall planning for this	<b>1</b>		
<i>Process</i>	There is a planned education and awareness programme but there are still serious gaps	2		
	There is a planned and effective education and awareness programme fully linked to the objectives and needs of the protected area	3		
21. State and commercial neighbours	There is no contact between managers and neighbouring official or corporate land users	0	Based on management experience and opinion	Improved cooperation strategies to be included in Management Plan update
Is there co-operation with adjacent land users?	There is limited contact between managers and neighbouring official or corporate land users	1		
<i>Process</i>	There is regular contact between managers and neighbouring official or corporate land users, but only limited co-operation	<b>2</b>		
	There is regular contact between managers and neighbouring official or corporate land users, and substantial co-operation on management	3		
22. Indigenous people	Indigenous and traditional peoples have no input into decisions relating to the management of the protected area	0	NOT APPLICABLE for Bosnia-Herzegovina	

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Issue	Criteria	Score	Comments	Next steps
Do indigenous and traditional peoples resident or regularly using the PA have input to management decisions? <i>Process</i>	Indigenous and traditional peoples have some input into discussions relating to management but no direct involvement in the resulting decisions	1		
	Indigenous and traditional peoples directly contribute to some decisions relating to management	2		
	Indigenous and traditional peoples directly participate in making decisions relating to management	3		
23. Local communities	Local communities have no input into decisions relating to the management of the protected area	0		Ensure this is included in Management Plan update and funds are allocated
Do local communities resident or near the protected area have input to management decisions? <i>Process</i>	Local communities have some input into discussions relating to management but no direct involvement in the resulting decisions	1		
	Local communities directly contribute to some decisions relating to management	2		
	Local communities directly participate in making decisions relating to management	3		
Additional points	There is open communication and trust between local stakeholders and protected area managers	+1	For current operations.	
<i>Outputs</i>	Programmes to enhance local community welfare, while conserving protected area resources, are being implemented	+1	There is employment of local population in NP, but no organized programmes	
24. Visitor facilities	There are no visitor facilities and services	0	<i>Possible issue for comment:</i> Do visitors damage the protected area? Visitors leave garbage, and sometimes start fires Some monitoring and escort of visitors occurs. NP could improve visitor management and relations. Training included in FMPAP.	Training needed for NP staff, e.g., interpretation skills for rangers, better information provision for visitors
Are visitor facilities (for tourists, pilgrims etc) good enough?	Visitor facilities and services are inappropriate for current levels of visitation or are under construction	1		
	Visitor facilities and services are adequate for current levels of visitation but could be improved	2		
	Visitor facilities and services are excellent for current levels of visitation	3		
25. Commercial tourism	There is little or no contact between managers and tourism operators using the protected area	0	Possible issue for comment: examples of contributions	Obtain language training for NP staff working with visitors. Improve infrastructure for visitors.



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Issue	Criteria	Score	Comments	Next steps
Is access/resource use sufficiently controlled?  <i>Outcomes</i>	Protection systems are only partially effective in controlling access or use of the reserve in accordance with designated objectives	1	Some investment in protection systems including staff included in FMPAP.	
	Protection systems are moderately effective in controlling access or use of the reserve in accordance with designated objectives	2		
	Protection systems are largely or wholly effective in controlling access or use of the reserve in accordance with designated objectives	3		
29. Economic benefit assessment	The existence of the protected area has reduced the options for economic development of the local communities	0	<i>Possible issue for comment:</i> how does national or regional development impact on the protected area?	Ensure inclusion of economic benefit activities in Management Plan update
Is the protected area providing economic benefits to local communities?	The existence of the protected area has neither damaged nor benefited the local economy	1	Need to improve NP tourism products and increase local participation.	
	There is some flow of economic benefits to local communities from the existence of the protected area but this is of minor significance to the regional economy	2	Local Initiatives component of FMPAP may also provide opportunities for PA and biodiversity compatible income generation activities.	
<i>Outcomes</i>	There is a significant or major flow of economic benefits to local communities from activities in and around the protected area (e.g. employment of locals, locally operated commercial tours etc)	3		
30. Monitoring and evaluation	There is no monitoring and evaluation in the protected area	0	Ecological monitoring systems are support in FMPAP.	Improve Monitoring and Evaluation systems, and develop strategies to include data in management planning
Are management activities monitored against performance?	There is some ad hoc monitoring and evaluation, but no overall strategy and/or no regular collection of results	1		
	There is an agreed and implemented monitoring and evaluation system but results are not systematically used for management	2		
<i>Planning/Process</i>	A good monitoring and evaluation system exists, is well implemented and used in adaptive management	3		
<b>TOTAL SCORE</b>		<b>58 (item 22 is not applicable so score is multiplied by 30/29)</b>		

## **Reporting Progress in Protected Areas**

## **A Site-Level Management Effectiveness Tracking Tool**

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## Reporting Progress in Protected Areas: Virgin Forest Reserve Lom

Name of protected area	Virgin Forest Reserve Lom	
Location of protected area (country, ecoregion, and if possible map reference)	Bosnia-Herzegovina, Inner Dinaric Mountains, Entity of Republika Srpska, 44°27'N, 16°27'E	
Date of establishment (distinguish between agreed and gazetted*)	Agreed	Gazetted – 1956
Ownership details (i.e. owner, tenure rights etc)	Entity Government, Ministry of Agriculture, Water Management and Forests	
Management Authority	Government of Republika Srpska, Public Enterprise Forestry, "Ostrelj-Drinic"	
Size of protected area (ha)	298 (55 ha core area)	
Number of staff	Permanent – estimate 2 (231 total) Temporary	
Annual budget (US\$)	Approximately 20,000KM (equivalent of 2 staff), USD 16,000	
Designations (IUCN category, World Heritage, Ramsar etc)	Ia (core) rest Ib	
Reasons for designation	Biodiversity value, Scientific research, recognized of value since Austro-Hungarian period when forests were first inventoried	
Brief details of GEF funded project or projects in PA	Forest Mountains and Protected Areas Project (WB) – due to start late 2008	
Brief details of other relevant projects in PA	N/A	
List the two primary protected area objectives		
Objective 1	(Core area) Protection of genetic resources, wildlife, scientific research, maintaining good ecosystem functions	
Objective 2	(Rest of area) Tourism and recreation and balanced use of ecosystem (rest of area)	
List the top two most important threats to the PA (and indicate reasons why these were chosen)		
Threat 1	Inadequate financing threaten the management of Park and achievement of management objectives	
Threat 2		
List top two critical management activities		
Activity 1	Improved conservation management of the Forest Reserve	
Activity 2	Expansion of FR to Klekovaca Mountain	

