GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

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July 1, 2011

Dear Council Member,

The UNDP as the Implementing Agency for the project entitled*: **Bolivia: Biodiversity Conservation through Sustainable Forest Management by Local Communities** under the Global SFM Programme Framework*, has submitted the attached proposed project document for CEO endorsement prior to final Agency approval of the project document in accordance with the UNDP procedures.

The Secretariat has reviewed the project document. It is consistent with the project concept approved by the Council in June 2009 and the proposed project remains consistent with the Instrument and GEF policies and procedures. The attached explanation prepared by the UNDP satisfactorily details how Council's comments and those of the STAP have been addressed.

We have today posted the proposed project document on the GEF website at www.TheGEF.org for your information. We would welcome any comments you may wish to provide by August 01, 2011 before I endorse the project. You may send your comments to gcoordination@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,

Attachment: Project Document
Copy to: Country Operational Focal Point, GEF Agencies, STAP, Trustee

REQUEST FOR CEO ENDORSEMENT/APPROVAL

PROJECT TYPE: FULL-SIZED PROJECT
THE GEF TRUST FUND

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Submission Date: February 28, 2011
ReSubmission Date: June 22 2011

PART I: PROJECT INFORMATION

GEFSEC PROJECT ID: 3971
GEF AGENCY PROJECT ID: 4197
COUNTRY(IES): Bolivia
PROJECT TITLE: Biodiversity Conservation through Sustainable Forest Management by local communities
GEF AGENCY(IES): UNDP, (select), (select)
OTHER EXECUTING PARTNER(S): Vice-Ministry of Environment, Biodiversity, Climate Change and Forest Management
GEF FOCAL AREA(S): Biodiversity
GEF-4 STRATEGIC PROGRAM(S): BD SO2 – SP4/SP5
NAME OF PARENT PROGRAM/UMBRELLA PROJECT: SFM

Expected Calendar (mm/dd/yy)	
Milestones	**Dates**
Work Program (for FSPs only)	June 2009
Agency Approval date	Aug. 2011
Implementation Start	Sept. 2011
Mid-term Evaluation (if planned)	Sept. 2013
Project Closing Date	Sept. 2015

A. PROJECT FRAMEWORK

Project Objective: Improve protection and conservation of biodiversity in the Amboró Madidi corridor through sustainable forest management, based on fostering markets for certified forest products and increase in local revenues.								
Project Components	**Indicate whether Investment, TA, or STA[2]**	**Expected Outcomes**	**Expected Outputs**	**GEF Financing[1]**		**Co-Financing[1]**		**Total ($)**
				($) a	%	($) b	%	c=a+ b

1. Institutional support mechanisms are generated to foster conservation of biodiversity through sustainable forest management and certification by communities.	TA	Strengthened national and local technical and operational capacities enable: - Legal, regulatory and operational frameworks and tools that facilitate BD protection in the AMC area by mainstreaming BD as a requirement of Comprehensive Forest Management[1] result in 6,000 ha (20% of total certified forestland) applying set-asides and protection plans and strict safeguard measures for the protection of biodiversity with support from GEF; and stabilize populations of jaguar (Panthera onca), white lipped peccary (Tajasu tajaco) and spider monkey (Ateles paniscus). - National policy for procurement of certified forest products and NFTP management standards. -Reduced illegal logging in the project intervention area by 30% - Technical capacities to promote forest certification at community level. - Collectively provide benefits including: Reduced illegal logging in the project intervention area (including 0% deforestation in certified sites), reduced rate of loss in forest floral diversity provides increased protection to globally important species including jaguar; peccary; spider monkey amongst others.	1.1 Legal and technical standards developed for sustainable management of NTFP and for Comprehensive Forest Management. 1.2 Simplified FSC standards suited to communities developed and validated (includes the Comprehensive Forest Management proposal, contemplates FSC and FLEGHT variables) 1.3 Biodiversity monitoring system developed for field application 1.4 Forest and Land Authority operational units in project areas strengthened to curtail illegal deforestation 1.5 Municipal strategic forest development plans that contemplate BD in selected municipalities 1.6 Strengthened capacities of *Tierras Comunitarias de Origen* (TCOs) 1.7 Knowledge and communication strategy implemented to raise population's awareness about valuation of forest and biodiversity	1,013,400	14.3	6,062,963	85.7	7,076,363
2.Communities with strengthened capacities to obtain and keep certification and manage forests in a sustainable and biodiversity-friendly way	TA	Increased number of forest communities receiving support to apply the forest management plans and the BD monitoring system, prevent and reduce fires, increase control over their territory and move towards certification lead to: - 30,000 new hectares with management plans at community level - At least 5 pilot communities (10,000 has) certified by the FSC simplified standard - At least 10.000 has of community forests certified with FSC standards - A strategy of territorial protection against illegal logging activities applied over 100,000 ha.	2.1 Strengthened communities implement Comprehensive Forest Management plans in order to achieve certification. 2.2 Capacity building in business management for the CFEs 2.3 The biodiversity monitoring system is used by communities 2.4 CFEs negotiation capacity has improved and better benefit-sharing of revenues is obtained between companies and communities 2.5 TCOs and communities empowered in the management and	2,324,100	48.8	2,435,000	51.2	4,759,100

[1] *"Manejo Integral del Bosque"* includes sustainable management of the multiple forestry products and values at the same time the traditional uses and practices related to the forest.

			conservation of their forests					
3. Economic incentives are in place to attract and keep community forestry operations committed to sustainable forestry and BD management practices	TA	Increased competitiveness of communities in the national and international markets as a result of capacity building and certification of forest products enable: - greater demand for certified products (2 new chains of custody, 6 new alliances, 4 new markets opened for NTFP with value-added, at least 50,000 m3 of certified or verified wood sold in the national or international market - investments in communities to improve management and business practices that contribute to BD objectives (credit line, increased allocations to forest management, communites re-invest in BD monitoring and management)	3.1 Local and national policies have been formulated to support commercialization of forest products under management. 3.2 Products with value-added developed from NTFP positioned in the market (national or international) 3.3. Increased volumes of wood traded from managed forests applying biodiversity conservation measures 3.4. A credit system for forest operations is implemented in the intervention area.	1,612,500	61.7	1,000,000	38.3	2,612,500
4. Project management				550,000	28.4	1,387,037	71.6	1,937,037
Total Project Costs				5,500,000	33.6	10,885,000	66.4	16,385,000

[1] List the $ by project components. The percentage is the share of GEF and Co-financing respectively of the total amount for the component.
[2] TA = Technical Assistance; STA = Scientific & Technical Analysis.

B. SOURCES OF CONFIRMED CO-FINANCING FOR THE PROJECT

Name of Co-financier (source)	*Classification*	*Type*	*Project*	*%**
FONABOSQUE	Nat'l Gov't	In-kind Cash	1,000,000 1,000,000	18.4
INIAF	Nat'l Gov't	In-kind Cash	1,700,000 300,000	18.4
Land and Forest Authority – ABT	Nat'l Gov't	In-kind Cash	350,000 50,000	3.7
National Climate Change Program - PNCC	Nat'l Gov't	In-kind Cash	3,650,000 750,000	40.4
SUSTENTAR	Nat'l Gov't	In-kind Cash	300,000 85,000	3.5
Forest Preservation Program	Nat'l Gov't	In-kind Cash	1,500,000 200,000	15.6
Total Co-financing			10,885,000	100%

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

C. FINANCING PLAN SUMMARY FOR THE PROJECT ($)

	Project Preparation a	*Project b*	*Total c = a + b*	*Agency Fee*	*For comparison: GEF and Co-financing at PIF*
GEF financing	100,000	5,500,000	5,600,000	550,000	5,600,000
Co-financing	0	10,885,000	10,885,000	0	10,500,000
Total	100,000	16,385,000	16,485,000	550,000	16,100,000

* For FSP only; Agency fee for PPG has already been approved.

D. GEF RESOURCES REQUESTED BY AGENCY(IES), FOCAL AREA(S) AND COUNTRY(IES)[1]

GEF Agency	*Focal Area*	*Country Name/ Global*	*(in $)*		
			Project (a)	*Agency Fee (b)*[2]	*Total c=a+b*
Total GEF Resources					

[1] No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.
[2] Relates to the project and any previous project preparation funding that have been provided and for which no Agency fee has been requested from Trustee.

E. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

Component	*Estimated person months*	*GEF amount ($)*	*Co-financing ($)*	*Project total ($)*
Local consultants*	816	1,152,800	1,750,000	2,902,800
International consultants*	0	0	0	0
Total	816	1,152,800	1,750,000	2,902,800

* Details to be provided in Annex C.

F. PROJECT MANAGEMENT BUDGET/COST

Cost Items	*Total Estimated person weeks*	*GEF amount ($)*	*Co-financing ($)*	*Project total ($)*
Local consultants*	215	314,000	1,329,537	1,643,537
International consultants*	0	0	0	0
Office facilities, equipment, vehicles and communications**		85,500	25,500	111,000
Travel**		41,500	15,000	56,500
Others**		109,000	17,000	126,000
Total		**550,000**	**1,387,037**	**1,937,037**

* Details to be provided in Annex C.
** Office facilities, equipment, vehicles and communications: includes procurement of equipment and furniture, supplies and services for the PCU. Travel: US$41,500 to cover expenses for field missions to the intervention area. Others: includes annual audits (US$12,000), external evaluations (US$65,000), training and consultation workshops and materials (US$32,000)

G. DOES THE PROJECT INCLUDE A "NON-GRANT" INSTRUMENT? yes ☐ no ☒

(If non-grant instruments are used, provide in Annex E an indicative calendar of expected reflows to your agency and to the GEF Trust Fund).

H. DESCRIBE THE BUDGETED M &E PLAN:

1. Project monitoring and evaluation will be conducted in accordance with established UNDP and GEF procedures and will be provided by the project team and the UNDP Country Office (UNDP-CO) with support from the UNDP/GEF Regional Coordination Unit in Panama. The Logical Framework Matrix in Annex A provides performance and impact indicators for project implementation along with their corresponding means of verification. The M&E plan includes: inception report, project implementation reviews, quarterly and annual review reports, mid-term and final evaluations. M&E will be undertaken at three levels: project outcomes and impacts in relation to the logical framework; delivery of project outputs in accordance with the annual work plans; and monitoring of project implementation and performance. The Project Coordinating Unit (PCU) will develop the project's M&E system and train counterpart staff to facilitate accurate data collection and preparation of reports.

2. Project impact will be measured through the following indicators:

Indicator	Target
Increase in Community Forestry Enterprises (CFEs) dedicating resources to biodiversity conservation and implementing specific measures related to biodiversity, measured as a. # of communities that apply the biodiversity monitoring system b. # ha under forest management plans c. # of indicator species that maintain their populations at landscape level d. Rate of change in forest floral diversity (proxy for overall BD) in project impact study site e. Rate of deforestation and degradation in project impact study sites	Mid-term: a. 40 communities are trained to apply the BD monitoring system that has been prepared and approved by the government End of project: a. 20 communities apply the BD monitoring system in their managed forest areas b. 25,000 additional ha under timber forest management plans mainly in Ixiamas, and 5,000 ha under non-timber forest management plans mainly in Guanay c. BD monitoring system shows that populations of jaguar, chancho de tropa and marimono are stable. d. <10% of plots with declining forest floral diversity in certified sites e. 0% deforestation in certified sites.
Increase in competitiveness of communities enabling greater investments in BD conservation, measured through a. Increase in communities revenues b. Increased investment allocated to BD monitoring	a) Increase of 15% in revenues of communities that work with timber and 20% in those that work with NTFP over traditional market b) 25% of communities have increased 5% of their incomes to investment in BD monitoring
Level of participation of women and men in operations of CFEs in project impact study sites	30% average increase participation of women in CFE operations

3. The project will also make use of the GEF BD SO2 Tracking Tool (included in Annex #4 of the project document). Mid-term and end-of-project evaluations will be carried out to identify project strengths, document lessons, and facilitate correction of weaknesses. The PCU will develop and implement a project visibility plan and disseminate information on a regular basis among the different agencies, institutions and beneficiaries involved in the project, including project reports, technical documents and results. Additional M&E details are included in Part III – Management Arrangements of the project document.

4. The Table below summarizes the M&E plan and budget.

Activities	Responsible party	Budget US$ (Estimated costs)	Timeframe
Inception workshop and report	Project manager UNDP country office, UNDP GEF	US$10,000	Within the first two months from inception
Measurement of verification sources for project outcomes	UNDP GEF RTA/project manager will supervise contracting of specific studies and institutions and will delegate control to team members	To be determined at the inception workshop	Beginning, midterm and end of the project (during the evaluation cycle) and annually if required
Measurement of verification sources for project	Supervised by project director Project team	To be determined during the preparation of the first AOP (estimated cost US$24.000)	Annually to ARR/PIR and defined in annual operational plans
ARR/PIR Project progress report	Project manager and team UNDP CO UNDP RTA UNDP EEG Energy and Environment Group	None	Annual
Periodic status/ progress reports	Project manager and team	None	Quarterly
Midterm evaluation	Project manager and team UNDP CO UNDP RCU Regional coordinator unit External Consultants (i.e. evaluation team)	US$30,000	Halfway through the project's implementation
Terminal evaluation	Project manager and team UNDP CO UNDP RCU Outside consultants (i.e., evaluation team)	US$30,000	At least three months before the project's finalization

Activities	Responsible party	Budget US$ (Estimated costs)	Timeframe
Project systematization	Project manager Consultant Dissemination materials	US$15,000	End of year 3
Lessons learned	Project Manager RO, Staff, External facilitator	US$8,000	Annually
Final project report	Project manager and team UNDP CO Local consultant	None	At least three months before project finalization
Audits	UNDP CO Project manager and team	US$12,000	Annually
Field visits	UNDP CO UNDP RCU (if appropriate) Government representatives	Paid through Agency fees and operational budgets	Annually
Total Cost *Excluding project team staff time and travel expenses of UNDP staff*		US$ 129.000	

PART II: PROJECT JUSTIFICATION:

A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:

5. Bolivia is amongst the 17 most biologically diverse countries in the world. The country hosts a vast BD endowment at alpha, beta, and gamma levels. Between 35% and 45% of the world's species diversity is represented in Bolivia. The country spans 12 ecoregions and 199 ecosystems, which collectively house a tremendous number of plants and animals: approximately 20,000 species of plants, 1,200 species of ferns, more than 356 species of mammals, 1,400 species of birds, 203 species of amphibians, 266 species of reptiles, and about 600 species of fish. At least 100 vertebrate species are considered to be endemic, and 250 vertebrate species are considered to be vulnerable or critically endangered, according to the World Wide Fund for Nature (WWF). Floral and faunal endemism are concentrated in relatively small set of ecoregions, mostly in forest areas between the Andes and the lowlands. Eight of the "Global 200" ecoregions prioritized by WWF as globally important and requiring immediate conservation actions are found in Bolivia: Southwest Amazon Moist Forests, Pantanal, Beni Savanna, Central Andean Yungas, Central Andean Dry Puna, High Andean Lakes, Chiquitano Dry Forest and Flooded Forest.