**Name/s of assessor (including people consulted): Baniac Rejko(Director), Slobodan Strabac (Technical Director)**

**Contact details (email etc.): sgdrinic@inneco.net**

**Date assessment carried out (Day/Month/Year): April 17, 2008**

\* Or formally established in the case of private protected areas

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Issue	Criteria	Score	Comments	Next steps
1. Legal status	The protected area is not gazetted	0	<i>Note:</i> see fourth option for private Reserves Important to note that the Reserve falls under the management authority of the Forest Enterprise, and no separate unit exists for PA management. 1956	
Does the protected area have legal status?	The government has agreed that the protected area should be gazetted but the process has not yet begun	1		
Context	The protected area is in the process of being gazetted but the process is still incomplete	2		
	The protected area has been legally gazetted (or in the case of private reserves is owned by a trust or similar)	3		
2. Protected area regulations	There are no mechanisms for controlling inappropriate land use and activities in the protected area	0	Based on management experience and opinion Illegal logging has been controlled, there is a small human population, and generally protection mechanisms are effective	Better separation of area from forestry operations, establish separate unit for PA management with the Forest Enterprise.
Are inappropriate land uses and activities (e.g. poaching) controlled?	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are major problems in implementing them effectively	1		
Context	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are some problems in effectively implementing them	2		
	Mechanisms for controlling inappropriate land use and activities in the protected area exist and are being effectively implemented	3		
3. Law enforcement	The staff have no effective capacity/resources to enforce protected area legislation and regulations	0	<i>Possible issue for comment:</i> What happens if people are arrested?  Based on management experience and opinion, acceptable capacity but need skill improvement.	Training of staff and provision of better communications, uniforms, etc., equipment
Can staff enforce protected area rules well enough?	There are major deficiencies in staff capacity/resources to enforce protected area legislation and regulations (e.g. lack of skills, no patrol budget)	1		
Context	The staff have acceptable capacity/resources to enforce protected area legislation and regulations but some deficiencies remain	2		
	The staff have excellent capacity/resources to enforce protected area legislation and Regulations	3		

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Issue	Criteria	Score	Comments	Next steps
4. Protected area objectives  Have objectives been agreed?  <i>Planning</i>	No firm objectives have been agreed for the protected area	0	Only partially implemented due to a lack of funds, has little economic value so incentives for investment by the Forest Enterprise are low	Establish separate unit for PA management to improve operations
	The protected area has agreed objectives, but is not managed according to these Objectives	1		
	The protected area has agreed objectives, but these are only partially implemented	2		
	The protected area has agreed objectives and is managed to meet these objectives	3		
5. Protected area design  Does the protected area need enlarging, corridors etc to meet its objectives?  <i>Planning</i>	Inadequacies in design mean achieving the protected areas major management objectives of the protected area is impossible	0	<i>Possible issue for comment:</i> does the protected area contain different management zones and are these well maintained?  Study of biodiversity value of additional site has been conducted under the Forestry Project.	Expansion of reserve area up to Klekovaca Mountain
	Inadequacies in design mean that achievement of major objectives are constrained to some extent	1		
	Design is not significantly constraining achievement of major objectives, but could be improved	2		
	Reserve design features are particularly aiding achievement of major objectives of the protected area	3		
6. Protected area boundary demarcation  Is the boundary known and demarcated?  <i>Context</i>	The boundary of the protected area is not known by the management authority or local residents/neighbouring land users	0	<i>Possible issue for comment:</i> are there tenure disagreements affecting the protected area?  Most of the local population participates in the forestry operations.	
	The boundary of the protected area is known by the management authority but is not known by local residents/neighbouring land users	1		
	The boundary of the protected area is known by both the management authority and local residents but is not appropriately demarcated	2		
	The boundary of the protected area is known by the management authority and local residents and is appropriately demarcated	3		

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
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Issue	Criteria	Score	Comments	Next steps
7. Management plan	There is no management plan for the protected area	<b>0</b>	No direct plan for FR management, but part of overall forestry management plan.	Management would improve with a separate plan for FR
Is there a management plan and is it being implemented? <i>Planning</i>	A management plan is being prepared or has been prepared but is not being implemented	1	An option to expand the FR may be explored under FMPAP and would include management regimes.	
	An approved management plan exists but it is only being partially implemented because of funding constraints or other problems	2		
	An approved management plan exists and is being implemented	3		
Additional points <i>Planning</i>	The planning process allows adequate opportunity for key stakeholders to influence the management plan	+1	Regular monitoring and inspection by Ministry (plan prepared every 10 years)	Need separate plan for FR and expansion
	There is an established schedule and process for periodic review and updating of the management plan	+1		
	The results of monitoring, research and evaluation are routinely incorporated into planning	<b>+1</b>		
8. Regular work plan	No regular work plan exists	0	Annual plans regularly prepared for the entire Forest Enterprise.	Prepare separate plans for FR and expanded area.
Is there an annual work plan? <i>Planning/Outputs</i>	A regular work plan exists but activities are not monitored against the plan's targets	1		
	A regular work plan exists and actions are monitored against the plan's targets, but many activities are not completed	2		
	A regular work plan exists, actions are monitored against the plan's targets and most or all prescribed activities are completed	<b>3</b>		
9. Resource inventory	There is little or no information available on the critical habitats, species and cultural values of the protected area	0	A study was completed in 2005 (field work in 2003-2004) of Virgin Forests Lom and Janj as part of BiH Forestry Project.	Maintain inventory activities
Do you have enough information to manage the area?	Information on the critical habitats, species and cultural values of the protected area is not sufficient to support planning and decision making	1		

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Issue	Criteria	Score	Comments	Next steps
<i>Context</i>	Information on the critical habitats, species and cultural values of the protected area is sufficient for key areas of planning/decision making but the necessary survey work is not being maintained	2	Earlier research also conducted by academics (e.g., 2001), forestry inventory also conducted of the FR	
	Information concerning on the critical habitats, species and cultural values of the protected area is sufficient to support planning and decision making and is being maintained	<b>3</b>	Biodiversity study of Klekovaca Mountain completed in 2006-2007 under Forestry Conservation and Development Project	
10. Research	There is no survey or research work taking place in the protected area	0	Research is not always useful for management	Obtain and use existing research for management, and ensure inclusion in Management Plan.
Is there a programme of management-orientated survey and research <i>Inputs</i>	There is some ad hoc survey and research work	1		
	There is considerable survey and research work but it is not directed towards the needs of protected area management	<b>2</b>		
	There is a comprehensive, integrated programme of survey and research work, which is relevant to management needs	3		
11. Resource management	Requirements for active management of critical ecosystems, species and cultural values have not been assessed	0	Based on management experience and opinion, the area is protected.	Training for PA management staff in natural resource management
Is the protected area adequately managed (e.g. for fire, invasive species, poaching)?	Requirements for active management of critical ecosystems, species and cultural values are known but are not being addressed	1		
	Requirements for active management of critical ecosystems, species and cultural values are only being partially addressed	2		
<i>Process</i>	Requirements for active management of critical ecosystems, species and cultural values are being substantially or fully addressed	<b>3</b>		

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

Issue	Criteria	Score	Comments	Next steps
12. Staff numbers  Are there enough people employed to manage the protected area? <i>Inputs</i>	There are no staff	<b>0</b>	No designated staff for FR management, but forestry staff undertake some protection and control activities. Given the current management structure this is difficult to answer.	Assign designated staff for FR management
	Staff numbers are inadequate for critical management activities	1		
	Staff numbers are below optimum level for critical management activities	2		
	Staff numbers are adequate for the management needs of the site	3		
13. Personnel management  Are the staff managed well enough? <i>Process</i>	Problems with personnel management constrain the achievement of major management objectives	0	NOT APPLICABLE – given the staff time allocated to the Reserve.	
	Problems with personnel management partially constrain the achievement of major management objectives	1		
	Personnel management is adequate to the achievement of major management objectives but could be improved	2		
	Personnel management is excellent and aids the achievement major management objectives	3		
14. Staff training  Is there enough training for staff? <i>Inputs/Process</i>	Staff are untrained	0	Staff need additional training to meet PA management objectives, lack knowledge of biodiversity and conservation strategies.  Training and TA in conservation management and visitor relations planned as part of FMPAP.	Need to provide more technical training on biodiversity conservation
	Staff training and skills are low relative to the needs of the protected area	<b>1</b>		
	Staff training and skills are adequate, but could be further improved to fully achieve the objectives of management	2		
	Staff training and skills are in tune with the management needs of the protected area, and with anticipated future needs	3		
15. Current budget  Is the current budget sufficient?	There is no budget for the protected area	<b>0</b>	Based on management experience and opinion, no direct budget for FR	Establish separate unit with budget
	The available budget is inadequate for basic management needs and presents a serious constraint to the capacity to manage	1		
	The available budget is acceptable, but	2		