6. Natural forests cover more than half of Bolivia's territory. Around 41 million hectares of natural forest have been classified as productive forests under Forest Law Nº 1700. The government, both national and local, controls approximately 43% of the forestlands of the country, according to estimations (23.7 million hectares). The remaining 57% of forestland is in the hands of *Tierras Comunitarias de Origen – TCO*, *Asociaciones Sociales del Lugar – ASL*, large, medium and small landowners, and peasant communities. TCOs are large extensions of land occupied by Indigenous Peoples who have claimed them as their ancestral lands; most TCOs have been titled. ASLs are local groups or associations of individuals who do not own forestlands but have been granted concessions by the Municipalities in accordance with the Forest Law. Within the privately owned lands, it is estimated that 14 million hectares are individually owned, 13.4 million hectares are owned by TCOs and communities own 3.9 million hectares. Many of these forests are rich in biodiversity, have a high forestry potential and provide multiple ecosystem services upon which many forest dwellers and users depend.

7. The economy of Bolivia is based mainly in three sectors: Agriculture, Forestry, Hunting and Fishing (15% of the GDP), Extraction from Mines and Quarries (14%), and Manufacturing Industries (19%). Forestry constitutes an important economic activity in the country; in 2008 it represented 7% of the Agriculture, Forestry, Hunting and Fishing sector, while lumber and lumber products represented 6% of the Manufacturing Industries sector. Between 1997-2008 forestry activities generated around US$200 million dollars annually and contributed US$86 million in taxes. This activity currently generates some 90,000 jobs directly, of which 80% in the rural area, as well as 150,000 jobs indirectly. The most representative products of the Bolivian forests are precious woods such as *cedro* (*Cedrela odorate*), *mara* (*Swietenia macrophylla*) and oak (*Amburana cearensis*). In total, some 389 species are extracted from the Bolivian

forests for diverse uses. Around 70% of the wood and its by-products are exported to Europe and the United States. Between 1994 and 2005 timber exports evolved from logs to sawn wood and then to products with added value such as moldings, chairs and doors. Exports have fallen since 2008 due to the economic crisis. Non-timber forest products (NTFPs) constitute an important produce of the forests and a number of species are collected for diverse uses. The Brazil nut (*Bertoletia excelsa*) is the most significant NTFP and the Bolivian production accounts for 65% (48.449 tons) of worldwide production.

8. Although Bolivia has taken steps to bring under protection core areas for biodiversity conservation and implement sustainable land and forest management throughout the country, large expanses of forests remain throughout the landscape. The integrity of these forests and their associated biodiversity are being threatened by deforestation, forest degradation, and introduction of alien species. In the last 30 years Bolivia has lost more than 6 million hectares of forest. The rate of deforestation at national level has grown continually for decades, reaching its peak in 2007 when some 330,000 hectares were deforested. Deforestation is increasingly occurring in areas that have been classified as forest vocation lands; it takes place in all of Bolivia's forest ecosystems (Amazon forest, transition forest, Chiquitano dry forest, sub-Andean forest, and Chaco xerophytic forest). The main drivers of deforestation and degradation are the expansion of the agricultural frontier, migration, unsustainable forestry practices, fires, oiling/mining and construction of infrastructure. The underlying causes of deforestation are related to the comparative value of the forest and alternative land uses, the complexity and cost of enforcing forest laws and regulations as well as gaps in the regulatory framework, and the cost of applying incentives for the forest sector; whilst the causes of forest degradation are domestic use, forest activities, both legal and illegal, and forest fires. A more thorough analysis of the threats to biodivesity and their the underlying causes is presented in the project document (section 1.4 and annex #2).

9. As aforementioned, more than 17 million hectares of Bolivian forests are in the hands of indigenous peoples and rural communities, an amount that represents 41% of the productive forests of the country and more than 50% of the privately-owned forests. Given the existence of large, legally-recognized indigenous and community forest holdings that are rich in biodiversity, community forestry does represent an important potential vehicle for the expansion of sustainable forest management and BD conservation. Therefore, the proposed long-term solution to stemming the underlying causes to biodiversity and strengthening biodiversity management in Bolivian forests is to assist communities to become more competitive in the marketplace, which will enable investments in biodiversity conservation. Increased competitiveness will change the cost-benefit calculus surrounding forest conversion, making the overall maintenance of forest a financially attractive option for communities. Greater profitability of communities, moreover, will enable increased investments in biodiversity management practices. The means to this end lies in harnessing green market forces that specifically demand products certified as sourced from well-managed forests. Access to such markets will reward communities for overlaying biodiversity conservation objectives and management measures into forest production systems, making such investments not only financially viable but desirable and profitable, providing increased incentives to communities to conserve biodiversity in production landscapes. Reaching this solution requires expanding certification among communities as a tool for adapting forest production systems to ensure they are congruent with biodiversity conservation objectives, rewarding producers for applying conservation measures, while helping to improve capacities to identify and manage for enhanced biodiversity values. Despite the progress that Bolivia has made in sustainable forest management and certification (2.3 million hectares of FSC certified forests almost exclusively by private companies) several key barriers need to be overcome in order to reach a desired state wherein sustainable forest management results in tangible BD benefits, while market forces demanding certified products make investments in these processes financially attractive for forest producers, namely:

(i) *Limited institutional capacity for implementation of sustainable forest management and certification and BD practices:* There is a general lack of institutional capacity at national and local level to assist sound forest management, certification and BD practices among local communities. The Forestry Department in charge of implementing the national Comprehensive Forest Management plan lacks operational and monitoring strategies for implementation as well as mechanisms to promote the active engagement of communities in sustainable forest management. The Land and Forest Authority - ABT has limited capacities for enforcement of the current forest and environmental regulations due to high staff turnover and limited financial resources, which hinders continuity of actions. Systematization, updating and flow of forestry information at the national, departmental and local level do not take place on a regular basis. Lack of coordination between different forestry agencies creates inefficiencies and confuses efforts to control and support sustainable forestry practices. Lack of technical capacity among extension foresters in BD issues do not allow appropriate BD protection within forest operations. Additionally, little capacity exists at any governmental level to assist communities in pursuing and achieving certification, building competitive and market-oriented enterprises, and accessing markets. Furthermore, government procurement of wood products does not explicitly require certified or verified material be used – much less specifying preference for wood from community forests. At local level, Municipalities lack capacities to develop land use plans that mainstream forest management and BD conservation, as well as to implement and monitor such plans. Although Municipalities

have established Forest Units, in most cases staffing is inadequate, capacities are weak due to lack of training and funding to implement their programmes is sparse.

(ii) *Limited knowledge and capacity of community organizations to implement sustainable forest management, certification and BD practices:* Community level forestry is carried out by community organizations, TCOs and ASLs and varies according to the different communities. Forest management is implemented through management plans which are usually prepared with the support of private companies (who commit to buy the wood) or NGOs. Communities sell the standing trees to the companies in the former case or in the latter case they harvest the wood themselves and sell to local sawmills or middlemen. There is also illegal logging in forests without management plans, which represents an important threat to BD due to the destruction of habitats and the selective harvesting of high value species. The use of non-timber forest products (NFTPs) is more traditional and based on ancestral management practices, and is more frequently carried out by families and not the community as a whole. There is a wide range of management practices varying from those in which the community divide the forest in family plots to those in which the first community member who arrives to the forest harvests the products. Sales of forest products are negotiated every year with local markets and middlemen. Where communities have implemented forest management plans, a recurring constraint has been low profitability due to the very low prices for standing trees. This is due to the lack of knowledge about the cost of forest operations (extraction, processing, etc.), which derives into disadavantegeous decisions; some undertakings are guided by a perception of the gross revenues that will be received instead of taking into account the total cost of the chain of custody. Historically, the experience of the TCOs lies in management of non-timber products for self consumption or wholesale in local markets. Initiating activities and actions with timber products, giving them value-added and selling them in national or international markets requires learning new individual and collective skills, not only regarding forest management but also in markets. Another contributing factor is the organizational weakness of comunities in regard to negotiation capacity and business management in order to access the market in an organized manner. Products have almost always been traded at the individual level, with the advantage of an immediate monetary return in exchange for merchandise. There are information and knowledge gaps on sustainable forestry issues. Forest users have difficulty accessing information and training on the legal framework. Appropriation of technical knowledge in general by the communities is slow and implementation of actions on the ground has its ups and downs due to periodic rotations in working positions of community members and changes in leadership. Local stakeholders lack the technical skills to implement and monitor BD management practices in forestry. Even in places where certification has been achieved, BD management is often identified as a key area for improvement. Moreover, most communities lack the organizational and technical capacity to plan, operationalize and monitor the kind of BD-friendly forest production systems that are necessary to become certified and maintain certification over time.

(iii) *Market and financial barriers*: The capacity of communities to participate in the expanding market for certified sustainable products is limited due to several constraints. To think in terms of forest management with FSC certification requires a profound change in paradigm and the acquisition of new skills and knowledge, not just in relation to the forest and its management but also to trade and access to new national and international markets. As aforementioned, capacity building processes in terms of organization, management and commercialization skills are slow and take several years for consolidation; and there are frequent changes in leadership. Community management systems must be strengthened to generate greater confidence in the forestry sector and stimulate greater investments. Community operations are generally not competitive in the marketplace due to the lack of business or marketing plans, as well as access to information about market demand. There is scarce information and linkage with markets for alternative forest products, either wood or non-timber. When there is access to information there is weak negotiation capacity among local stakeholders and trading companies. Also, since most communities are unclear about their cost structure they can therefore tend to make *a priori* commitments about product volumes and prices that they are unable to meet later on, which undermines their credibility. There is lack of access to operating and investment capitals. Poor access to financing also prevents producers from investing in better technologies and product diversification, both of which are critical to increasing revenues for investment in BD management. Compliance with the Forest Law represent high costs to communities, especially in regard to cost of inventories, construction and maintenance of roads, and the obligation of having to hire forestry professionals. Transaction costs are high for those communities that wish to implement forest management plans. New financial mechanisms must be engineered between buyers of certified products and communities, as well as between communities and financial institutions, in order to increase investment capital flows and support the development of community enterprises. Forest transformation equipment is old, inefficient, poorly maintained and generally under-utilized. Producers lack consistent quality standards. Communities with management plans must confront the challenge of giving added value to their products through certification or through partnerships with companies, ASLs or middlemen. Regarding NTFPs sales are usually agreed on a short term basis but partnerships dissolve and buyers disappear after some time, or the differences in the quality of the products do not assure medium term markets; hence the challenge of achieving medium and long term agreements to ensure markets. Bolivian experience with certification in communities has been varied. Twenty-seven low-ridge communities were able to obtain FSC certification in 1996 and maintained their certification until 2001. Simultaneously three communities have obtained and kept their certification in effect. TCO *Yukis* obtained FSC certification in 1999, but lost it later on. The main difficulties were: (i) the cost of forest audits was not duly foreseen in the management plans and budget planning; (ii) technical difficulties and costs associated with compliance of the recommendations of the audits; (iii) the investment necessary for hiring local professionals to carry out the audits or to support the implementation of the audits´ recommendations. Currently the community of Cururú in Santa Cruz de la Sierra and two communities in the north of La Paz maintain FSC certification. These three communities work with regency contracts with private companies. They were

therefore able to make use of partnerships between two links of the chain; however subject to the prices and conditions set by the companies. Despite the problems, certification experiences in Bolivia have shown positive aspects of reflected in the improvement of sales volumes (Cururu, Santa Cruz), increase in demand and access to international markets with price increase of 83% for high quality wood (Lomerio, Santa Cruz) and increase of 100% in the price of *almendrillo* (ASL Copacabana, La Paz).

10. The project has selected the Amboro-Madidi Corridor (AMC) for intervention. The AMC covers 13.9 million hectares, which amounts to approximately 12% of Bolivia's land area; it runs South-Southeast from the Department of La Paz in the Northwest of the country, through Beni and Cochabamba, and down to Santa Cruz, encompassing a total of 77 municipalities; its spans throughout two of the most important production regions in terms of timber stocks, hosts globally significant biodiversity and is highly threatened by anthropogenic activities. The AMC harbors an exceptional variety of natural ecosystems and, as a result, a remarkable biological diversity. The corridor's continuity with *Tambopata* and *Candamo* in Peru allow for the highest concentration of avifauna in the world. Almost 5% of the planet's known orchids are found within the AMC. More than 3,000 species of plants have been identified in the *Amboró* area and more than 8,000 in the region of *Madidi*. Of the 200 species of amphibians present in Bolivian territory, 41 are identified as endemic with 50% of them found in the AMC with 37 of these species being globally threatened. Furthermore, of the 1,398 bird species in the country, 627 are in areas of restricted distribution, with 74% of these found in the Yungas and Amazonian zones of the AMC (17% of species identified as threatened by IUCN); as well as 5 threatened mammal species. For all these reasons, the AMC is one of the world's most important areas for conservation of biodiversity. The population within the AMC is 420,000 inhabitants, 42% of whom belong to 8 native ethnic groups and the rest are migrants. Within the AMC there are 9 PAs stretching over 4.6 million hectares (33% of the corridor's surface area) while the TCOs cover some 4 million hectares (29% of the surface area). The AMC is adjacent to Bolivia's three main cities (La Paz, Cochabamba and Santa Cruz), hence it is an area of influence of productive activities that aim to attend the needs of almost 60% of the country's population (further details on the characteristics of the AMC and specific intervention sites in Part II – Strategy, section 2.1 of the project document). Two project intervention areas have been selected based on the following criteria: (i) high degree of globally significant biodiversity; (ii) conservation status of ecosystems; (iii) intensity of the threats to biodiversity; (iv) existing institutional capacities; (v) low or moderate degree of social conflicts; (vi) Municipalities' verified interest in collaborating with this project; (vii) presence of other technical assistance projects with which collaboration may be established; (viii) connectivity with protected areas in order to strengthen geographic continuity between forested areas under control and ecosystem functionality; (ix) accessibility and vicinity to roads enabling extraction and commercialization of timber and non-timber products; (x) prior successful experiences in management of forest resources to build upon.

11. The project strategy will aim at improving the protection and conservation of biodiversity in the Amboró Madidi corridor through sustainable forest management, based on fostering markets for certified forest products and increase in local revenues. The project responds directly to the key identified barriers, and will implement a set of strategic activities in line with the following three components: 1) Institutional support mechanisms are built to assist biodiversity conservation through certified community forest management; 2) Community capacity is strengthened to achieve and maintain certification, and to manage forests in a sustainable and BD-friendly manner, and; 3) Economic incentives are in place to attract and keep community forestry operations committed to sustainable forestry and biodiversity management practices. While the project will not completely overcome all of the threats currently facing biodiversity within community forests in Bolivia, it is expected to change the development trajectory and management dynamics in a biodiversity-critical forest area by generating economic incentives for biodiversity conservation while improving community capacity to participate in a strengthened market for products sourced from BD-friendly forests. Moreover, the project will complement ongoing government and donor initiatives focused on enhancing the forestry sector's social, environmental and economic sustainability. The project will aim at maximizing protection of globally significant biodiversity. The strategy will include measures to prevent the loss of biodiversity in areas under strong pressure. Where access is relatively easy and slopes are not very steep, project activities will include sustainable forest management backed by FSC certification, promotion of markets at the national and international level, and increasing the competitiveness of communities and organizations through initiatives that provide additional value to wood production. Where slopes are steep and not suited for timber management or where FSC certification is not profitable, interventions will focus on non-timber products, and international certification standards other than FSC that will raise their market value (e.g. organic, wild, fair-trade).