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

Issue	Criteria	Score	Comments	Next steps
<i>Inputs</i>	The available budget is sufficient and meets the full management needs of the protected area	3		
16. Security of budget	There is no secure budget for the protected area and management is wholly reliant on outside or year by year funding	0	NOT APPLICABLE ABOVE	SEE ABOVE
Is the budget secure?	There is very little secure budget and the protected area could not function adequately without outside funding	1		
<i>Inputs</i>	There is a reasonably secure core budget for the protected area but many innovations and initiatives are reliant on outside funding	2		
	There is a secure budget for the protected area and its management needs on a multi-year cycle	3		
17. Management of budget	Budget management is poor and significantly undermines effectiveness	0	NOT APPLICABLE	SEE ABOVE
Is the budget managed to meet critical management needs?	Budget management is poor and constrains effectiveness	1		
	Budget management is adequate but could be improved	2		
<i>Process</i>	Budget management is excellent and aids effectiveness	3		
18. Equipment	There are little or no equipment and facilities	0	Some equipment is shared with regular forestry operations.  Some provision of equipment is planned under FMPAP.	Obtain special equipment as needed, make list of small equipment needs for protection activities.
Are there adequate equipment and facilities?	There are some equipment and facilities but these are wholly inadequate	1		
	There are equipment and facilities, but still some major gaps that constrain management	2		
<i>Process</i>	There are adequate equipment and facilities	3		

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

Issue	Criteria	Score	Comments	Next steps
19. Maintenance of equipment  Is equipment adequately maintained?  <i>Process</i>	There is little or no maintenance of equipment and facilities	0	NOT APPLICABLE SEE ABOVE.	See above 18.
	There is some ad hoc maintenance of equipment and facilities	1		
	There is maintenance of equipment and facilities, but there are some important gaps in maintenance	2		
	Equipment and facilities are well maintained	3		
20. Education and awareness programme  Is there a planned education programme?  <i>Process</i>	There is no education and awareness programme	0	Based on management experience and opinion. Some publications prepared in 2001 as part of a study.  Public awareness activities planned under FMPAP.	Anticipate education activities in this project
	There is a limited and ad hoc education and awareness programme, but no overall planning for this	1		
	There is a planned education and awareness programme but there are still serious gaps	2		
	There is a planned and effective education and awareness programme fully linked to the objectives and needs of the protected area	3		
21. State and commercial neighbours  Is there co-operation with adjacent land users?  <i>Process</i>	There is no contact between managers and neighbouring official or corporate land users	0	Based on management experience and opinion. For the whole forestry enterprise there is contact with FBiH forestry enterprise whose area of operation border the Reserve.	In the future if the area expands further contacts for protection purposes will be needed
	There is limited contact between managers and neighbouring official or corporate land users	1		
	There is regular contact between managers and neighbouring official or corporate land users, but only limited co-operation	2		
	There is regular contact between managers and neighbouring official or corporate land users, and substantial co-operation on management	3		
22. Indigenous people	Indigenous and traditional peoples have no input into decisions relating to the management of the protected area	0	NOT APPLICABLE for Bosnia-Herzegovina	

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

Issue	Criteria	Score	Comments	Next steps
Do indigenous and traditional peoples resident or regularly using the PA have input to management decisions? <i>Process</i>	Indigenous and traditional peoples have some input into discussions relating to management but no direct involvement in the resulting decisions	1		
	Indigenous and traditional peoples directly contribute to some decisions relating to management	2		
	Indigenous and traditional peoples directly participate in making decisions relating to management	3		
23. Local communities	Local communities have no input into decisions relating to the management of the protected area	0	Strict protection reserve and managed by forestry enterprise so there is little interaction with local communities on management.	May be opportunities for participation in tourism activities in the future
Do local communities resident or near the protected area have input to management decisions? <i>Process</i>	Local communities have some input into discussions relating to management but no direct involvement in the resulting decisions	1		
	Local communities directly contribute to some decisions relating to management	2		
	Local communities directly participate in making decisions relating to management	3		
Additional points	There is open communication and trust between local stakeholders and protected area managers	+1	Nearly all the local families have members who are employed by enterprise	
<i>Outputs</i>	Programmes to enhance local community welfare, while conserving protected area resources, are being implemented	+1	There is employment of local population in, but no organized programmes	
24. Visitor facilities	There are no visitor facilities and services	0	<i>Possible issue for comment:</i> Do visitors damage the protected area? Lodge, huts (36 beds).	Mountain tourism planning (winter tourism activities) and activities.
Are visitor facilities (for tourists, pilgrims etc) good enough?	Visitor facilities and services are inappropriate for current levels of visitation or are under construction	1		
	Visitor facilities and services are adequate for current levels of visitation but could be improved	2		
	Visitor facilities and services are excellent for current levels of visitation	3		
<i>Outputs</i>				
25. Commercial tourism	There is little or no contact between managers and tourism operators using the protected area	0	Possible issue for comment: examples of contributions	Build links with commercial tourism operators but with biodiversity objectives in mind.



Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

Issue	Criteria	Score	Comments	Next steps
Is access/resource use sufficiently controlled?  <i>Outcomes</i>	Protection systems are only partially effective in controlling access or use of the reserve in accordance with designated objectives	1		
	Protection systems are moderately effective in controlling access or use of the reserve in accordance with designated objectives	2		
	Protection systems are largely or wholly effective in controlling access or use of the reserve in accordance with designated objectives	3		
29. Economic benefit assessment	The existence of the protected area has reduced the options for economic development of the local communities	0	<i>Possible issue for comment:</i> how does national or regional development impact on the protected area?	Tourism development can benefit local communities further.
Is the protected area providing economic benefits to local communities?	The existence of the protected area has neither damaged nor benefited the local economy	1	See earlier comments on local populations, but note the Forest Reserve provides little economic benefit but the Forestry Enterprise does.	
	There is some flow of economic benefits to local communities from the existence of the protected area but this is of minor significance to the regional economy	2	Local Initiatives component of FMPAP may also provide opportunities for PA and biodiversity compatible income generation activities.	
<i>Outcomes</i>	There is a significant or major flow of economic benefits to local communities from activities in and around the protected area (e.g. employment of locals, locally operated commercial tours etc)	3		
30. Monitoring and evaluation	There is no monitoring and evaluation in the protected area	0	Monitoring within forestry enterprise operations, some data from the ad hoc studies. Data are not systematically used.	M&E activities including baseline surveys and entity-wide systems are planned under this project.
Are management activities monitored against performance?	There is some ad hoc monitoring and evaluation, but no overall strategy and/or no regular collection of results	1	M&E systems establishment and/or improvement for PAs included as part of FMPAP.	
	There is an agreed and implemented monitoring and evaluation system but results are not systematically used for management	2		
<i>Planning/Process</i>	A good monitoring and evaluation system exists, is well implemented and used in adaptive management	3		