12. To achieve the project objective the project will generate the following outcomes and respective outputs (further details on the project strategy in PART II – Strategy, sections 2.2 and 2.3 of the project document):

13. *Outcome 1: Institutional support mechanisms are generated to foster conservation of biodiversity through sustainable forest management and certification:* Through this outcome the project will seek to enhance the capacities of the national and local institutions to foster conservation of biodiversity through sustainable forest management and certification. This outcome comprises the following outputs:

- *Output 1.1: legal and technical standards developed for sustaintable mangement of NTFP and for Comprehensive Forest Management:* This output will seek to strengthen the National Plan for Comprehensive Forest Management by developing its operational plan, which will be the basis for implementation of management plans at community level; its main benefits being the simplification of procedures and a standardized approach to management, which will be available for replication in other forest related initiatives.

- *Output 1.2: A simplified FSC certification proposal for communities developed and validated in the field (includes the Comprehensive Forest Management proposal, contemplates FSC and Fleght variables):* The project will contribute to the formulation of a forest certification proposal suited to Comprehensive Forest Management plans, taking into account FSC certification and NFTPs, that will be submitted to the FSC.

- *Output 1.3 Biodiversity monitoring system developed for field application*: This output will seek to develop capacities at national, local and community level for biodiversity conservation and monitoring in forest production landscapes. The biodiversity monitoring system will be complementary to, and used within the framework of, non-FSC certification methods to be developed (output 1.2) or implemented by the project.

- *Output 1.4: Forest and Land Authority operational units in project areas strengthened to curtail illegal deforestation*: A strategy for prevention and control of illegal logging will be developed. Two equipped mobile units will be established in support of field work and ABT staff will be trained in the use of such tools and instruments as well as in forest certification, fire prevention and control, and biodiversity monitoring.

- *Output 1.5: Municipal strategic forest development plans that contemplate biodiversity in selected municipalities*: The project will support the development of forest management and development plans in three municipalities of the AMC. At least three Municipal Development Plans will be updated. In all cases the strategies of the Comprehensive Forest Management plan will be mainstreamed in these plans. Twenty technicians will be trained in forestry issues.

- *Output 1.6: Strengthened capacities of Tierras Comunitarias de Origen (TCOs) to implement forest management plans and reduce illegal logging* The output will help remove the barriers related to weak capacities for territorial management aimed at preventing and controlling illegal logging within TCOs. The project will provide training on forest management and certification. Likewise the development of a strategy to monitor and control illegal logging within TCOs with the participation of 20 communities spanning throughout 100,000 hectares.

- *Output 1.7: Knowledge management and communication strategy implemented to raise population's awareness about the value of forest and biodiversity*: A communication strategy will be developed; it will be adapted to diverse target groups, including decision makers at the local, regional and national level, planners, forestry technicians, communities, and women.

14. *Outcome 2: Communities with strengthened capacities in Comprehensive Forest Management and to obtain and keep certification and manage forests in a sustainable and biodiversity-friendly way:* This outcome will seek to help communities shift from their current traditional ideas about the forests, self-subsistence and local markets to Comprehensive Forest Management with commercialization of forest products in local, national and international markets, improving their livelihoods and at the same time conserving the forest and its biodiversity in the medium and long term. The outcome comprises the following outputs:

- *Output 2.1 Strengthened communities implement Comprehensive Forest Management plans in order to achieve certification:* Through this output the strengthened national and local institutions will provide training and assistance to communities to develop and implement their forest management plans in accordance with the guidelines and requirements of the national Comprehensive Forest Management plan.

- *Output 2.2 Capacity building in business management for the CFEs:* This output will build capacity to confront the complexity of managerial operations and negotiations through capacity assessments and training programs tailored to beneficiaries´ needs.

- *Output 2.3 The biodiversity monitoring system (output 1.3) is used by communities:* Communities will be trained to make use of the biodiversity monitoring system, identifying BD baselines and protection targets, monitoring and reporting.

- *Output 2.4 CFEs negotiation capacity has improved and better benefit-sharing of revenues is obtained between companies and communities:* This output will seek to develp a benefit-sharing mechanism as well as capacity building to enhance negotiation skills aimed at improving benefit-sharing.

- *Output 2.5. TCOs and communities empowered in the management and conservation of their forests:* This output will support value-adding to non-timber forest products through feasibility and market studies, proposals for a value-adding and marketing.

15. *Outcome 3. Economic incentives are in place to attract and keep community forestry operations committed to sustainable forestry and BD management practices*: This outcome will seek to establish contact with new markets that are aware of, and recognize the contribution of sustainable forestry to biodiversity conservation, therefore paying better prices and hence improving revenues that will compensate for the activities and costs of obtaining and maintaining certification.

- *Output 3.1 Local and national policies have been formulated to support commercialization of forest products under management:* This output will pursue the development of procurement policies at municipal and national levels that grant priority to forest products that are legally produced, and subsequently to certified products from managed forests.
- *Output 3.2: Value-added products developed from NTFP positioned in the market (national or international)*: Through this output communities will be involved in negotiating better alliances with buyers that have the capacities to transform raw material and add value to wood products.
- *Output 3.3: Certification schemes including biodiversity conservation measures are adopted by communities:* Communities will be supported to obtain their certificate of origin (as per national regulations on management plans) and/or FSC certification/simplified FSC certification for timber products and organic or other certification for NTFPs. The target of the project is to support management of 30,000 new hectares in 5 years: 10,000 hectares with FSC certification and 15,000 hectares initially with management plans (simplified FSC certification if approved), both for timber products, and 5,000 hectares with NTFP management plans (at least 50% certified under international standards).

  The table below summarizes the certification standards to be promoted within the project intervention areas.

Product	Market	Certification	Comments
Timber (communities with developed management capacity)	International	FSC	
Timber (communities that initiate management or have reduced quantities	Initially national; if the simplified FSC standards are approved, international	Simplified FSC (if approved)	These communities will apply management plans in a first stage. If the simplified FSC is approved they will be implemented in these communities
Wild cocoa	International	Organic, FLO or WILD	Depends on the comparative advantages among them
Majo Oil	International	FLO	
Copal, Incense	National in the first instance, international, if possible	WILD, FLO	
Eco-jewelry	International	FLO	
Rubber	National	N/A	Value adding will be achieved through the manufacture of rubber sheets and working materials for mining activity

- *Output 3.4. A financial mechanism for forest operations is implemented in the intervention area:* This output will seek to develop a financing mechanism for the forestry sector that will operate in the project area. Lack of operating capital has been identified as a bottleneck that affects community income. The fund will help improve the profitability of community forestry within a framework of sustainable forest management, hence contributing to conserve biodiversity through prevention of deforestation and comprehensive management of forests.

16. The project will remove the aforementioned barriers and lift the current trends in deforestation and degradation of forests. The end result will be conservation of community forests in the AMC that are critical for BD through sustainable forest management and BD management practices enabled by market-based instruments, thus generating both domestic benefits and global environmental benefits, as summarized below.

Domestic Benefits	Global Benefits
- Increase in area covered by sound forest management - Local services provided by forests (nutrient cycling, soil formation, hydrological cycle, water quality, etc.). - Landscape and aesthetic beauty. - Improved access of communities to markets and prices for certified forest products and products with added value, increasing revenues, benefit-sharing and thereby creating additional opportunities for better livelihoods.	Conservation of charismatic species that are of global conservation significance and endangered: e.g. jaguar (*Panthera onca)*, condor (*Vultur gryphus)*, vicuña (*Vicugna vicugna)*, giant otter (*Pteronura brasiliensis)*, harpy eagle (*Harpia harpyja); Ara militaris o Ara Chloroptera*, white lipped pecari (*Tayassu tajaco*), spider monkey (*Ateles paniscus*). Conservation of species with social, cultural and economic values: e.g. queñua *Polylepis besseri*, mara (*Switenia macrophylla*), oak (*Amburana cearensis), majo (Oenocarpus bataua)*, jatata (Geonoma *diversa*), cocoa (*Teobroma Cacao*), incienso *(Clusia pachamamensis)*, copal (*Protium montanum*), Brazil nut (*Bertoletia excelsa*), açai (*Euterpe oleracea*) numerous epiphytes and orchids

B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL AND/OR REGIONAL PRIORITIES/PLANS:

17. Bolivia has signed the Convention on Biological Diversity on 13 June 1992 and ratified it on 25 July 1994 (Law Nº 1580). Bolivia is also a party to different international conventions related to the conservation of biodiversity, amongst the most relevant the International Convention on Trade in Endangered Species of Flora and Fauna (CITES), the International Tropical Timber Agreement and the Ramsar Convention on Wetlands of International Importance, Especially Habitat for Waterfowl.

18. The project is in line with the National Biodiversity Strategy and Action Plan (NBSAP) prepared in 2002. The project will support the implementation of several of the NBSAP´s policies, namely: (i) *mainstreaming of biodiversity in development planning* by mainstreaming the forest strategic plan and monitoring of biodiversity indicators into the Municipal Development Plans in seven Municipalities; (ii) *development of national capacities* through training of staffs of the concerned national institutions and local stakeholders; (iii) *in situ conservation of biodiversity*; (iv) *promotion of investments to develop the economic potential of biodiversity* by strengthening the wood cluster in Ixiamas, participation in fairs, as well as development of NTFPs with value added hence attracting private and governmental investments; (v) *benefit-sharing* by providing technical and financial support to communities to implement sustainable forest management, promoting marketing of products and improving benefit sharing mechanisms at community level; (vi) *management of biodiversity by indigenous peoples*, especially in regard to NTFPs since their management and basic technology derive from traditional knowledge and practices, which will be enhanced through value adding and marketing.

19. Moreover, the project strategy is aligned with the following NBSAP strategies: (i) *conservation of ecologically significant ecosystems, species and genetic resources* by means of sustainable management of species of economic importance as well as areas of high conservation value, which will be preserved through project intervention, certification and community awareness raising; (ii) *promotion of investments in biodiversity goods and services*, through promotion of some 16 timber and 5 non-timber species, synergies with the UN-REDD Programme in Ixiamas that could foster government investment targeting quantification and qualification of ecosystem services related to carbon stocks and forest management under REDD+, and development and promotion of a wood cluster to leverage private and government capital as well as donor funded initiatives aiming at sustainable forest management; (iii) *strengthening of national and local capacities for management of biodiversity* through training of all relevant stakeholders at national and local levels; (iv) *education, awareness raising, dissemination and social control for sustainable management of biodiversity* through implementation of a communication and awareness raising strategy.

20. The project is consistent with the Forest and Climate Change Strategy and will directly contribute to implementation of four of its six strategies, namely: (i) reduction of threats to forests, (ii) forest conservation and restoration, (iii) community management, sustainable livelihoods and forests, (iv) education and development of institutional capacities; it will also contribute directly to the remaining two strategies: (v) improvement of the legal framework and institutional structure, and (vi) monitoring and reporting on deforestation and degradation of forests in regards to climate change.

21. The project will directly support the government's priorities as presented in the National Development Plan. The use of the potential for wealth of the country's biodiversity, mainly in the food-nutritional and medical-pharmacological areas, is a priority in order to improve the livelihoods of the Bolivian population and, mainly, of the indigenous peoples.

The plan recognizes that "Bolivia's global leadership in forests with green seal is an advantage that should be consolidated and expanded."

22. The project is in line with, and will support the objectives of the 2008 National Plan for Comprehensive Forest Management, which are to: i) improve the system of regulation, monitoring and control in different spheres (national, regional, municipal and local) in order to advance toward multiple forest management systems wherein local social organizations acquire greater decision making over the administration of their forest resources; ii) promote a system of incentives to stimulate initiatives of Comprehensive Forest Management that lead to greater contribution of forest resources to the wellbeing of people, above all the poorest, and consolidation of a more redistributive forest economy that drives greater economic development; iii) promote actions for the conservation, restoration and recovery of forests for the purpose not only of maintaining the provision of the goods provided by forests but also local and global environmental services, as well as to reduce risks derived from growing climate change; and iv) advance the development and institutional strengthening of public agencies and civil society institutions, and consolidation of a system of innovations making it possible to put into practice the implementation in practice of a new approach of comprehensive management of forests and assuring their sustainability over time.

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH GEF STRATEGIES AND STRATEGIC PROGRAMS:

23. The central focus of this project on building biodiversity conservation in community forests is fully in conformity with the GEF Biodiversity Focal Area and its Strategic Objective 2 (BD SO2) "to mainstream biodiversity in production landscapes/seascapes and sectors." More specifically, under BD SO2, the project strategy is consistent with the aims of the GEF-4 Strategic Programmes SP4-Strengthening the policy and regulatory framework for mainstreaming biodiversity and SP5-Fostering markets for biodiversity goods and services. In working to achieve the project goal, objective, outcomes and outputs laid out below, the project will work within the frame of GEF BD SO2/SP4 to "empower legal and normative framework" because of its strong focus on institutional strengthening and capacity building, as well as with SP5 to "demonstrate cost-effective, market-based instruments for biodiversity conservation that complement policy and regulatory measures," including activities specifically related to building markets for biodiversity goods and services, bringing a strong focus to bear on creating a sustainable wood supply chain that creates incentives for biodiversity management. This strategic focus is fully aligned with GEF strategic foci under this SP on: (i) providing market-based solutions to the undersupply of social and environmental goods and services by enabling consumers to pay producers to deliver them; (ii) utilizing the willingness of the market to pay a premium for goods and services whose production, distribution and consumption meets some kind of minimum environmental standards, and; (iii) creating market incentives for improved environmental and social practices.

24. The project's central focus on sustainable forestry is also fully in conformity with the GEF focal area of relevance, Sustainable Forest Management, specifically SFM Strategic Objective 2, "To promote sustainable management and use of forest resources." The corresponding GEF-4 Strategic Program for SFM-SO2 is identical to BD SO2 "To mainstream biodiversity in production landscapes/seascapes and sectors." The project strategy is fully in line with SFM-SO2/SP5 given planned outcomes related to institutional strengthening and capacity building: 1). Institutional support mechanisms are built to assist BD conservation through certified community forest management, 2). Community capacity is strengthened to achieve and maintain certification, and to manage forests in a sustainable and BD-friendly manner and 3). Economic incentives are in place to attract and keep community forestry operations committed to sustainable forestry and BD management practices.

25. The GEF contribution will be focused on biodiversity and specifically inputs targeting the building of both local and national technical capacities to prioritize, manage and monitor the impacts of community forest management on biodiversity. The project is designed such that the GEF contribution adds tangible and measurable inputs aimed at ensuring that the investments made by project partners comply with international standards for sustainable forestry and contribute to the conservation of globally significant biodiversity in production forest landscapes.