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

<b>TOTAL SCORE</b>	56 (5 items considered not applicable so total score multiplied by 30/25)
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## **Reporting Progress in Protected Areas**

## **A Site-Level Management Effectiveness Tracking Tool**

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## Reporting Progress in Protected Areas: Virgin Forest Reserve Lom

Name of protected area	Virgin Forest Reserve Lom	
Location of protected area (country, ecoregion, and if possible map reference)	Bosnia-Herzegovina, Inner Dinaric Mountains, Entity of Republika Srpska, 44°27'N, 16°27'E	
Date of establishment (distinguish between agreed and gazetted*)	Agreed	Gazetted – 1956
Ownership details (i.e. owner, tenure rights etc)	Entity Government, Ministry of Agriculture, Water Management and Forests	
Management Authority	Government of Republika Srpska, Public Enterprise Forestry, "Ostrelj-Drinic"	
Size of protected area (ha)	298 (55 ha core area)	
Number of staff	Permanent – estimate 2 (231 total) Temporary	
Annual budget (US\$)	Approximately 20,000KM (equivalent of 2 staff), USD 16,000	
Designations (IUCN category, World Heritage, Ramsar etc)	Ia (core) rest Ib	
Reasons for designation	Biodiversity value, Scientific research, recognized of value since Austro-Hungarian period when forests were first inventoried	
Brief details of GEF funded project or projects in PA	Forest Mountains and Protected Areas Project (WB) – due to start late 2008	
Brief details of other relevant projects in PA	N/A	
List the two primary protected area objectives		
Objective 1	(Core area) Protection of genetic resources, wildlife, scientific research, maintaining good ecosystem functions	
Objective 2	(Rest of area) Tourism and recreation and balanced use of ecosystem (rest of area)	
List the top two most important threats to the PA (and indicate reasons why these were chosen)		
Threat 1	Inadequate financing threaten the management of Park and achievement of management objectives	
Threat 2		
List top two critical management activities		
Activity 1	Improved conservation management of the Forest Reserve	
Activity 2	Expansion of FR to Klekovaca Mountain	

**Name/s of assessor (including people consulted): Baniac Rejko(Director), Slobodan Strabac (Technical Director)**

**Contact details (email etc.): sgdrinic@inneco.net**

**Date assessment carried out (Day/Month/Year): April 17, 2008**

\* Or formally established in the case of private protected areas

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

Issue	Criteria	Score	Comments	Next steps
1. Legal status	The protected area is not gazetted	0	<i>Note:</i> see fourth option for private Reserves Important to note that the Reserve falls under the management authority of the Forest Enterprise, and no separate unit exists for PA management. 1956	
Does the protected area have legal status?	The government has agreed that the protected area should be gazetted but the process has not yet begun	1		
Context	The protected area is in the process of being gazetted but the process is still incomplete	2		
	The protected area has been legally gazetted (or in the case of private reserves is owned by a trust or similar)	<b>3</b>		
2. Protected area regulations	There are no mechanisms for controlling inappropriate land use and activities in the protected area	0	Based on management experience and opinion Illegal logging has been controlled, there is a small human population, and generally protection mechanisms are effective	Better separation of area from forestry operations, establish separate unit for PA management with the Forest Enterprise.
Are inappropriate land uses and activities (e.g. poaching) controlled?	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are major problems in implementing them effectively	1		
Context	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are some problems in effectively implementing them	2		
	Mechanisms for controlling inappropriate land use and activities in the protected area exist and are being effectively implemented	<b>3</b>		
3. Law enforcement	The staff have no effective capacity/resources to enforce protected area legislation and regulations	0	<i>Possible issue for comment:</i> What happens if people are arrested?  Based on management experience and opinion, acceptable capacity but need skill improvement.	Training of staff and provision of better communications, uniforms, etc., equipment
Can staff enforce protected area rules well enough?	There are major deficiencies in staff capacity/resources to enforce protected area legislation and regulations (e.g. lack of skills, no patrol budget)	1		
Context	The staff have acceptable capacity/resources to enforce protected area legislation and regulations but some deficiencies remain	<b>2</b>		
	The staff have excellent capacity/resources to enforce protected area legislation and Regulations	3		

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

Issue	Criteria	Score	Comments	Next steps
4. Protected area objectives  Have objectives been agreed?  <i>Planning</i>	No firm objectives have been agreed for the protected area	0	Only partially implemented due to a lack of funds, has little economic value so incentives for investment by the Forest Enterprise are low	Establish separate unit for PA management to improve operations
	The protected area has agreed objectives, but is not managed according to these Objectives	1		
	The protected area has agreed objectives, but these are only partially implemented	2		
	The protected area has agreed objectives and is managed to meet these objectives	3		
5. Protected area design  Does the protected area need enlarging, corridors etc to meet its objectives?  <i>Planning</i>	Inadequacies in design mean achieving the protected areas major management objectives of the protected area is impossible	0	<i>Possible issue for comment:</i> does the protected area contain different management zones and are these well maintained?  Study of biodiversity value of additional site has been conducted under the Forestry Project.	Expansion of reserve area up to Klekovaca Mountain
	Inadequacies in design mean that achievement of major objectives are constrained to some extent	1		
	Design is not significantly constraining achievement of major objectives, but could be improved	2		
	Reserve design features are particularly aiding achievement of major objectives of the protected area	3		
6. Protected area boundary demarcation  Is the boundary known and demarcated?  <i>Context</i>	The boundary of the protected area is not known by the management authority or local residents/neighbouring land users	0	<i>Possible issue for comment:</i> are there tenure disagreements affecting the protected area?  Most of the local population participates in the forestry operations.	
	The boundary of the protected area is known by the management authority but is not known by local residents/neighbouring land users	1		
	The boundary of the protected area is known by both the management authority and local residents but is not appropriately demarcated	2		
	The boundary of the protected area is known by the management authority and local residents and is appropriately demarcated	3		

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

Issue	Criteria	Score	Comments	Next steps
7. Management plan	There is no management plan for the protected area	<b>0</b>	No direct plan for FR management, but part of overall forestry management plan.	Management would improve with a separate plan for FR
Is there a management plan and is it being implemented? <i>Planning</i>	A management plan is being prepared or has been prepared but is not being implemented	1	An option to expand the FR may be explored under FMPAP and would include management regimes.	
	An approved management plan exists but it is only being partially implemented because of funding constraints or other problems	2		
	An approved management plan exists and is being implemented	3		
Additional points <i>Planning</i>	The planning process allows adequate opportunity for key stakeholders to influence the management plan	+1	Regular monitoring and inspection by Ministry (plan prepared every 10 years)	Need separate plan for FR and expansion
	There is an established schedule and process for periodic review and updating of the management plan	+1		
	The results of monitoring, research and evaluation are routinely incorporated into planning	<b>+1</b>		
8. Regular work plan	No regular work plan exists	0	Annual plans regularly prepared for the entire Forest Enterprise.	Prepare separate plans for FR and expanded area.
Is there an annual work plan? <i>Planning/Outputs</i>	A regular work plan exists but activities are not monitored against the plan's targets	1		
	A regular work plan exists and actions are monitored against the plan's targets, but many activities are not completed	2		
	A regular work plan exists, actions are monitored against the plan's targets and most or all prescribed activities are completed	<b>3</b>		
9. Resource inventory	There is little or no information available on the critical habitats, species and cultural values of the protected area	0	A study was completed in 2005 (field work in 2003-2004) of Virgin Forests Lom and Janj as part of BiH Forestry Project.	Maintain inventory activities
Do you have enough information to manage the area?	Information on the critical habitats, species and cultural values of the protected area is not sufficient to support planning and decision making	1		