26. The project will contribute to the following SO and SP outcomes and indicators:

GEF SO/SP	Expected Direct Outcomes	Indicator

GEF SO/SP	Expected Direct Outcomes	Indicator
BD- SO2	Conservation and Sustainable use of biodiversity incorporated in the productive landscape	Number of hectares in production landscapes under sustainable management but not yet certified Number of hectares/production systems under certified production practices that meet sustainability and biodiversity standards
BD-SP4	Policy and regulatory frameworks governing sectors outside the environmental sector incorporate measure to conserve and sustainably use biodiversity	Degree to which policies and regulations of sectoral activities include measures to conserve and sustainably use biodiversity as measured by the GEF tracking tool.
BD-SP 5	Global certification systems for goods produced in agriculture, fisheries, forestry and other sectors include technically rigorous biodiversity standards	Published certification systems that include technically rigorous biodiversity standards

D. JUSTIFY THE TYPE OF FINANCING SUPPORT PROVIDED WITH THE GEF RESOURCES.

27. The project will contribute to remove the existing barriers and create an enabling environment for sustainable forest management and certification schemes in Bolivia. The project has devised several interventions at systemic and pilot level and GEF resources will be used to: (i) strengthen institutional support mechanisms to assist biodiversity conservation through certified community forest management; (ii) build the capacities of communities to achieve and maintain certification, and to manage forests in a sustainable and BD-friendly manner, and; (iii) develop and put in place economic incentives to attract and keep community forestry operations committed to sustainable forestry and biodiversity management practices. By helping to remove the identified barriers, the project will contribute to achievement of the objectives stated in the national plans and strategies, and the goals of the international conventions. For these reasons, proposed interventions are seen as long-term investments and therefore financing support will be provided as a grant.

E. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

28. The project will share information and formalize collaboration mechanisms with national and regional initiatives, such as:

i) The Inter-American Development Bank project "Bolivia: Conservation and Sustainable use of Biodiversity and Land in Andean Vertical Ecosystems" to be implemented by the Ministry of Environment and Water, with the support of GEF. The project will exchange methodologies to address capacity building of Municipalities and piloting the use of the biodiversity monitoring system in the North of Potosi.

ii) The portfolio of projects on biodiversity managed by UNDP and UNEP. The project will coordinate with the UN-REDD National Joint Programme in regard to capacity building of staff from the Executing Agency and the PNCC. The project will also coordinate with the ongoing SGP initiatives around the Madidi and Pilon Lajas PAs.

(iv) The Forest Department's pilot program on Comprehensive Forest Management in Northern Amazonia. The project will maintain exchange of information with this programme in regard to methodologies and procedures for comprehensive management of forests by communities-

(v) The GEF project will also coordinate with other projects supported by bilateral and multilateral agencies, in particular Sida, Danida and Dutch Cooperation, which are all very active in promoting SFM in Bolivia. Among them, the Baba Carapa Programme which seeks to remove bottlenecks in the sawn wood chain of value and establish drying infrastructure and pre-sizers. Rendering of services to the initiatives North of the AMC will be coordinated, especially those provided to the communities of the Tacana TCO. The TCO is negotiating a project for the implementation of a sawmill in Thumupasa. If successful the project will coordinate with this initiative; if unsuccesful the project will support negotiation with local sawmills for procurement of sawing services.

(vi) Likewise with the SUSTENTAR project in Guanay which aims at the development of a forest management plan in 17 Leca communities. Funding targets the stages of planning and harvesting of raw material. The project will coordinate in the installation of warehouses, construction of a center for artisanal drying and value adding to wood through pre-sizing and if feasible the elaboration of furniture for the local market. The project will also formulate strategic partnerships with other programs at the national level, such as the Clean Development Mechanism of the National Program on Climate Change, the National Program of Bio-trade, the National Program of Watershed Management. In addition, it will capitalize on the experiences and knowledge generated by the BOLFOR project and institutions such as CFV, CADEFOR, and IBIF.

29. Opportunities for collaboration with field projects will be developed. The project will coordinate with FONABOSQUE, which will provide co-financing to this project and may be financing other projects in the AMC during this project´s timeperiod. Other related projects shall be taken into consideration such as the REDD initiative being promoted by the Dutch Government, which includes a strong component of community forestry, the initiatives of the Amazon Cooperation Treaty, and the Brazilian program "Amazonia without Fires." The project could make use of information from Brazil´s fire prevention and detection system.

30. The project will participate – through its UNDP managers and officers - in the meetings of the Climate Change, Forests and Protected Areas sub-group of which The Netherlands, Sweeden, Germany, USAID, Japan, Denmark, FAO and UNDP are members.

F. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING :

31. Under the baseline scenario, community forests in the AMC will continue to be deforested and degraded due to lack of management planning and sustainable operations, resulting in significant BD losses and a further fragmentation of the forest landscape. Without GEF support, forest harvesting will continue under the same vision failing to consider aspects of biodiversity conservation. Forest piracy will continue and is likely to accelerate. New human settlements would continue following the rationale encouraging new agricultural activities within forest covered lands. The contribution of the extraction of raw materials to local economy, particularly NTFP, will remain very limited, discouraging incentives for maintaining forest cover in the municipalities of Mapiri, Ixiamas, Buenaventura, Guanay, Teoponte and Alto Beni. Without GEF support forestry activities would continue to focus on timber extraction, an activity carried out exclusively by men, reinforcing gender inequities in access to economic resources.

32. The premise of this project is that this baseline scenario can be avoided by unleashing green market-based forces through a series of targeted barrier removal activities. In this context the project will address key selected barriers that prevent Bolivia from addressing effective implementation of measures to slow down and resolve the threats posed to forest biodiversity, namely: (i) limited institutional capacity for implementation of sustainable forest management, certification and BD practices, (ii) limited knowledge and capacity of community organizations for implementation of sustainable forest management, certification and BD practices; and (iii) market and financial barriers.

33. The alternative approach proposed herein would generate significant global benefits in BD-important forest in the AMC, creating enabling conditions and demonstrating ways to reap a sustainable flow of economic and environmental benefits from the production of certified forest products. The project will assist communities to become more competitive in the marketplace, which will enable investments in biodiversity conservation. Increased competitiveness will change the cost-benefit calculus surrounding forest conversion, making the overall maintenance of forest a financially attractive option for communities. Greater profitability of communities, moreover, will enable increased investments in biodiversity management practices. The systemic, institutional capacities needed to implement this strategy and replicate good practices on a large scale will be developed in the process.

34. GEF support to certification - FSC for wood products, simplified FSC certification, as well as other standards for non-timber - of community forest is incremental and fundamental to BD conservation because certification: (i) reduces the likelihood of land conversion as it increases the economic viability of the forests through improved yield, diversified income, access to markets and on occasion premiums; (ii) promotes better governance standards which increase group management, reducing individual propensity to sell or permit private land conversion; (iii) creates increased transparency in forest management, reducing illegal logging; (iv) enforces standards on forest fire prevention and control, reducing deforestation and degradation, and; (v) requires specific interventions fundamental to BD conservation, including mimicking natural forest stand dynamics, creating set-a-sides, and taking action to protected species of concern. Interventions will thereby lead to a decrease in deforestation rates and recovery of degraded forests; hence increasing the quality and quantity of habitats, and in turn, increases in biodiversity within the system The GEF investment will thus generate significant global benefits in the AMC forestlands while at the same time contributing to the paradigm shift between unsustainable and sustainable use of globally significant ecosystem services. The Incremental Cost Matrix included in Section II – Annex B of the project document provides further details on the incremental value of the GEF intervention.

G. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED AND OUTLINE RISK MANAGEMENT MEASURES:

35. The risks are detailed in the following table:

Risks	Impact Rating	Proposed Mitigation Measures
Organizational risks: 1. Institutional instability: high turnover of staff in public posts affects inter-institutional coordination, reduces leadership in the implementation of project activities and may imply changes of vision or approach, all of which can compromise the project's execution.	High	1. The project, alone, will not eliminate institutional instability and regional tensions. Nevertheless, by focusing most of its activities at the local level, which is in charge of the direct management of forest resources – and primarily responsible for most of the threats to BD – the project will strengthen the capacities of local communities and their partners at the local level to manage, organize, trade and control forest resources in a sustainable manner. This, in turn, will contribute to improving local-level stability and environmental governance by shifting from short-term exploitation to long-term management of forest resources. The generation of replicable models will catalyze similar actions on a regional and national scale. Due to institutional instability and political conflict, the project is high risk. However it has great potential as a high-reward project, particularly given the large area of Bolivia's forest managed by communities and the chances for replication. Decentralization as well as empowerment of communities in social control furthers support actions for Municipalities, TCOs and communities. The project steering committee will include authorities from the Forestry and Biodiversity departments, regional leaders of municipalities and TCOs. The project steering committee will pay special attention to ensuring that this project is implemented as planned in this document. A planning and monitoring/evaluation expert will be hired to support all annual planning of activities and budgets, tracking of activities (monitoring impact and implementation indicators) and preparation of project reports. The coordinator's mandate and TORs (equivalent to those of SUSTENTAR) will ensure sufficient autonomy to avoid falling into overly long and lengthy bureaucratic process.
2. Bureaucratic and anti--corruption procedures hamper expeditious execution of funds	Medium-high	2. Several projects are experiencing significant delays due to current procedures that were put in place to reduce corruption. Such delays could have a strong impact as several outputs require intensive work in the first years to lay the foundation for activities later. Interruptions or significant delays would discourage stakeholders and would allow deforestation to continue in areas with high biodiversity value. To mitigate this risk a legal assistant will be hired early in the project to develop clear operational procedures that ensure total compliance with government laws and UNDP rules on contracting and bidding procedures and set out clear timelines and frameworks within which the project can plan. A highly experienced administrator will also be hired for this project as well as a well-qualified administrative assistant to maintain impeccable accounting records and keep all files and inventories up to date, along with other necessary documentation.
Policy: Short-term economic vision of public policies with limited environmental awareness fosters practices incompatible with biodiversity protection	High	By engaging all relevant stakeholders and fostering ownership, the project will promote building capacities in management and control over forests, increase and diversify community revenues and take advantage of all economic potentials deriving from comprehensive management of standing forest in order to replace this short-term vision with a longer-range one. The involvement of MMAYA is crucial so that it can coordinate with other government entities. Emphasis will be placed on the communication strategy so as to raise decision makers' awareness of the importance of the forests and the need to care for their productive potential. UNDP, as well as the UN-REDD program and other forest related programs in Bolivia, will collaborate in raising debate to the sectoral level to increase the relevance of forest issues more at national, departmental and municipal levels. Dutch and Swedish Cooperation will be involved in actions, along with REDD, FAO and UNEP to help mitigate this risk.
Regulatory risk: Legal uncertainty about the forest sector and lack of visibility regarding the content of the future forest law may discourage investments in certification and value-adding.	Medium-High	Some stakeholders have extensive experience in the forest sector, manage commercialization channels, can invest in production and transformation and attract buyers. It will be important to ensure their participation in this project, assess their respective comparative advantages and develop strategic alliances between the stakeholders. The emphasis will be on a communication strategy to show the potentialities of the forest and benefits to communities and the country in general.
Climate change risk: Increased periods of drought or flooding could directly affect forest ecosystems,	Medium	Climate scenarios for Bolivia predict modifications in rainfall patterns that will likely exacerbate the risk of droughts and flooding in both the highlands and lowlands. Certified SFM will result in healthier, more productive forests that are more resilient to climate fluctuations by maintaining a higher level of age-class diversity and BD in general, regeneration vigor, intact forest cover to protect soils and hydrological functions, and high-

Risks	Impact Rating	Proposed Mitigation Measures
elevate the range, frequency and impacts of fires and decrease the resilience of ecosystems.		value ecological set-sides protected from human activities. Extensive training of trainers has been planned in municipal governments and TCOs in the prevention of forest fires and controlled burns, as described in outputs 1.4 and 1.6.

Note: a more detailed table of risks is found in the annexes.

36. This table presents several risks that arise from the broader policy and institutional environment that are not necessarily under UNDP's control. Because of the number of these risks identified during the PPG phase and their potential high impacts on project implementation, project oversight will be strengthened in accordance with UNDP Risk Management System (RMS) which outlines additional measures that can be taken for high risk projects. Risk management will be the responsibility of the CO Programme Officer in charge of supervision and monitoring of the project in Bolivia. Monitoring of these risks will be ensured from the very beginning of the project in order to obtain frequent and accurate information and provide quarterly reporting on risk and implementation issues. The UNDP/GEF RTA based in UNDP Regional Service Centre in Panama will provide additional support in supervision, monitoring and troubleshooting when alerted by the RMS. Risks evaluation will to be regularly revisited and reconsidered to ensure that assessments remain valid during the implementation of the project. Management responses to different risks will vary and include strengthened supervision (more frequent field visits; project meetings etc); adjustments to project strategy; and temporary interruption of the project.

H. EXPLAIN HOW COST-EFFECTIVENESS IS REFLECTED IN THE PROJECT DESIGN:

37. During project design, several alternative scenarios were considered from the point of view of cost-effectiveness. A special attention has been paid to take into account: i) lessons learned from previous projects in order to maximize the effectiveness of the present intervention, and ii) ongoing initiatives on the field to ensure synergies and reduce the cost of the intervention. Further details are included in the project document (sections 1.4 and 2.1 for lessons learned and baseline initiatives respectively). The selection of the areas of intervention also reflects the desire to optimize the cost-effectiveness of the present project. The project is designed to achieve the proposed outcomes while only incurring essential incremental expenses. To accomplish this, the project will build upon the existing baseline activities and national and local capacities, as well as available infrastructure, and will target increased co-financing commitments during project implementation. The project will seek to contribute to the existing government efforts to improve the protection of Mother Earth and will strengthen the capacity of forest communities to achieve sustainable management of forests and effective protection of biodiversity.

38. The experiences of different forestry programs in Bolivia indicate that forest related projects can have a fairly high cost in general, given that prior to "technical" forestry work a previous phase is needed of CFE organization, basic training and social structuring at the local level, which raises the total cost of the project. As a consequence, and to improve cost-effectiveness of this present project, all the work done by other organizations laying the foundations for project implementation have been assessed during the PPG phase, as well as all initiatives dealing with the forest sector, local-level training, institutional strengthening and the promotion of economic tools and market mechanisms. There will be effective coordination with other programs, projects and initiatives, aimed at reinforcing synergies, avoiding duplication of effort and reduce overall costs.

39. It is important to reiterate that this project targets to increase and diversify incomes for local stakeholders from sustainable forest management, because unless such stakeholders have financial sustainability there can be no sustainable management of forest resources and protection of biodiversity over the long term. Hence, the cost-effectiveness of this project will be a core condition of success. In addition to these economic benefits the project will promote significant social, environmental, and institutional benefits that will contribute to the development of the forest sector economy, respecting biodiversity. These benefits are extremely important for local development and community empowerment.

40. To increase the cost-effectiveness the project will make use of already established structures and institutions instead of creating new ones, as well as fostering synergies with other projects and generating experiences and tools that will be replicable in the rest of the country at a minimum cost. For instance, the activities related to control of deforestation will

be implemented through ABT, taking advantage of the infrastructure and means they already possess as well as those acquired through the project funded by the Netherlands. This will reduce the project's direct costs. In addition, every three months meetings take place among the donors participating in the donor coordination group on forests, biodiversity and protected areas at the national level in order to avoid duplicating actions. Eventually, Biotrade initiatives have opened markets for some forest products and have generated and made available biological, technical and process information. These initiatives have covered an important part of the expense of researching international markets, so the project needs to focus on researching national markets will be reduced.