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

Issue	Criteria	Score	Comments	Next steps
<i>Context</i>	Information on the critical habitats, species and cultural values of the protected area is sufficient for key areas of planning/decision making but the necessary survey work is not being maintained	2	Earlier research also conducted by academics (e.g., 2001), forestry inventory also conducted of the FR	
	Information concerning on the critical habitats, species and cultural values of the protected area is sufficient to support planning and decision making and is being maintained	<b>3</b>	Biodiversity study of Klekovaca Mountain completed in 2006-2007 under Forestry Conservation and Development Project	
10. Research	There is no survey or research work taking place in the protected area	0	Research is not always useful for management	Obtain and use existing research for management, and ensure inclusion in Management Plan.
Is there a programme of management-orientated survey and research <i>Inputs</i>	There is some ad hoc survey and research work	1		
	There is considerable survey and research work but it is not directed towards the needs of protected area management	<b>2</b>		
	There is a comprehensive, integrated programme of survey and research work, which is relevant to management needs	3		
11. Resource management	Requirements for active management of critical ecosystems, species and cultural values have not been assessed	0	Based on management experience and opinion, the area is protected.	Training for PA management staff in natural resource management
Is the protected area adequately managed (e.g. for fire, invasive species, poaching)?	Requirements for active management of critical ecosystems, species and cultural values are known but are not being addressed	1		
	Requirements for active management of critical ecosystems, species and cultural values are only being partially addressed	2		
<i>Process</i>	Requirements for active management of critical ecosystems, species and cultural values are being substantially or fully addressed	<b>3</b>		

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

Issue	Criteria	Score	Comments	Next steps
12. Staff numbers  Are there enough people employed to manage the protected area? <i>Inputs</i>	There are no staff	<b>0</b>	No designated staff for FR management, but forestry staff undertake some protection and control activities. Given the current management structure this is difficult to answer.	Assign designated staff for FR management
	Staff numbers are inadequate for critical management activities	1		
	Staff numbers are below optimum level for critical management activities	2		
	Staff numbers are adequate for the management needs of the site	3		
13. Personnel management  Are the staff managed well enough? <i>Process</i>	Problems with personnel management constrain the achievement of major management objectives	0	NOT APPLICABLE – given the staff time allocated to the Reserve.	
	Problems with personnel management partially constrain the achievement of major management objectives	1		
	Personnel management is adequate to the achievement of major management objectives but could be improved	2		
	Personnel management is excellent and aids the achievement major management objectives	3		
14. Staff training  Is there enough training for staff? <i>Inputs/Process</i>	Staff are untrained	0	Staff need additional training to meet PA management objectives, lack knowledge of biodiversity and conservation strategies.  Training and TA in conservation management and visitor relations planned as part of FMPAP.	Need to provide more technical training on biodiversity conservation
	Staff training and skills are low relative to the needs of the protected area	<b>1</b>		
	Staff training and skills are adequate, but could be further improved to fully achieve the objectives of management	2		
	Staff training and skills are in tune with the management needs of the protected area, and with anticipated future needs	3		
15. Current budget  Is the current budget sufficient?	There is no budget for the protected area	<b>0</b>	Based on management experience and opinion, no direct budget for FR	Establish separate unit with budget
	The available budget is inadequate for basic management needs and presents a serious constraint to the capacity to manage	1		
	The available budget is acceptable, but	2		

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

<b>Issue</b>	<b>Criteria</b>	<b>Score</b>	<b>Comments</b>	<b>Next steps</b>
<i>Inputs</i>	The available budget is sufficient and meets the full management needs of the protected area	3		
16. Security of budget	There is no secure budget for the protected area and management is wholly reliant on outside or year by year funding	0	NOT APPLICABLE ABOVE	SEE ABOVE
Is the budget secure?	There is very little secure budget and the protected area could not function adequately without outside funding	1		
<i>Inputs</i>	There is a reasonably secure core budget for the protected area but many innovations and initiatives are reliant on outside funding	2		
	There is a secure budget for the protected area and its management needs on a multi-year cycle	3		
17. Management of budget	Budget management is poor and significantly undermines effectiveness	0	NOT APPLICABLE	SEE ABOVE
Is the budget managed to meet critical management needs?	Budget management is poor and constrains effectiveness	1		
	Budget management is adequate but could be improved	2		
<i>Process</i>	Budget management is excellent and aids effectiveness	3		
18. Equipment	There are little or no equipment and facilities	0	Some equipment is shared with regular forestry operations.  Some provision of equipment is planned under FMPAP.	Obtain special equipment as needed, make list of small equipment needs for protection activities.
Are there adequate equipment and facilities?	There are some equipment and facilities but these are wholly inadequate	1		
	There are equipment and facilities, but still some major gaps that constrain management	2		
<i>Process</i>	There are adequate equipment and facilities	3		

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

Issue	Criteria	Score	Comments	Next steps
19. Maintenance of equipment  Is equipment adequately maintained?  <i>Process</i>	There is little or no maintenance of equipment and facilities	0	NOT APPLICABLE SEE ABOVE.	See above 18.
	There is some ad hoc maintenance of equipment and facilities	1		
	There is maintenance of equipment and facilities, but there are some important gaps in maintenance	2		
	Equipment and facilities are well maintained	3		
20. Education and awareness programme  Is there a planned education programme?  <i>Process</i>	There is no education and awareness programme	0	Based on management experience and opinion. Some publications prepared in 2001 as part of a study.  Public awareness activities planned under FMPAP.	Anticipate education activities in this project
	There is a limited and ad hoc education and awareness programme, but no overall planning for this	1		
	There is a planned education and awareness programme but there are still serious gaps	2		
	There is a planned and effective education and awareness programme fully linked to the objectives and needs of the protected area	3		
21. State and commercial neighbours  Is there co-operation with adjacent land users?  <i>Process</i>	There is no contact between managers and neighbouring official or corporate land users	0	Based on management experience and opinion. For the whole forestry enterprise there is contact with FBiH forestry enterprise whose area of operation border the Reserve.	In the future if the area expands further contacts for protection purposes will be needed
	There is limited contact between managers and neighbouring official or corporate land users	1		
	There is regular contact between managers and neighbouring official or corporate land users, but only limited co-operation	2		
	There is regular contact between managers and neighbouring official or corporate land users, and substantial co-operation on management	3		
22. Indigenous people	Indigenous and traditional peoples have no input into decisions relating to the management of the protected area	0	NOT APPLICABLE for Bosnia-Herzegovina	

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

Issue	Criteria	Score	Comments	Next steps
Do indigenous and traditional peoples resident or regularly using the PA have input to management decisions? <i>Process</i>	Indigenous and traditional peoples have some input into discussions relating to management but no direct involvement in the resulting decisions	1		
	Indigenous and traditional peoples directly contribute to some decisions relating to management	2		
	Indigenous and traditional peoples directly participate in making decisions relating to management	3		
23. Local communities	Local communities have no input into decisions relating to the management of the protected area	0	Strict protection reserve and managed by forestry enterprise so there is little interaction with local communities on management.	May be opportunities for participation in tourism activities in the future
Do local communities resident or near the protected area have input to management decisions? <i>Process</i>	Local communities have some input into discussions relating to management but no direct involvement in the resulting decisions	1		
	Local communities directly contribute to some decisions relating to management	2		
	Local communities directly participate in making decisions relating to management	3		
Additional points	There is open communication and trust between local stakeholders and protected area managers	+1	Nearly all the local families have members who are employed by enterprise	
<i>Outputs</i>	Programmes to enhance local community welfare, while conserving protected area resources, are being implemented	+1	There is employment of local population in, but no organized programmes	
24. Visitor facilities	There are no visitor facilities and services	0	<i>Possible issue for comment:</i> Do visitors damage the protected area? Lodge, huts (36 beds).	Mountain tourism planning (winter tourism activities) and activities.
Are visitor facilities (for tourists, pilgrims etc) good enough?	Visitor facilities and services are inappropriate for current levels of visitation or are under construction	1		
	Visitor facilities and services are adequate for current levels of visitation but could be improved	2		
	Visitor facilities and services are excellent for current levels of visitation	3		
<i>Outputs</i>				
25. Commercial tourism	There is little or no contact between managers and tourism operators using the protected area	0	Possible issue for comment: examples of contributions	Build links with commercial tourism operators but with biodiversity objectives in mind.



Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

Issue	Criteria	Score	Comments	Next steps
Is access/resource use sufficiently controlled?  <i>Outcomes</i>	Protection systems are only partially effective in controlling access or use of the reserve in accordance with designated objectives	1		
	Protection systems are moderately effective in controlling access or use of the reserve in accordance with designated objectives	2		
	Protection systems are largely or wholly effective in controlling access or use of the reserve in accordance with designated objectives	3		
29. Economic benefit assessment	The existence of the protected area has reduced the options for economic development of the local communities	0	<i>Possible issue for comment:</i> how does national or regional development impact on the protected area?	Tourism development can benefit local communities further.
Is the protected area providing economic benefits to local communities?	The existence of the protected area has neither damaged nor benefited the local economy	1	See earlier comments on local populations, but note the Forest Reserve provides little economic benefit but the Forestry Enterprise does.	
	There is some flow of economic benefits to local communities from the existence of the protected area but this is of minor significance to the regional economy	2	Local Initiatives component of FMPAP may also provide opportunities for PA and biodiversity compatible income generation activities.	
<i>Outcomes</i>	There is a significant or major flow of economic benefits to local communities from activities in and around the protected area (e.g. employment of locals, locally operated commercial tours etc)	3		
30. Monitoring and evaluation	There is no monitoring and evaluation in the protected area	0	Monitoring within forestry enterprise operations, some data from the ad hoc studies. Data are not systematically used.	M&E activities including baseline surveys and entity-wide systems are planned under this project.
Are management activities monitored against performance?	There is some ad hoc monitoring and evaluation, but no overall strategy and/or no regular collection of results	1	M&E systems establishment and/or improvement for PAs included as part of FMPAP.	
	There is an agreed and implemented monitoring and evaluation system but results are not systematically used for management	2		
<i>Planning/Process</i>	A good monitoring and evaluation system exists, is well implemented and used in adaptive management	3		

Tracking Tool for GEF Biodiversity Focal Area Strategic Priority One:  
Catalyzing Sustainability of Protected Area Systems at National Levels

<b>TOTAL SCORE</b>	56 (5 items considered not applicable so total score multiplied by 30/25)
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## **Reporting Progress in Protected Areas**

## **A Site-Level Management Effectiveness Tracking Tool**

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## Reporting Progress in Protected Areas: Forest Reserve Janj

Name of protected area	Virgin Forest Reserve Janj		
Location of protected area (country, ecoregion, and if possible map reference)	Bosnia-Herzegovina, Inner Dinaric Alps, Entity of Republika Srpska, Sipovo Municipality. 44°07'N, 17°15'E		
Date of establishment (distinguish between agreed and gazetted*)	Agreed	Gazetted – 17 -7-1954	
Ownership details (i.e. owner, tenure rights etc)	Entity Government of RS		
Management Authority	Public Enterprise "RS Forest", A.D. Sokolac, Forest Enterprise Gorica-Sipovo		
Size of protected area (ha)	295 (57 core)		
Number of staff	Permanent - 10	Total - 251	Temporary -
Annual budget (US\$)	Approximately - 250,000KM (2% of total budget for Forestry Enterprise)		
Designations (IUCN category, World Heritage, Ramsar etc)	Ia (Core area), Ib (rest of Reserve)		
Reasons for designation	First inventory identified the virgin forest for its fir-beech-spruce stands, separated as one unit for scientific purposes		
Brief details of GEF funded project or projects in PA	Forest Mountains and Protected Areas Project (WB) – due to start late 2008		
Brief details of other relevant projects in PA	N/A		
List the two primary protected area objectives			
Objective 1	(Core area) Protection of genetic resources, wildlife, scientific research, maintaining good ecosystem functions		
Objective 2	(Rest of area) Tourism and recreation and balanced use of ecosystem (rest of area)		
List the top two most important threats to the PA (and indicate reasons why these were chosen)			
Threat 1	Phyto-pathological and entomological diseases – especially for spruce and fir species in the Virgin Forest		
Threat 2	Fire from neighbouring areas due to dry climate (more recently) and human actions.		
List top two critical management activities			
Activity 1	Addressing the shortage of separate budget for FR management and protection.		
Activity 2	Addressing the lack of legal definition of the FR for management and budget purposes.		

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**Date assessment carried out (Day/Month/Year): April 17, 2008**

\* Or formally established in the case of private protected areas

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Issue	Criteria	Score	Comments	Next steps
1. Legal status	The protected area is not gazetted	0	<i>Note:</i> see fourth option for private Reserves 1954	
Does the protected area have legal status?	The government has agreed that the protected area should be gazetted but the process has not yet begun	1		
	The protected area is in the process of being gazetted but the process is still incomplete	2		
<i>Context</i>	The protected area has been legally gazetted (or in the case of private reserves is owned by a trust or similar)	<b>3</b>		
2. Protected area regulations	There are no mechanisms for controlling inappropriate land use and activities in the protected area	0	Based on management experience and opinion. Instruments for protection, but not enough or defined budget. Management plan for FR has been prepared but never adopted (2001). Legal status of the FR as part of the Forestry Enterprise is undefined.  Management planning activities for FR included in FMPAP.	Define legal status of FR within Forestry Enterprise (FE). Preparation of Management Plan that focuses on sustainable management and financing of the FR.
Are inappropriate land uses and activities (e.g. poaching) controlled?	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are major problems in implementing them effectively	1		
	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are some problems in effectively implementing them	<b>2</b>		
<i>Context</i>	Mechanisms for controlling inappropriate land use and activities in the protected area exist and are being effectively implemented	3		
3. Law enforcement	The staff have no effective capacity/resources to enforce protected area legislation and regulations	0	<i>Possible issue for comment:</i> What happens if people are arrested?  Lack of budget – management opinion is that current skills are adequate	As above
Can staff enforce protected area rules well enough?	There are major deficiencies in staff capacity/resources to enforce protected area legislation and regulations (e.g. lack of skills, no patrol budget)	<b>1</b>		
	The staff have acceptable capacity/resources to enforce protected area legislation and regulations but some deficiencies remain	2		
<i>Context</i>	The staff have excellent capacity/resources to enforce protected area legislation and Regulations	3		