41. Community forestry actions will be coordinated with the actions promoted by the Dutch and Swedish cooperations that operate in complementary areas in the region. Their initiatives support the development of forest management plans as well as the installation of sawmills and transformation centers for community and ASL operations. It is anticipated that certified wood can be processed at these facilities and that they have chain-of-custody certification. The Small Grants Program (SGP) implemented by UNDP and funded by GEF coincides with some of the geographical areas of intervention of the project. They are complementary actions that mutually contribute to biodiversity conservation, increasing the cost-effectiveness of both interventions.

PART III: INSTITUTIONAL COORDINATION AND SUPPORT

A. INSTITUTIONAL ARRANGEMENT:

42. The project will be implemented with the support of UNDP, in its capacity as a GEF implementing agency in the area of biodiversity, and because of its comparative advantages as described in the document GEF/C.28/15. UNDP has established a solid cooperation relationship with the government of Bolivia on development issues such as environmental governance. The UNDP program in Bolivia emphasizes capacity building for environmental management and is in charge of the implementation of three GEF projects related to BD conservation. UNDP supports interventions dedicated to integrating BD issues into production processes across diverse markets (e.g. forestry, agriculture and businesses, such as the production of coffee and flowers), specifically implements GEF-supported SFM initiatives in other countries.

B. PROJECT IMPLEMENTATION ARRANGEMENT:

43. The project will be executed under National Implementation Modality by the Vice-Ministry of Environment, Biodiversity, Climate Change and Forest Development of the Ministry of Environment and Water, and following UNDP rules and regulations. The Executing Agency will sign the grant agreement with UNDP and will be accountable to UNDP for the disbursement of funds and the achievement of the project objective and outcomes, according to the approved work plan. In particular, the Executing Agency will be responsible for the following functions: (i) coordinating activities to ensure the delivery of agreed outcomes; (ii) certifying expenditures in line with approved budgets and work-plans; (iii) facilitating, monitoring and reporting on the procurement of inputs and delivery of outputs; (iv) coordinating interventions financed by GEF with other parallel interventions; (v) approval of Terms of Reference for consultants and tender documents for sub-contracted inputs; and (vi) reporting to UNDP on project delivery and impact.

44. A Project Board (PB) will provide general guidance and oversight and will be responsible for approving the operational plans and annual reports and budgets of the project. The PB will be co-chaired by one representative from UNDP and one from the Vice-Ministry of Environment,, Biodiversity, Climate Change and Forest Development. The PB will meet at least twice a year to review project progress and approve upcoming work plans and corresponding budgets before the end of each year in order to be able to ensure implementation early each year. The PB will be in charge of the overall supervision of the project, providing strategic guidance for its implementation, ensuring that it is implemented in accordance with the framework government policies and programs, and in accordance with the agreed strategies and targets laid out in this Project Document. The PB will also approve and supervise hiring and work of the staff under the Project Coordination Unit.

45. Day-to-day management and coordination of the project will be the responsibility of a Project Coordination Unit (PCU). The PCU will be responsible for the general management of the project, including the preparation of annual work plans and technical and financial reports, with the aim of ensuring that progress in relation to the goals and key milestones of the project are achieved as planned. The PCU will report to the PB and will be comprised of a Project Coordinator, an Administrative Assistant, a Monitoring and Evaluation Specialist and a Legal Assistant. The M&E Specialist will be in charge of charting project progress against targets presented in the Strategic Results Framework

presented. The Project Coordinator and Administrative Assistant will be full-time staff and contracted by UNDP. The Biodiversity Specialist and the M&E Specialist will be long-term consultants charged with specific results-based work and will be contracted by the PCU. Two Regional Offices (ROs) will be established to coordinate field work in Ixiamas and Guanay. ROs will be responsible, under the overall supervision and guidance of the PCU, to provide support to implementation of field activities and inter-institutional and stakeholder coordination. Each RO will be staffed with a Regional Coordinator and technical staff as well as support staff (administrative assistant and driver).

46. In order to accord proper acknowledgement to GEF for providing funding, a GEF logo should appear on all relevant GEF project publications, including among others, project hardware and vehicles purchased with GEF funds. Any citation on publications regarding projects funded by GEF should also accord proper acknowledgment to the GEF.

PART IV: EXPLAIN THE ALIGNMENT OF PROJECT DESIGN WITH THE ORIGINAL PIF:

47. The project design is aligned with the original PIF. Although significant details have been added on the basis of discussions with stakeholders and ongoing programmes and projects during the PPG phase, these do not represent a significant deviation from the PIF. Given the complexity of the AMC in terms of different geographic and socio-economic and cultural contexts that condition the threats to the biodiversity of the region, different approaches must be taken into account to achieve the project objective. While the PIF was focused on FSC certification, the proposed project strategy proposes to cover timber products and also non-timber products as well as additional certification schemes besides FSC (more specifically the development of a FSC simplified standard for timber products as well as other existing certification schemes). In areas where timber extraction is not possible, specific activities related to certification of non timber products have been planned, which will directly contribute to gender equity because women are more involved than men in management of non timber products. The creation of a revolving fund has been proposed, as access to finance to promote sustainable forest activities and facilitate certification of forest activities is scarce and has been identified during the PPG phase as a major barrier towards achieving the long term solution. The creation of this financial mechanism will follow the recommendation of the UNDP Resource Kit "Use of Financial Instruments for Global Environmental Management" and will be realized in two steps. The first step will be dedicated to the definition of the most appropriate governance structure to manage the fund and the realization of the detailed feasibility studies; and the implementation of the revolving fund itself will be initiated according the results of the first phase. More details are provided in the project document, under output 3.4. The allocation of GEF resources between outcomes has not changed significantly from the PIF to this project document, and the amount of co-financing indicated in the PIF has been reached. However, the allocation of co-financing between outcomes has been modified to reflect a more realistic approach to the use of these resources during project implementation.

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.

Agency Coordinator, Agency name	Signature	Date *(Month, day, year)*	Project Contact Person	Telephone	Email Address
Yannick Glemarec UNDP GEF Executive Coordinator		June 22, 2011	Pierre-Yves GUEDEZ	+507 3024594	pierre-yves.guedez@undp.org

ANNEX A: PROJECT RESULTS FRAMEWORK

This project will contribute to reaching the following outcome of the country program defined in CPAP or CPD: Strengthening of institutional capacities and capacities of production organizations boosted in themes of production development and employment generation with sustainable management of natural resources and the environment
Outcome indicators of the country program: 3.2 Formulation and implementation of programs and projects to strengthen the management, use and exploitation of natural resources
First key outcome for the area of environment and sustainable development : 1. *Mainstreaming environment and energy OR* 2. Catalyzing environmental finance OR 3. Promote climate change adaptation OR 4. Expanding access to environmental and energy services for the poor.
Objective and GEF strategic program: BD SO2 - SP4 and SP5
Expected outcome of GEF: BD- SO2: Conservation and Sustainable use of biodiversity incorporated in the productive landscape; BD-SP4: Policy and regulatory frameworks governing sectors outside the environmental sector incorporate measure to conserve and sustainably use biodiversity; BD-SP 5: Global certification systems for goods produced in agriculture, fisheries, forestry and other sectors include technically rigorous biodiversity standards
GEF outcome indicator: BD- SO2: Number of hectares in production landscapes under sustainable management but not yet certified and Number of hectares/production systems under certified production practices that meet sustainability and biodiversity standards; BD-SP4: Degree to which policies and regulations of sectoral activities include measures to conserve and sustainably use biodiversity as measured by the GEF tracking tool; BD-SP 5:Published certification systems that include technically rigorous biodiversity standards

Intervention Logic

	Indicators	Baseline	Target Mid/ End of Project	Means of Verification	Risks and Assumptions
Project objective: Improve protection and conservation of biodiversity in the Amboró Madidi corridor through sustainable forest management, based on fostering markets for certified forest products and increase in local revenues	Increase in Community Forestry Enterprises (CFEs) dedicating resources to biodiversity conservation and implementing specific measures related to biodiversity, measured as # of communities that apply the biodiversity monitoring system # ha under forest management plans # of indicator species that maintain their populations at landscape level Rate of change in forest floral diversity (proxy for overall BD) in project impact study site Rate of deforestation and degradation in project impact study sites Areas set-aside and under strict protection measures.	There are at least 3 experiences in biodiversity monitoring (FAN, WCS and Instituto de Ecología). None adapted to the context of the communities 0 communities monitor biodiversity 160.000 ha Decreasing numbers in populations TBD once the BD monitoring system is finalized TBD once the local team are equipped, functional and able to monitor effectively deforestation 32.000ha	Mid-term: 40 communities are trained to apply the BD monitoring system that has been prepared and approved by the government End of project: 20 communities apply the BD monitoring system in their managed forest areas 25,000 additional ha under timber forest management plans mainly in Ixiamas, and 5,000 ha under non-timber forest management plans mainly in Guanay BD monitoring system shows that populations of jaguar (*Panthera onca)*, white lipped peccary (*Tajasu tajaco)* and spider monkey (*Ateles paniscus*) are stable. <10% of plots with declining forest floral diversity in certified sites 0% deforestation in certified sites. 6,000 ha (20% of total certified forestland) apply set-asides and protection plans and strict safeguard measures for the protection of biodiversity with support from GEF and 3,000 with support of partners	BD monitoring system Project reports BD monitoring report ABT technical audits Project impact studies	Communities see biodiversity conservation as a value-added for their activities. Monitoring system is approved by the government and integrated as an integral part of the operational plan for Comprehensive Forest Management. Legal certainty strengthens in the country forest concessions and TCOs are respected -Market demand for products

	Increase in competitiveness of communities enabling greater investments in BD conservation, measured through Increase in communities revenues Increased investment allocated to BD monitoring	US$8,000 to 20,000 annual income 0% of incomes invested in BD monitoring	Increase of 15% in revenues of communities that work with timber and 20% in those that work with NTFP over traditional market 25% of communities invest 5% of their incomes in BD		
	Level of participation of women and men in operations of CFEs in project impact study sites	TBD once the gender indicators are agreed upon participants	30% average increase participation of women in CFE operations		
Outcome 1 Institutional support mechanisms are generated to foster conservation of biodiversity through sustainable forest management and certification.	Indicators	Baseline	Target Mid/End of Project	Means of Verification	Risks and Assumptions
	Legal, regulatory and operational frameworks facilitate BD protection in the AMC area: Protection of BD is incorporated as a requirement of Comprehensive Forest Management BD monitoring tool is developed, validated and included as requirement in the operational plan of Comprehensive Forest Management National policy to promote procurement of certified forest products # NTFP management plan standards	There is a national Comprehensive Forest Management plan, no operational plan. There are at least 3 examples of BD monitoring systems but not adapted for use in communities. There is no national policy prioritizing purchase of certified products. There are two standards for NTFP (Brazil nut and Açai Palm)	Mid-term: Proposal of an operating plan for the Comprehensive Forest Management plan including adopted by the government Simplified FSC certification standard approved by the FSC End of project: Operating plan for Comprehensive Forest Management effectively integrates guidelines for BD protection and the implementation of a BD monitoring tool. A national policy that prioritizes purchase of certified products is approved and implemented in at least two municipalities At least two standards for management plans approved for other NTFP	a) and b) Operational plan of the Comprehensive Forest Management plan c) Official gazette d) Guidelines for Comprehensive Forest Management Simplified FSC certification guidelines NTFP standards published ABT data	Adequate political support to project initiatives leads to approval of legal, regulatory and operational frameworks Political will for effectively integrating BD protection within the concept and implementation of the Comprehensive Forest Management plan Vice-Ministry maintains a good level of coordination with forest users ABT structure and norms under the future new Forest law provide legal certainty and appropriate level of fundings.
	Reduced illegal logging in the project intervention area: Rate of illegal deforestation in the project zone # of seizures of wood in the project zone # mobile teams operating	100% of deforestation is illegal (2007) 160 seizures of wood in the project implementation region in 2009 0 mobile teams in the project region	30% reduction in illegal deforestation in the project intervention area By mid-term the effectiveness of operations against illegal wood has increased 40% Two mobile inspection teams established, trained and operational.	a) and b) Reports on seizures Penalized cases Documents on simplified procedures c) Field reports	Interinstitutional coordination is maintained at a good level and with convergent interests

	Technical support team for forest certification operational # of municipal forest management and development plans formulated and tied to the municipal plans (PDM) # of PDMs that include chapters and elements on BD monitoring # of internal technical audit teams (forestry) in operation for the Ixiamas area (ABT, MFUs, NGOs) # of technical audits to support CFEs in the process of obtaining certification	0 municipal forest management and development plans formulated and tied to the PDM (MFUs with low budget allocations and isolated projects) 0 municipal plans (PDM) that include chapters and elements on BD monitoring There are no internal auditing services in the CFEs, ASLs or TCOs. 0 technical audits to support CFEs in certification processes (absence of knowledge about certification processes)	Three municipal forest management and development plans formulated and tied to the PDM Municipal plans (PDM) include chapters and elements on BD monitoring. An internal technical auditing team (forestry) in operation for the Ixiamas area (ABT, UFM, NGOs) 15 technical audits to support CFEs in the process of obtaining certification	a) and b) Plans c) and d) work plans, audit reports, reports on interviews	
Outputs 1.1 Legal and technical standards developed for sustainable management of NTFP and for Comprehensive Forest Management 1.2 Simplified FSC standards suited to communities developed and validated in the field (includes the Comprehensive Forest Management proposal, contemplates FSC and FLEGHT variables) 1.3 Biodiversity monitoring system developed for field application 1.4 Forest and Land Authority operational units in project areas strengthened to curtail illegal deforestation 1.5 Municipal strategic forest development plans that contemplate BD in selected municipalities 1.6 Strengthened capacities of *Tierras Comunitarias de Origen* (TCOs) to implement forest management plans and reduce illegal logging 1.7 Knowledge and communication strategy implemented to raise population's awareness about valuation of forest and biodiversity					
Outcome 2 Communities with strengthened capacities to obtain and keep certification and manage forests in a sustainable and biodiversity-friendly way	Increase in number of forest communities receiving support to apply the forest management plans, prevent and reduce fires, increase control over their territory and move towards certification: Number of communities with forest management plans Number of communities with forest certification # of TCO and extension with indigenous territory management plans	14 communities with management plans or with POAF. Two communities have management plans for NTFP (Majo and Incienso) in Ixiamas and Madidi. To date there is a single community in the process of FSC certification under the regency scheme but it is outside AMC. 2 ASLs in AMC have FSC certification under regency with Ecolegno. Zero communities with NTFP certified in AMC. One TCO has indigenous territory management plans finalized and one has remained half done. Implementation is partial. There is no territorial control strategy.	8 additional CFEs with forest management plans and 5 additional CFEs have NTFP management plans. 5 communities in AMC (joint communities of CIPTA) with FSC certification for wood products. 5 communities with another type of certification for NTFP. 20 communities participate in preparing the strategy of territorial protection against illegal logging activities and apply it on 100,000 ha.	Project reports ABT reports FSC reports Materials and reports of the monitoring system adapted to communities Management plans	Legal certainty of the ASL is maintained Community willingness to pursue certification. Community structure does not interfere with productive structure. Changes in community leadership do not compromise the ongoing agreements Financing from gov't programs available Adequate political support leads to approval of comprehensive management plan by the government
	Forest area conserved through	74,705 hectares under forest	30,000 new hectares with		

	biodiversity-friendly forest management certified following a stepwise approach, including participation in Forest management plan Forest management plan and/or FSC simplified certification Forest Stewardship Council (FSC) certification NTFP certification	management plans, mostly private companies Integral forest certification does not exist yet 0 ha managed by communities under FSC certification	management plans at community level At least 5 pilot communities (15,000 has) certified by the simplified FSC certification At least 10.000 has of community forests certified with FSC standards At least 50% of 5,000 hectares under management receive international NTFP certification		Revenue mechanisms for certification support remain available Adequate interinstitutional coordination Forest initiatives of other organizations also apply the BD monitoring system. Prices of certified products in the international market maintain a differential over that of conventional products covering the additional costs of audits and recommended adjustments Companies find advantages in partnerships with communities.
	Number of communities participating in the project, and trained in BD management to apply safeguard measures in accordance with BD protection best practices (defined in the management plan guidelines)	0 Communities participating in project 0 monitoring record sheets filled out autonomously by the communities	20 CFEs applying the BD monitoring system 20 monitoring record sheets per year filled out autonomously by the communities in three years (up to year 4)		
Outputs 2.1 Strengthened communities implement Comprehensive Forest Management plans in order to achieve certification. 2.2 Capacity building in business management for the CFEs 2.3 The biodiversity monitoring system is used by communities 2.4 CFEs negotiation capacity has improved and better benefit-sharing of revenues is obtained between companies and communities 2.5 TCOs and communities empowered in the management and conservation of their forests					
Outcome 3 Economic incentives are in place to attract and keep community forestry operations committed to sustainable forestry and BD management practices	Increase in communities competitiveness via: Change in unit production costs of communities per m^3 Change in recovery rates CFEs incomes Increase in percentage of final sale price that reaches the primary producer	To be established in case study baselines 0 investment in BD Management practices The primary producer in the wood chain receives 5 to 8% of the final price in La Paz.	10% average decrease in production costs 5% average increase in recovery rates Percent of revenues increases at least 5 points (10 to 13%)	Project impact studies Evaluations Certification reports Project reports	National certification is developed and approved in the first year of the project. Prices for certified wood products and demand are at levels that make certification attractive.

	Increase in demand for certified products, measured via % of certified communities sales to certified buyers # of chain-of-custody certifications involving communities # of alliances resulting in sales contracts between communities and international or national buyers specifically demanding certified forest products # of national markets for products sourced from certified forests (including Government demand) Certified volumes sold	32% of certified sales to certified buyers 0 chain of custody certification involving communities 0 new alliances facilitated by project 0 national markets for products sourced from certified forests (there is no law to foster the purchase of certified products) 3,172 M3 of certified wood (in custody) sold to the national market	50% of certified communities sales to certified buyers Two new chains of custody established in the intervention area Six alliances between communities and the next links in the chain consolidated allowing for better revenues to communities 4 new markets opened for NTFP with value-added At least 50,000 M3 of certified or verified wood sold in the national or international market	Contracts with municipalities Official budgets Contracts	Legal certainty of the TCOs, ASLs and forest concessions is maintained. Adoption by communities of technologies, business plans and administration Women and men have access to knowledge about the use of new technologies and administrative tools Municipal governments maintain their technical staff without considerable changes. Bank interest Satisfactory agreements between communities and CFEs concerning distribution shares. Financial entities accept wood (POAFS) as guarantee. Implementation of PGTI in the forest sector is not put off.
	Increase in investment in communities to improve management and business practices that contribute to BD objectives, through various mechanisms: Number of government lines of credit adapted to forestry activities Number of alliances with financial entities Number of communities that access credits for Comprehensive Forest Management Amounts allocated for Comprehensive Forest Management	Zero government lines of credit directed and adapted to forestry activities Zero alliances with financial entities 5 communities access credit for Comprehensive Forest Management Amount to be determined at the start of the project for Comprehensive Forest Management	One government line of credit directed and adapted to forestry activities At least one alliance established with financial entities to leverage funds (relation 3 to 1 for forest management) 5 additional communities access credit for forestry operations Amount over US$ 2,000,000		
Outputs : 3.1. Local and national policies have been formulated to support commercialization of forest products under management. 3.2. Products with value-added developed from NTFP positioned in the market (national or international) 3.3. Certification schemes including biodiversity conservation measures are adopted by communities. 3.4. A financial mechanism for forest operations is implemented in the intervention area.					

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)

GEF Secretariat Review	Responses at Time of CEO Endorsement Request
Project design: 9. Please identify the link of the project to the country's National Biodiversity Strategy and Action Plan.	The National Biodiversity Strategy and Action Plan was designed 10 years ago and includes 5 areas of intervention: conservation of ecosystems, species and genetic resources of important cultural, ecological and economic value; attraction of investments in products and biodiversity environmental services; strengthening of national capacity for management of biodiversity; and education, awareness-raising and social control for the management of biodiversity. The GEF project will contribute to the efforts of the government within the framework of the National Biodiversity Strategy and Action Plan, as well as other national plans and strategies, by coordinating inter-institutional and inter-sectoral efforts aimed at the conservation and sustainable use of biodiversity, providing capacity building at central and local level, promoting strategic partnerships that foster conservation and sustainable use of biodiversity, and the sustainable management of forest resources.
Project design: 10. Clearly not all of the projects in the long list of initiatives in paragraphs 15 and 16 of the PIF will be relevant to the project. By the time of CEO endorsement, please reduce this list and focus on the most important related initiatives directly related to the project and identify coordination mechanisms that will be employed during the project's implementation. The project is an ambitious effort in and of itself and thus needs to maintain a focus on delivering the expected results and only collaborate with those other projects that will truly add value. Of particular interest will be whether the project will be able to leverage cofinancing from FONABOSQUE.	Coordination with the different ongoing and planned projects has been further specified in section E above. Likewise, during project formulation discussions were held with stakeholders in order to obtain a more accurate picture of which ones are the most relevant for the implementation of the GEF project. These are included in annex #3 of the project document (see list at the end of the stakeholder matrix). During project formulation, discussions were held with FONABOSQUE and as a result the institution has agreed to provide co-financing in the amount of US$2 million, as per the co-financing letter enclosed in the project document.

Project design: 14. Please fully elaborate how the project will address resistance to national policy and forest laws, other than demonstrating the benefits of certified forestry as this will likely will require immediate mitigation measures given that benefits from forestry practices will not be generated immediately and perhaps not even in the lifetime of the project.	The main environmental laws such as the General Law for the Environment or the Forest Law have been in a process of revision in Bolivia for the last two years, and have not been finalized yet. The Government's approach is to strengthen the protection of the environment – Mother Earth - and to promote the "comprehensive management of forests", a concept that includes the economic, environmental, technical, social, cultural and historical dimensions of the forests. However, operational guidance has not yet been established to implement the concept and the Forest Law is still under discussion. In this context, the GEF project will contribute whenever possible to the ongoing discussions regarding the future Forestry Law. The project will contribute to the definition of the operational guidelines to implement the concept and at the same time mainstream biodiversity conservation into the concept as well as providing a simple and operational tool for monitoring biodiversity that can be used directly by forest communities.
STAP Screening of PIF	**Responses at Time of CEO Endorsement Request**
No comments	N/A
GEF Council Screening of PIF	**Responses at Time of CEO Endorsement Request**
Comment from Germany: 18. While adequately addressing underlying causes and drivers of deforestation and forest degradation in the Amboro-Madidi corridor, which is highly relevant from the BD perspective, the project design may be over optimistic in seeking substantial increases of income at household and community levels as a result of community forest certification: To date no significant premium prices (except for few products in niche markets) for certified timber have developed; this is especially true for national markets. The challenge of reaching AND maintaining forest certification according to FSC principles and criteria will present a substantial challenge for the communities.	The comment is relevant and it reflects one of the most important lessons learned from previous certification projects in Bolivia. For this reason, special attention has been paid to ensure that these lessons learned have been mainstreamed in the design of the project in order to increase the project's chances of success. In fact, selection of the project intervention area reflects this concern taking into account that it is an area which is already receiving substantial support from other initiatives, where infrastructure and services for processing forest products already exist, and where there is a minimum social organization and economic level to ensure ownership and achievement of project outcomes. Experience has shown that communities in Bolivia have had difficulties to obtain and maintain FSC certificates by themselves. Nevertheless there have been positive achievements through partnerships with private companies, and between communities that significantly increase the possibility for attaining and maintaining FSC certification. In addition, forest communities do not rely only on timber products, and certification of non-timber products could certainly contribute to increase the incomes at households and community levels. Therefore the project strategy includes promotion and certification of non-timber products as well as a means for diversification of incomes. Section 2.1 of the project document includes a full description of lessons learned and their inclusion in the project strategy.

19. In addition, the current national Government has expressed in several situations a critical position towards forest certification. In the project preparation phase, this attitude should be monitored.	The government recognizes the importance of adding value to products coming from the forest, as stated for instance in the national development plan: "use of the richness of the country's biodiversity […] is a priority to improve the standard of living of the Bolivian population and, mainly, the indigenous people. The possibility of industrializing the aforementioned areas is also a priority, and this requires technologies compatible with care of the environment and the sustainability of biodiversity. In this sense, it is necessary to incorporate all background in its use deriving from a synergy between scientific knowledge and local knowledge. The forest and biodiversity subsectors have high capacity for generating direct and indirect employment and revenues from export with greater value-added based on sustainable use activities […] Of particular note among the possibilities offered in the market is the growing world demand for products with value-added and certification of sustainable management. In this frame, market niches have proliferated for certified forest products and biotrade developed on the basis of environmental, social and economic criteria. As such, Bolivia's world leadership in forests with green seal is an advantage that should be consolidated and expanded." The Government is requesting the support of the GEF to develop national certification schemes for relevant non-timber products in order to facilitate their trade at the national and international level.
20. As an additional line of work, the project could help to strengthen the FSC National Initiative in order to maintain/ improve/ increase FSC involvement in community forestry.	The project will pilot activities in two selected areas within the AMC (one in the North and the other in the center, see details in section 2.1 of the project document). The project will promote FSC certification for timber products in the northern area, working with key stakeholders.

Responses to the GEF Sec Review at CEO endorsement requests

GEF Sec comments	Response
Project Design 9. Is the project design sound, its framework consistent & sufficiently clear (in particular for the outputs)?	
The introduction of a revolving fund is a new element to the project, Please clarify:	The selected solution to address biodiversity loss in Bolivian forests is to strengthen biodiversity management by assisting communities to become more competitive in the marketplace, which will enable investments in biodiversity conservation. Increased competitiveness will change the cost-benefit calculus surrounding forest conversion, making the overall maintenance of forest a financially attractive option for communities. Project preparation identified that a key barrier to this is the lack of operating capital for communities forcing the use of middle men, reducing revenues and making more attractive alternative land uses such as agriculture that requires deforestation (see UNDP Prodoc section 1.4 "Threats to global biodiversity" on page 14, and Annex #2 "Drivers of deforestation and degradation of forests"). Subsidizing community operation is not sustainable in the long term as communities do not reserve resources for reinvestment from one harvest to the next. If designed carefully a rotating fund offers a sustainable alternative to provide operating capital to communities and improve the profitability of community forestry. It will improve management and community ownership since the communities themselves will be managing the operations and adopting sustainable practices thereby contributing to protect biodiversity through conservation of habitats. Initial analysis undertaken in the preparatory phase indicates the potential for success of such a fund. Some underlying considerations have already been defined to increase this potential for success and its financial and environmental sustainability. The GEF project will provide resources to finalize this design; to jointly capitalize a pilot of a revolving fund for timber and non-timber operations in the North Zone of the AM; support an independent evaluation of this and fine-tune design through a second pilot phase. It will also assist in mobilizing support and resources to replicate the fund over a larger area thereby successfully influencing land use along the Ambori Amadidi corridor. A new Annex (9) has been included to the UNDP Prodoc to provide more detail on the fund in response to the comments raised by the Secretariat. It includes further information on the preliminary features of the financing mechanism, including: operations, composition of funding, eligible activities, requirements to access loans, terms, interests and guarantees. Specific responses to the questions are as follows:
1) what funds will be used to capitalize the revolving fund and	1) GEF contribution to capitalization. Follow the completion of the detailed design (see response 4), the selection of a competitive financial institution to administer the fund and an evaluation, GEF resources of US$200,000 will be used to jointly capitalize the fund on a pilot basis. Operating capital in this phase is expected to be between US$ 400,000 and US$ 600,000 (with at least a co-financing ratio of 1:1 between the GEF and the financial institution as is customary in micro-credit operations in Bolivia). The number of beneficiary communities is initially estimated at 20 and will be confirmed during the detailed design of the fund. Payback schedules are estimated at 4-6 months meaning that after one year there will have been at least once cycle of loan per community. An evaluation will then be held and a second phase of the rotating fund will be piloted with a further injection of GEF resources of US$200,000 and this time a minimum of 1:2 ratio of co-funding. This will also enable a second loan to the original communities to further test payback compliances and adjust design and also provide the first step of replication to other communities. No further GEF capitalization will be supported but the project has already secured the co-funding to at least US$ 1million from FONABOSQUE if the pilot proves to be successful resulting in a final project target in the range of 1:3 GEF to other resources in the fund. Each loan is estimated to be on average US$20,000, meaning that all communities of the area of intervention will be covered by the end of the project This will thus provide a meaningful sample for full evaluation of the effectiveness and efficiency of the fund. Based on the findings of a final evaluation of the fund a financing plan to increase capitalization post project will be developed..