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Issue	Criteria	Score	Comments	Next steps
4. Protected area objectives  Have objectives been agreed?  <i>Planning</i>	No firm objectives have been agreed for the protected area	0	Management objectives are defined but very little scientific research is being conducted as per the PA objectives.  Should be noted that the FR is part of the larger area that the Enterprise manages and for which there is no accepted management plan.	As above, define scientific research activities and budget in Management Plan
	The protected area has agreed objectives, but is not managed according to these Objectives	1		
	The protected area has agreed objectives, but these are only partially implemented	2		
	The protected area has agreed objectives and is managed to meet these objectives	3		
5. Protected area design  Does the protected area need enlarging, corridors etc to meet its objectives?  <i>Planning</i>	Inadequacies in design mean achieving the protected areas major management objectives of the protected area is impossible	0	<i>Possible issue for comment:</i> does the protected area contain different management zones and are these well maintained?  There is no possibility of expansion given the land-use in surrounding areas (commercial forestry).	Attention to be paid to management of the protection zone surrounding the area around the core zone
	Inadequacies in design mean that achievement of major objectives are constrained to some extent	1		
	Design is not significantly constraining achievement of major objectives, but could be improved	2		
	Reserve design features are particularly aiding achievement of major objectives of the protected area	3		
6. Protected area boundary demarcation  Is the boundary known and demarcated?  <i>Context</i>	The boundary of the protected area is not known by the management authority or local residents/neighbouring land users	0	<i>Possible issue for comment:</i> are there tenure disagreements affecting the protected area?  Visible markings for the boundary (see report for pictures),  Some resources available under FMPAP for boundary demarcation.	To maintain existing boundaries, need resources to maintain markings
	The boundary of the protected area is known by the management authority but is not known by local residents/neighbouring land users	1		
	The boundary of the protected area is known by both the management authority and local residents but is not appropriately demarcated	2		
	The boundary of the protected area is known by the management authority and local residents and is appropriately demarcated	3		

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Issue	Criteria	Score	Comments	Next steps
7. Management plan	There is no management plan for the protected area	0	Management plan produced in (1998-2007), given to Ministry but not accepted to date. Currently operate under the overall forestry plan which includes only protection of 295ha.	Preparation and acceptance of new Management Plan, and as above regarding legal status, etc.
Is there a management plan and is it being implemented?	A management plan is being prepared or has been prepared but is not being implemented	1		
	An approved management plan exists but it is only being partially implemented because of funding constraints or other problems	2		
	An approved management plan exists and is being implemented	3		
<i>Planning</i>				
Additional points	The planning process allows adequate opportunity for key stakeholders to influence the management plan	+1	Yes in protection, and no in sustainable management	
	There is an established schedule and process for periodic review and updating of the management plan	+1	No because the plan was not accepted	
	The results of monitoring, research and evaluation are routinely incorporated into Planning (change translation for RS)	+1	Process to include information with studies' findings	
<i>Planning</i>				
8. Regular work plan	No regular work plan exists	0	Regular plan for overall forestry operations which includes protection of FR but no specific plans for FR	Prepare FR Management Plan
Is there an annual work plan?	A regular work plan exists but activities are not monitored against the plan's targets	1		
	A regular work plan exists and actions are monitored against the plan's targets, but many activities are not completed	2		
	A regular work plan exists, actions are monitored against the plan's targets and most or all prescribed activities are completed	3		
<i>Planning/Outputs</i>				
9. Resource inventory	There is little or no information available on the critical habitats, species and cultural values of the protected area	0	Data exist from previous research but not sufficiently used for management.	Prepare and accept Management Plan, and include scientific research and make links between RS Forestry Schools and similar institutions in Europe (Swiss were coming on regular basis before the War)
Do you have enough information to manage the area?	Information on the critical habitats, species and cultural values of the protected area is not sufficient to support planning and decision making	1	Strengthening M&E systems included in FMPAP.	

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Issue	Criteria	Score	Comments	Next steps
<i>Context</i>	Information on the critical habitats, species and cultural values of the protected area is sufficient for key areas of planning/decision making but the necessary survey work is not being maintained	<b>2</b>		
	Information concerning on the critical habitats, species and cultural values of the protected area is sufficient to support planning and decision making and is being maintained	3		
10. Research  Is there a programme of management-orientated survey and research  <i>Inputs</i>	There is no survey or research work taking place in the protected area	<b>0</b>	At present no regular research is taking place, no legally appointed personnel to carry out research. Only academic studies are conducted and these are not always useful for management	Define status and research priorities in the Management Plan
	There is some ad hoc survey and research work	1		
	There is considerable survey and research work but it is not directed towards the needs of protected area management	2		
	There is a comprehensive, integrated programme of survey and research work, which is relevant to management needs	3		
11. Resource management  Is the protected area adequately managed (e.g. for fire, invasive species, poaching)?  <i>Process</i>	Requirements for active management of critical ecosystems, species and cultural values have not been assessed	0	At present conduct fire protection, control invasive species and patrol for hunting, e.g., no planting allowed, protect against insects. Core area is not disturbed.	Increase in level of protection measures in the area surrounding the core. Protection from insects, prevention of hunting, e.g., birds. Obtain resources for fire-fighting units and observation equipment.
	Requirements for active management of critical ecosystems, species and cultural values are known but are not being addressed	1		
	Requirements for active management of critical ecosystems, species and cultural values are only being partially addressed	2		
	Requirements for active management of critical ecosystems, species and cultural values are being substantially or fully addressed	<b>3</b>		

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Issue	Criteria	Score	Comments	Next steps
12. Staff numbers  Are there enough people employed to manage the protected area? <i>Inputs</i>	There are no staff	0	No designated staff for FR management, but forestry staff undertake some protection and control activities.	Assign dedicated staff for FR management and define staffing requirements in Management Plan
	Staff numbers are inadequate for critical management activities	1		
	Staff numbers are below optimum level for critical management activities	2		
	Staff numbers are adequate for the management needs of the site	3		
13. Personnel management  Are the staff managed well enough? <i>Process</i>	Problems with personnel management constrain the achievement of major management objectives	0	Enterprise has qualified and experienced human resources but their legal status for FR management does not exist (due to no legal status for FR).	As above, define status of FR within the Forestry Enterprise.
	Problems with personnel management partially constrain the achievement of major management objectives	1		
	Personnel management is adequate to the achievement of major management objectives but could be improved	2		
	Personnel management is excellent and aids the achievement major management objectives	3		
14. Staff training  Is there enough training for staff? <i>Inputs/Process</i>	Staff are untrained	0	Some staff training would be useful.  FMPAP includes training and TA for ecosystem-based management, field-based activities and visitors relations.	Training in new technologies for PA management, e.g., use of GIS and others such as IT software applications
	Staff training and skills are low relative to the needs of the protected area	1		
	Staff training and skills are adequate, but could be further improved to fully achieve the objectives of management	2		
	Staff training and skills are in tune with the management needs of the protected area, and with anticipated future needs	3		
15. Current budget	There is no budget for the protected area	0	Based on management experience and opinion, no direct budget for FR FE allocates resources for FR activities.	Establish separate legal unit within FE. Adopting Management Plan that will define FR requirements with funds from
	The available budget is inadequate for basic	1		