2) how its sustainability will be ensured post-project. Please clarify.	2) **Sustainability** will be a key factor in the detailed design of the Fund. The transaction costs of the fund (review, approval of loans, administrative expenses) will be kept at levels that can be covered by the interest rate on the loan and the expected payback rates. Initially interest rates have been calculated at a maximum of 9-12% (depending on the distance and the total amount of the portfolio). Payback times are calculated at 4-6 months with a recovery rate between 80% and 97% depending on climatic conditions (based on a pilot by IDEPRO which has been providing credits for operating capital to community forest operations for the last two and a half years). The balance between these values will be paramount to ensure transaction costs can be covered by the suggested interest rate and estimated payback success. These figures will thus be further collaborated by the more in depth analysis to be undertaken during the project. However existing experiences show that this is feasible. In the Guarayos, the financial institution IDEPRO covers 100% of the administrative costs. The project will support the careful selection of a financing institutions that would be able to contribute with co-funding resources and either maintain administrative costs below 10% or cover these themselves. Care would also be taken to provide strict guidance on eligibility of activities for funding. Initially these include operating capital for harvesting and transforming timber and for stockpiling NFTP products of CFO associates to ensure sufficient quantities of raw material to respond to the volumes required by the market. Similarly it has been determined that loan guarantees would be set up based on the estimated volume of products (be it timber or NTFP). The loan will not to exceed 70% of the value of the timber delivered at the sawmill or NFTP sold to markets. A number of other requirements have been identified to further increase sustainability in the broadest sense. This include, amongst others, limiting access to loans to indigenous peoples´ or peasant Community Forest Organization affiliated to peasant communities; restricting loans to operations that have a forest management plan approved by the ABT; defining the annual harvest area backed by an accredited professional and approved by the ABT; in the case of timber products ensuring the beneficiary has a purchase agreement with a timber processing company if the products are to be sold in the national market or with the chain of custody if the products are to be exported; and allowing access of project and Municipal technicians to harvesting areas to verify that operations are carried out in accordance with the regulations on minimum environmental impact. In the event that issues arise such as risks to sustainability, inadequate governance, difficulties in recovery of loans or lack of transparency in management of operations the funds will be reverted to the GEF.
3) clarify the amount of GEF funding that will be directed towards the design process of the fund	3) **GEF contribution to design** amounts to US$50,000 for the detailed proposal of a governance and operational structure for the fund including operational manuals and mechanisms to ensure the financial mechanism includes social and environmental safeguards; selection/approval criteria that seek to maximize biodiversity conservation returns from credit and a detailed risk management strategy outlining measures to be taken on default of individual credit or on the entire mechanism. The "UNDP GEF Resource Kit, Use of Financial Instruments for Global Environmental Management" (draft document) will be used as a guideline during this phase, and the financial mechanism proposed will fully respect UNDP's Policy on Financial Instruments. The Project Board will examine the results of the consultation and the proposed structure and determine if further specialized and independent evaluation is required prior to its approval. In addition US$ 35,000 will also be used to support the development of documentation and registration of the financial mechanism; negotiate resources to capitalize this and provide seed resources for piloting it in the project site in the North zone; evaluate the first pilot, conduct the final evaluation of the fund, and design the financial plan and final leveraging of co-financing for further capitalization post project.

4) clarify when the project believes [the fund] it will be operational during the life time of the project. 5) Clarify how the project design was finalized but a key PPG activity (number three on feasibility for formulation of marketing and financial strategies and identification of partnerships) was not completed	4) **Timing of operations** Design activities and selection of financial institutions will start immediately on project start up. Experience within the Biotrade Programme demonstrated that the negotiation and signature of agreements with financial institutions requires a period of between 6 to 9 months. It is thus envisaged that the fund could be operational by project year 2. Repayment schedules will be short and a fast recovery rate of between 4 and 6 months is expected, as per previous experience in Guarayos (Northeast of Santa Cruz). Thus with almost 3 years of operations within the project´s lifetime is considered sufficient to make any necessary adjustments to the mechanism. 5) **Completion of Project design**. The PPG phase included the identification of marketing and financial strategies. This integrated consultations with key stakeholders and ongoing initiatives, as well as studies on marketing and social issues[2]. The results of these activities served as the basis to validate a number of project design features and also identified the lack of operating capital as a key bottleneck and potential that communities have to increase their incomes when availability of operating capital enables them to harvest and procure services on their own. It also enabled the definition of initial design features for the rotating fund. In this regard the activities planned for the PPG phase have been realized successfully and under-pining the final design proposed herein. The phrase "yet to complete" in annex D was intended to indicate the fact that certain contracts were still open as reports were being polished and experts were pending any further request for information. In order to avoid misinterpretation this has been changed to "completed" (page 42 of the CEO endorsement request document) to reflect this reality and we thank the Secretariat for bringing our attention on this point.
Project Design 10. Is the project consistent with the recipient country's national priorities and policies?	
6) Please include the response to the GEFSEC on the link to the NBSAP within the actual text of the document.	6) The project is in line with the National Biodiversity Strategy and Action Plan (NBSAP) prepared in 2002 and will support the implementation of both it´s policies and strategies. The project is coherent with the following NBSAP policies: (i) mainstreaming of biodiversity in development planning; (ii) development of national capacities; (iii) in situ conservation of biodiversity; (iv) promotion of investments to develop the economic potential of biodiversity; (v) benefit-sharing; (vi) management of biodiversity by indigenous peoples. Moreover, the project strategy is aligned with the following NBSAP intervention areas: (i) conservation of ecologically significant ecosystems, species and genetic resources; (ii) promotion of investments in biodiversity goods and services; (iii) strengthening of national and local capacities for management of biodiversity; (iv) education, awareness raising, dissemination and social control for sustainable management of biodiversity. More detailed information has been included in the project document (section 2.5 Country Drivenness, page 48) and CEO Endorsement Request (section B, page 12)
Project Design 11. Is the project consistent and properly coordinated with other related initiatives in the country or in the region	
7) Please clarify the formal coordination mechanisms that will be used during implementation as requested at PIF stage. GEF experience shows that without some kind of structured approach to coordination it rarely happens with the regularity that is required	7) Coordination between relevant initiatives and relevant stakeholders will take place at the following four levels: At *national level* the Forest Technical Committee is an inter-institutional coordination mechanism lead by the National Climate Change Programme (PNCC) and integrated by government institutions, NGOs, donors, universities and other stakeholders. The committee will serve as a forum for technical discussion and debate on instruments and methodologies regarding forest management At *donor level* the project will be participate in the Forests, Biodiversity, Protected Areas and Climate Change round table which is convened on a quarterly basis and is integrated by UNDP, The Netherlands, Denmark, Japan, USAID and Sweden. At *project management* level, the membership of the Project Board will comprise representatives of the Viceministry of Environment (Executing Agency) and UNDP with the participation of representatives of the ABT, the Forest Department, the Biodiversity Department, and TCOs. During project implementation, other key stakeholders (e.g. Municipalities, donors and main ongoing projects listed in annex 3: the UN-REDD programme, the IDB project, the Sustentar program and the Comprehensive Forest Management initiative in the north of La Paz) will be invited to participate as deemed necessary. At *field level*, four of the seven Municipalities have coordination mechanisms known as Local Economic and Social Promotion Directorates (DILPES) or Local Economic Development Councils (CODEL) both of which are composed of national and municipal

[2] Aguilar, Fernando. Final Report – Certified Markets / Mendizabal, Waldo. Final Report – Social Analysis of Forest Community Enterprises

<table>
<tr><td></td><td>institutions, NGOs, economic and grassroots organizations, that intervene within the municipal territory. The project will participate in these mechanisms through the Regional Coordinators to promote synergies and consensus on regional development priorities and strategies, and ensure a bottom-up approach in planning of interventions to guarantee that decisions at project management level duly take into consideration the needs and demands at local level.

The above information has been included in the project document (section IV, Stakeholder Involvement Plan, page 98)</td></tr>
<tr><td colspan="2">Project Design 14. Is the project structure sufficiently close to what was presented at PIF?</td></tr>
<tr><td>8) Please describe and justify the "other certification schemes" for timber products that the project proposes to introduce per paragraph 44 as this was not clear in the logframe.

9) Please clarify if the national standards are additional and will be a higher standard than the FSC standards.</td><td>8 and 9) The legal framework requires forests to be managed under management plans. These plans are the first step toward certification. FSC certification requirements are technically strict and require an important financial investment that private companies have been successful in fulfilling but this has not been the case of communities in general. According to project estimates, approximately 50% of the communities will be able to meet such requirements and successfully achieve FSC certification with project support through capacity building, technical assistance and training. FSC certification will target in this case forest products for the international market. Enabling the remaining communities for FSC certification would take a longer period than available during the project lifetime. Initially, these communities will receive support for formulation and implementation of their management plans through which they will target the national market.

The project proposes the development of a simplified version of FSC standards specifically aiming at certification of community forests. The Bolivian Council for Voluntary Certification began the formulation of this proposal for the FSC but was forced to suspend it due to lack of sufficient funding. The project will build upon this work to finalize the proposal, carry out consultations and submit it to the FSC. In the event that the FSC approves the proposal, it is estimated that implementation at field level could be commenced by project year 3. Those communities that achieve certification within the framework of these standards would eventually be able to target the international market. Since these standards will in fact be FSC standards they will be available for implementation by all the relevant institutions, projects and communities in the country. If the proposal is not approved by the FSC, the communities will still have their management plans approved by the ABT and will continue to target their sales within the national market. The text of the relevant sections of the project document has been revised to reflect this information in a clearer manner (project strategy, paragraph 87, page 27 and Output 1.2 page 34. An indicator to reflect achievement of the above has been included in the logframe under Outcome 1). No national standard for timber products is going to be developed.</td></tr>
<tr><td>10) Please clarify what standards will be used for NTFP and if these are national or international in nature.</td><td>10) Non-timber products with export potential will be certified through international standards:

<table>
<tr><th>NTFP</th><th>Market</th><th>Certification scheme</th></tr>
<tr><td>Cocoa</td><td>International</td><td>Organic, Wild or FLO</td></tr>
<tr><td>Majo oil</td><td>International</td><td>Organic, FLO</td></tr>
<tr><td>Incense, copal</td><td>Initially national.
International if possible</td><td>Wild, FLO</td></tr>
<tr><td>Eco-jewelry</td><td>International</td><td>FLO</td></tr>
</table>

Since these certification standards do not emphasize biodiversity monitoring the project will mainstream the monitoring system in the management plans and provide assistance and training to the communities for implementation of the system. The project will also strive for recognition by the international markets of the biodiversity conservation measures applied and that this be reflected in the prices paid for the products.

Products targeting exclusively the national market (e.g. rubber) will not be certified since certification in these cases does not increase the price. The project will in these cases seek to add value to the production process to obtain better prices thereby promoting forest management as the best land use option. (reflected in the narrative description of product 3.3 of the UNDP project document, page 42).</td></tr>
</table>

11) Please clarify if these [standards] will be developed during the project and what financing will be used to develop these new standards if they do not exist yet.	11) The project will support the development of instruments and regulations to improve management of NTFPs through: a) the development of the operational guidelines for the National Plan for Comprehensive Forest Management that will provide guidance for sustainable forest management, including issues such as a glossary of commonly used terms, management guidelines and activities (the "what"), and a toolkit on participative methodologies and field guidelines (the "how") (output 1.1); and b) the development of management standards. Only two NTFPs have management standards (Brazil nut and palm heart). The project will develop management standards for other NTFPs that will be mainstreamed into the management plans (output 1.2). US$ 10,000 are going to be used during the project implementation for consultancies to finance the development these new standards. No national certification standards for NTFPs will be developed. Annex #8 on NTFPs has been included in the project document providing further details on NTFP feasibility and certification. A summary table of the certification standards for timber and non-timber products has been included to better clarify the issue (UNDP project document - paragraph 138, page 42 and CEO Endorsement Request - section A, page 11). Logframe indicators for outcome 2 have been improved to reflect certification of
Justification of GEF grant 20. Is the GEF funding level of other cost items (consultants, travel, etc.) appropriate?	
12) It is understandable why the project would need to contract the services of a lawyer, however, 48 person months of legal work seems excessive. Please clarify. 13) Please also explain the charge of $24,000 for one month of monitoring technical advice. This seems like an excessive charge. Please clarify.	12) The assignment of the lawyer has been revised and reduced by 18 months considering an initial project period of 6 months dedicated to the establishment of agreements and contracting of services during which the lawyer would not be needed, as well as 12 months corresponding to the last year of the project. Therefore the revised assignment is 30 months. On the other hand, the profile originally foreseen was that of a Junior professional at a monthly rate of US$1,000. However, considering that the lawyer will need to have ample knowledge and experience in regulations and processes to support the ABT offices in Ixiamas, Alto Beni and Guanay for establishing a more effective legal mechanism for reporting and addressing illegal forest uses. He/she will travel extensively throughout the intervention region, train ABT and municipal technicians, and propose and support the application of a simplified legal-administrative procedure, a professional with at least 5 years of experience is now being considered at a monthly rate of US$1,500. Therefore the revised assignment is 30 months at US$1,500/month, which gives a total amount of US$45,000. The difference of US$3,000 has been re distributed to increase consultancies for training of Municipal Forest Unit staff. Annex C has been revised accordingly. 13) The amount of US$24,000 corresponds to finalization of the baseline, the mid-term evaluation and the final evaluation of the project, for a total of 6 months at a monthly rate of US$4,000 for field surveys and collection of information for monitoring of indicators and project progress. Annex C has been revised to present this information in a clearer manner.
Recommendation at CEO Endorsement: 27. Is CEO Endorsement being recommended?	
14) please note in Table C that UNDP has already received the fee for the PPG, therefore 14) please adjust the table.	14) Duly noted and clarified in table C as requested

Response to May10, 2011GEFSec comments

20. Is the GEF funding level of other cost items (consultants, travel, etc.) appropriate?	
May 10, 2011 […] the explanation for the cost of legal advice is not clear and accepted. Please clarify why after a lengthy design process, UNDP assessed the need for a junior lawyer but after the GEFSEC questioned the excessive cost the result is that UNDP believes a more experienced lawyer is needed and therefore the cost remains the same. This strains credulity and calls into question the entire budget for these activities. Please explain	The need for a specialist in legal issues had been identified during the PPG phase, to work with the ABT offices in Ixiamas, Alto Beni and Guanay for establishing a more effective legal mechanism for reporting and addressing illegal forest uses. It was originally estimated that this could be performed by a junior lawyer and that this would be needed throughout the entire project. Accordingly the budget was calculated at US$ 1,000 per month for 48 months. The questions raised by GEFSEC on March 15th on the excessive length of the contract of the lawyer provided the opportunity for UNDP, the government and ABT to re-visit the original estimates and discuss this specific issue again in the light of current conditions. During these additional conversations it was determined that on the one hand a full time contract throughout all the implementation of the project was not absolutely essential and more targeted support during extended but specific periods would be sufficient. As a result, the duration of this position has been reduced from 48 months to 30 months (see response March 20th). On the other hand it was also determined that the situation was more complex and that a review of the profile of the legal expert would be needed. This is because the ABT –the administration in charge of the control and regulation of the forest resources – confirmed that their staff, have received both threats and offers of bribes from illegal loggers and private companies. Consequently, the ABT now tries to avoid working with junior professionals in sensitive positions and prefers to deploy their senior staff to these locations as they have more experience to withstand these risks. The project has therefore determined that a highly experienced and well qualified professional (and not a junior as initially planned) will be needed to deal with this situation and at the same time be able to comply with duties and responsibilities. Thus although the length of contract has been altered, the monthly fee for a senior expert is considerably higher than a junior expert. A second determinate to finalize the readjustment of the budget for legal expertise relates to the current housing policy that the ABT has adopted for its staff in the area in view of the above mentioned risks. They recommend their staff in the field to rent a house without their family. Taking this into account and the fact that the specialist will have to relocate to the project area for the period of time he or she is providing services, the remuneration of this specialist was calculated slightly higher than the average in order to make sure that good candidates will be motivated to apply to this very sensitive position, and will receive enough to rent a house in the area of intervention of the project without his/her family, as per ABT recommendation. For information, the salary for a junior lawyer is usually between US$ 800 and 1,000; for a more experienced lawyer, it comes to US$ 1,200-1,400. A salary of US$ 1,500 has been proposed in the budget given the previous explanations. Paragraph 110, page 34 of the UNDP project document has been adjusted to reflect this information in a clearer manner within the context of the proposed activities under Output 1.4