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				MSPCEE and MAWMF for FR management
	The available budget is acceptable, but could be further improved to fully achieve effective management	2		
Issue	Criteria	Score	Comments	Next steps
<i>Inputs</i>	The available budget is sufficient and meets the full management needs of the protected area	3		
16. Security of budget	There is no secure budget for the protected area and management is wholly reliant on outside or year by year funding	0	NOT APPLICABLE - SEE ABOVE THAT THERE IS NO SEPARATE BUDGET FOR THE FR.	SEE ABOVE
Is the budget secure?	There is very little secure budget and the protected area could not function adequately without outside funding	1		
<i>Inputs</i>	There is a reasonably secure core budget for the protected area but many innovations and initiatives are reliant on outside funding	2		
	There is a secure budget for the protected area and its management needs on a multi-year cycle	3		
17. Management of budget	Budget management is poor and significantly undermines effectiveness	0	NOT APPLICABLE – SEE ABOVE	SEE ABOVE
Is the budget managed to meet critical management needs?	Budget management is poor and constrains effectiveness	1		
<i>Process</i>	Budget management is adequate but could be improved	2		
	Budget management is excellent and aids effectiveness	3		
18. Equipment	There are little or no equipment and facilities	0	Some equipment and facilities are shared with regular commercial forestry operations. FE is willing to set aside some facilities around the FR to support the management of the FR. Some investment in renovation and small-scale equipment is included in FMPAP.	Renovation and adaptation of FE buildings for tourism development, and obtain equipment, e.g. IT
Are there adequate equipment and facilities?	There are some equipment and facilities but these are wholly inadequate	1		
	There are equipment and facilities, but still some major gaps that constrain management	2		

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Issue	Criteria	Score	Comments	Next steps
<i>Process</i>	There are adequate equipment and facilities	3		
19. Maintenance of equipment	There is little or no maintenance of equipment and facilities	0	NOT APPLICABLE - SEE ABOVE COMMENT ON EQUIPMENT AND FACILITIES.	See above 18.
Is equipment adequately maintained?	There is some ad hoc maintenance of equipment and facilities	1		
<i>Process</i>	There is maintenance of equipment and facilities, but there are some important gaps in maintenance	2		
	Equipment and facilities are well maintained	3		
20. Education and awareness programme	There is no education and awareness programme	0	People know about the FR and the regulations governing the Virgin Forest. But no regular activities on education. Distributed one CD and study to local NGOs, institutions. Organise annual local school programs and for students from Banja Luka. Awareness raising activities are included in FMPAP.	Anticipate additional education activities in this project.
Is there a planned education programme?	There is a limited and ad hoc education and awareness programme, but no overall planning for this	1		
<i>Process</i>	There is a planned education and awareness programme but there are still serious gaps	2		
	There is a planned and effective education and awareness programme fully linked to the objectives and needs of the protected area	3		
21. State and commercial neighbours	There is no contact between managers and neighbouring official or corporate land users	0	Contacts with FBiH canton (Srednjobosanski) concerning fire, cooperation over protection is needed since the FBiH Entity borders the FR.	Maintain regular contact over managing all negative influences, e.g., fire, cutting.
Is there co-operation with adjacent land users?	There is limited contact between managers and neighbouring official or corporate land users	1		
<i>Process</i>	There is regular contact between managers and neighbouring official or corporate land users, but only limited co-operation	2		
	There is regular contact between managers and neighbouring official or corporate land users, and substantial co-operation on management	3		
22. Indigenous people	Indigenous and traditional peoples have no input into decisions relating to the management of the protected area	0	NOT APPLICABLE for Bosnia-Herzegovina	

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Issue	Criteria	Score	Comments	Next steps
Do indigenous and traditional peoples resident or regularly using the PA have input to management decisions? <i>Process</i>	Indigenous and traditional peoples have some input into discussions relating to management but no direct involvement in the resulting decisions	1		
	Indigenous and traditional peoples directly contribute to some decisions relating to management	2		
	Indigenous and traditional peoples directly participate in making decisions relating to management	3		
23. Local communities	Local communities have no input into decisions relating to the management of the protected area	0	Example – Within obtaining FSC certification for the Forestry Enterprise local participation is required. Submitted proposal on PAs (as part of FSC), one area in this proposal is the FR plus others. Submitted proposal to local municipal assembly which was accepted by them. Beside that, this proposal was also shared with local NGOs, and hunting and fishing associations.	To strengthen and continue local linkages and participation.
Do local communities resident or near the protected area have input to management decisions? <i>Process</i>	Local communities have some input into discussions relating to management but no direct involvement in the resulting decisions	1		
	Local communities directly contribute to some decisions relating to management	2		
	Local communities directly participate in making decisions relating to management	3		
Additional points  <i>Outputs</i>	There is open communication and trust between local stakeholders and protected area managers	+1	See examples from above	
	Programmes to enhance local community welfare, while conserving protected area resources, are being implemented	+1	FSC program can contribute to community economic improvement. Tourism development will benefit local communities	
24. Visitor facilities Are visitor facilities (for tourists, pilgrims etc) good enough?	There are no visitor facilities and services	0	<i>Possible issue for comment:</i> Do visitors damage the protected area? See comment on No. 18	Renovate and adapt existing facilities
<i>Outputs</i>	Visitor facilities and services are inappropriate for current levels of visitation or are under construction	1		
	Visitor facilities and services are adequate for current levels of visitation but could be improved	2		
	Visitor facilities and services are excellent for current levels of visitation	3		



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28. Access assessment	Protection systems (patrols, permits etc) are ineffective in controlling access or use of the reserve in accordance with designated objectives	0	Access is controlled by forestry enterprise	Training of patrolling staff and providing basic equipment
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Issue	Criteria	Score	Comments	Next steps
Is access/resource use sufficiently controlled?  <i>Outcomes</i>	Protection systems are only partially effective in controlling access or use of the reserve in accordance with designated objectives	1	Cannot control each individual, need control bar (ramp) for allowing access. Control points do not exist.	Establish control points.
	Protection systems are moderately effective in controlling access or use of the reserve in accordance with designated objectives	2		
	Protection systems are largely or wholly effective in controlling access or use of the reserve in accordance with designated objectives	3		
29. Economic benefit assessment  Is the protected area providing economic benefits to local communities?  <i>Outcomes</i>	The existence of the protected area has reduced the options for economic development of the local communities	0	<i>Possible issue for comment:</i> how does national or regional development impact on the protected area?  Local communities should benefit from the FR  Local Initiatives component of FMPAP may also provide opportunities for PA and biodiversity compatible income generation activities.	Tourism development can benefit local communities further.
	The existence of the protected area has neither damaged nor benefited the local economy	1		
	There is some flow of economic benefits to local communities from the existence of the protected area but this is of minor significance to the regional economy	2		
	There is a significant or major flow of economic benefits to local communities from activities in and around the protected area (e.g. employment of locals, locally operated commercial tours etc)	3		
30. Monitoring and evaluation  Are management activities monitored	There is no monitoring and evaluation in the protected area	0	Last study (field activities in 2003-2004) completed in 2005, comprehensive fauna and flora inventory included for FR. Compared data with previous data.	Prepare management Plan to include M&E systems and define status. Maintain collection of data on FR
	There is some ad hoc monitoring and evaluation, but no overall strategy and/or no regular collection of results	1		

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against performance?	There is an agreed and implemented monitoring and evaluation system but results are not systematically used for management	<b>2</b>	
<i>Planning/Process</i>	A good monitoring and evaluation system exists, is well implemented and used in adaptive management	3	
<b>TOTAL SCORE</b>		53 (5 items considered not applicable so total score multiplied by 30/25)	