27. Is CEO Endorsement being recommended? No. Please see issues above related to the cost of legal services and respond accordingly. In addition, please clarify if the cofinancing for project management costs of $1.487 million is cash and what is the source of that cofinance.	Discussed above. The total cofinancing for this project for project management is $1.487 million, composed by $250,000 in cash (approx 17% of the total cofinancing for PM) coming from the Vice Ministry of Environment / National Program on Climate Change. The remaining 83% are in kind. The cash from the PNCC will be used to pay for the following costs related to project management: - Part-time experts, as follows: M&E Forest Specialist, Geographic Information System (GIS) Specialists, Forest Technicians, Pilot Project Manager, Assistant Director and Forest Technicians. - Premises for meetings in La Paz - Training and Consultation addressed to the municipalities - Office services - Petrol for the project management cars

Response to June 6, 2011GEFSec comment

Comments	Response
Justification for GEF Grant: 19.Is the GEF funding level of project management budget appropriate? June 6, 2011 Given the additional information provided in the revised project document, of the $1.4 million being presented as cofinance only $250,000 is cash. Therefore the GEF contribution is 69% of the total cash project management cost, and thus, this ratio is not consistent with the GEF contribution overall. In fact, the GEF contribution in cash towards project management should be along the lines of 34% with cash cofinance being around 66%. Please revise this ratio and resubmit the project document.	When the GEFSEC initially inquired if the whole of the cofinancing contribution for Project Management (PM) was in-kind we responded with data on the cofinancing in cash provided by the PNCC for this component (US$250K) that covers a series of PM needs at central level. We restricted the response to this funding source because we were not aware of the emerging GEF rule that requires specific percentages of cash contribution to PM costs and because this was readily available data and we were making efforts to comply with milestones for CEO endorsement. If we had known beforehand we would have made the more detailed adjustments at the time. We have now gone ahead with these more detailed calculations and have summed the amounts of cash contributions from other sources to cover PM related expenses, which had been distributed throughout the technical outcomes of the project. Based on this more in depth review an additional amount of US$540,000 of cash contributions are aimed at PM from the following sources: ABT, INIAF, FONABOSQUE and SUSTENTAR. In addition, we realized that US$500,000 from the PNCC originally considered as in-kind contribution for PM was in reality in cash contribution. This modification has been reflected in table B of the CEO endorsement document (page 3). Moreover, during the discussions held with the Government in regard to the new GEF rule, a comprehensive revision was carried out of the PM in-kind contribution (originally US$1.2M). As a result of the revision we realized that a number of expenses originally considered as in-kind were in reality cash contributions in an amount of US$500,000 (office rental, travel expenses for national staff, procurement of software and hardware, training workshops for counterpart staff). This together with the additional US$540,000 and the reported US$250,000 from PNCC make up a grand total cash PM co-financing of US$1,290,000. Finally, an amount of US$640,000 from the in-kind contribution to PM that was originally foreseen to cover facilities, equipment, vehicles and others has been redistributed more correctly to the technical outcomes to support delivery of technical assistance. Adjustments have been realized to reflect these changes in the CEO Endorsement Request (Tables A, B, E and F from page 2 to 3) and in the project document (incremental costs matrix, pages 74-75; Cofinancing Budget, page 90). When making the aforementioned adjustments due consideration was given to both the need to comply with the new GEF rule as well as ensuring that adequate implementation of the project will not be affected.

ANNEX C: CONSULTANTS TO BE HIRED FOR THE PROJECT USING GEF RESOURCES

Position Titles	*$/ Person month**	*Estimated person per month ***	*Tasks to be performed*
For Project Management			
Local			
Project Coordinator	2,000	48	Supervises and coordinates the implementation of activities aimed at reaching the stated goals in the two project implementation regions in accordance with the approved project logical framework; Supervision of the activities of all the technical members of the project; preparation of terms of reference for external consultants contracted by the project, supervision and coordination of their work, and review and approval of their products; ensuring that the project is implemented with the full participation of local actors and that functioning mechanisms exist that ensure that their interests are taken into account, communicated and reflected in the implementation of the project. Liaison with the Project Board, the implementing teams in the regions, with private companies and government and non-governmental organizations that implement project activities.
Administrator	1,600	45	Monitoring of financial resources, disbursements, and accountability. Procurement of goods and services and oversees good use of resources assigned to the project. Drafting of contracts and agreements.
Monitoring Analyst	1,000	48	Establish baseline, complete the missing data indicators, establish a monitoring system related to the UNDP. Designing data collection mechanisms. Supervise and coordinate the work of the consultants related to the monitoring system.
Legal Assistant	1,000	19	Preparation of agreements with Municipalities and other government and nongovernmental actors. Review contract conditions, procurements and donations in light of national guidelines and regulations. Ensure that both UNDP and national procedures are perfectly fulfilled during all the project implementation.
Administrative Assistant	833.33	48	Support for the Administrator in the preparation of financial reports, procurements, sending materials and correspondence, visits to the regional offices
Monitoring and evaluation experts	4,000	6	Finalization of the baseline information, facilitates planning of project activities and of the different experts, monitoring of all the activities implemented by the project, supports the periodic evaluations and updating of the GEF tracking tools.
Knowledge management and systematization expert	15,000	1	Systematization of lessons learned during the first 3-years of implementation and dissemination of lessons learned.
Justification for Travel, if any: PCU staff will be stationed in La Paz, with quarterly visits to the project intervention area for project planning, M&E, supervision of project progress and coordination with counterparts and key stakeholders.			

Position Titles	*$/ Person month**	*Estimated person per month **	*Tasks to be performed*
For Technical Assistance for Project Outcomes			
Local			
Trading expert with experience with local group and associations	2,000	48	Commercial Engineer, Business Manager, Agronomy or Forestry specialist. Market surveys, CFE training, relations with buyers, facilitates participation in fairs, prepares TORs for specific consultants (outcome 3)
Social Communication Expert	1,500	48	Formulation and implementation of the project's communication strategy, awareness raising. Drafting of TORs for specific activities. Knowledge management and dissemination of experiences and lessons learned
Inter-institutional Liaison	1,500	30	Prepares TORs of consultancies for institutional-strengthening; coordinates with different divisions and departments in the Vice-Ministry for the formulation of plans, guidelines and regulations. Provides support in the organization of workshops and preparation of documents (outcomes 1, 2).
Local technical support (2)	1,500	96	Forestry specialist (for Ixiamas) and/or Agronomist, Industrial Engineer (in Guanay). Ensures the project implementation at the regional level, under the supervision of the project coordinator, working directly with municipalities, TCOs, NGOs, and consultants in the corresponding regions. Support certification and forest audit processes. Prepare TORs for local consultants. (Outcomes 1 to 3)
Local Administrators (2)	750	96	Under the supervision of the project administrator, the local administrator will organize the flow of economic resources in financial information with local partners; pay travel expenses, per diems and training; maintain project inventories in the region to facilitate the day-to-day operation of the project. The 2 regional offices will need to be fully operational and able to manage funds directly at their level, as payments will have to be realized at the local level.
Logistical support (2)	429.17	96	Local logistical support during field missions and forest operations. (Outcomes 2 and 3)
Senior Biologist in charge of biodiversity monitoring	2,000	16	Prepare TORs for the design of biodiversity monitoring system, accompany pilot implementation, training of communities in the use of the system; make adjustments to the system and supervise implementation. (Outcomes 1)
Forestry Engineer	1,500	12	Support the integration of the forest management plans and the community-based biodiversity monitoring system. Accompanies pilot implementation. (Outcomes 1 and 2)
Sociologist	1,500	12	Ensure that the community-based biodiversity monitoring system is elaborated under a participatory methodology and fully endorsed by the communities involved in the project. Accompanies pilot implementation.

Position Titles	*$/ Person month**	*Estimated person per month ***	*Tasks to be performed*
Indigenous technicians PILCOL and CIPTA (2)	400	96	Accompany preparation of management plans in the field, support certification processes, and replicate training in fire management and the biodiversity monitoring system. Liaison between the TCOs and project.
Specialist in certification	2,000	24	Forestry specialist, Agronomist or Social expert with experience in certification processes. A specialist will be hired to support communities in obtaining timber and non-timber certification.
Forestry technician Ixiamas	600	48	Support field inspection tasks by Ixiamas mobile teams. Will support communities in training on legal aspects.
Forestry technician 1 Guanay	800	48	In charge of timber piracy prevention and control actions. Will perform the actions ABT defines for its field technicians and coordinate with the Municipal Forest Units to raise awareness on forest and biodiversity issues.
Forestry technician 2 Guanay	600	48	Support to Forestry Technician 1 in all activities of the Guanay office.
Lawyer - forest issues	1,500	30	Review and revise procedures manuals to establish a more effective legal mechanism for reporting and addressing illegal forest uses and sanctions; develop and implement simplified procedures; train counterpart and local staff; support preparation of informational and administrative briefs in Ixiamas and formulation of processes in Guanay.
Design of tools for comprehensive forest management	7,200	1	Forestry specialist. Develop a proposal of tools for comprehensive forest management; lead consultation workshops with communities and NGOs in regard to forest management; formulation of recommendations on the most adequate tools and methodologies taking into account replication potential.
Consultancies for systematizing the ecology of species	4,500	6	Biodiversity specialist will conduct six studies on ecology of the priority species for conservation or management in relation to high value conservation areas and NTFPs under management plans.
Consultancies for NonTimber Standard Techniques	3,000	1	Forest Biologist or Lawyer with expertise in Non-Timber management pre-selected by the project. Will formulate a legislative proposal for NTFP products, considering the biological, economic and social dimensions.
Consultancy for definition of NTFP management criteria in communities	10,000	1	Forestry specialist, Agronomist or Social expert with experience in certification processes for formulation of a NTFP management standards proposal.
Consultancy on the community certification model	10,000	1	Forestry specialist. Development of a proposal for a simplified FSC certification process for community forests.
Facilitator for workshop and processes	2,000	1	Facilitation of consultation and training workshops for drafting piracy control strategy for the north region of the AMC.

Position Titles	*$/ Person month**	*Estimated person per month **	*Tasks to be performed*
Consultancies for training forest technicians	4,750	4	Training specialists to develop and implement training programs for Municipal technicians in different issues regarding project objectives and priorities.
Consultancies for design, editing and layout of materials for the communication strategy	2,000	8	Information and communication specialists for elaboration, edition and production of communication materials according to the target audiences.
Consultancy for formulation of POAFs at inception	15,000	4	Forestry specialists to support preparation of 4 annual operational forest plans for communities selected for the certification process.
Design of methodologies for training in business management	5,000	1	Specialists in business management to develop methodologies adapted to the communities to build business management capacity of CFEs, including identification of lessons learned, formulating, piloting and designing the final proposal.
Design of recordkeeping for the municipal monitoring system	3,000	1	Specialist in biodiversity monitoring will develop a proposal for a municipal recordkeeping system for biodiversity measurements operating in at least three municipalities of the intervention area and training in the use of the system
Effective negotiation training expert	10,000	1	Specialist in mediation and win-win negotiation will develop and implement a training programme for 30 members of the communities and 12 trainers trained in win-win negotiations; agreements with local sawmills or intermediaries.
Advising on effective negotiation with local businesses	3,000	3	Specialist in mediation and win-win negotiation will provide advisory services to 30 members of the communities with practical capacities of effective negotiation and five local agreements obtained by the communities.
Consultancy for improvement of product quality	5,000	6	Specialists in Product Quality will support the development of proposals for removal of bottlenecks in production processes for six NTFP or TFP.
Consultancy for identification of new non-timber forest products	4,000	2	Forestry specialist will carry out feasibility studies to identify and elaborate feasibility studies for two new NTFPs with potential in local or national markets.
Consultancy for identification of markets for NTFP	4,000	5	Market specialist for identification of markets for five NTFPs, including demand-supply, competitors, distributors and intermediaries.
Implications and botanical studies of forest management	4,000	2	Biodiversity specialist for botanical assessments of populations under management and recommendations established on best practices with emphasis on *incienso* and *almendrillo*.
Consultancy for formulation of NTFP management plan	10,000	1	Forestry specialist will provide support to develop NTFP management plans in two communities in line with national legislation.
Consultancy for development of image and labeling	6,000	1	Image specialist to develop image proposals for six forest products according to target markets.

Position Titles	*$/ Person month**	*Estimated person per month **	*Tasks to be performed*
Consultancy for identification of local markets for wood	10,000	1	Market or Forestry specialist to support six CFEs with access to local markets under better conditions and with higher revenues.
Consultancy for identification of NTFP and TFP value chains	5,000	4	Market specialist for profiling of chains, identification of bottlenecks and opportunities for improvements for 4 timber and non-timber products.
Consultancies for improvement in productive processes	11,500	4	Specialists in business development for improvement in quality and higher value-added of timber and non-timber products.
Forest audits	6,000	3	Forestry specialists and FSC certification specialist to implement three forest audits as part of the certification process.
Consultancies for updating on alternative markets	5,000	3	Market specialists to provide timely information on variations in certified, special and conventional markets.
Consultancy for financial study and appraisal of forest credit	5,000	3	Economic/financial specialist to develop a proposal for the structure and operation of a financing system for the forest sector in the north of the AMC; conduct the intermediate and final evaluation of the fund and design the financial plan and final leveraging of co-financing for further capitalization post project.
Justification for Travel, if any: Consultants will be stationed in the intervention area with travels to Municipalities and communities for implementation of field activities. They will attend quarterly meetings in La Paz prior to Project Board meetings.			

* Provide dollar rate per person month. ** Total person months needed to carry out the tasks.

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

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

The PPG objective has been met. A project proposal has been prepared working with key informants of government divisions of the VMACCBDGDF, especially the Forest Department and PNCC. The document has been presented to and consulted with donors, municipal actors and central government main institutions.

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

The Forestry Law is currently under review and the contents of the revision have not been sufficiently socialized, therefore it is not known if changes in roles and responsibilities of stakeholders and forest users should be expected. In the event of such changes, there could be potential conflicts between stakeholders in forest areas. In addition, the development strategy of the Government that promotes land use change in lowlands in favor of agriculture could alter the current trends in the north region of the AMC.

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**	
1. Baseline data collection, information gap analysis and overview of socioeconomic and resource trends for selection of forest areas	Completed	26,000	23,556.14	2,400	0	38,000
2. Institutional and operational capacity assessment for sustainable forest management and BD conservation through FSC certification and market transformation.	Completed	30,000	19,720.62	10,279	0	30,000
3. Feasibility for formulation of marketing and financial strategies and identification of partnerships	Completed	24,000	5,641.74	18,358	0	12,000
4. Monitoring and evaluation strategy	Completed	20,000	17,785.16	2,215	0	20,000
Total		**100,000**	**66,703.66**	33,296	0	**100,000**

* Any uncommitted amounts should be returned to the GEF Trust Fund. This is not a physical transfer of money, but achieved through reporting and netting out from disbursement request to Trustee. Please indicate expected date of refund transaction to Trustee.

ANNEX E: CALENDAR OF EXPECTED REFLOWS

Provide a calendar of expected reflows to the GEF Trust Fund or to your Agency (and/or revolving fund that will be set up) N/A

Estado Plurinacional de Bolivia

United Nations Development Programme

BOLIVIA

PROJECT DOCUMENT

Project Title: Biodiversity Conservation through Sustainable Forest Management by local communities

UNDAF Outcome: Strengthening of the capacities of institutions and productive organizations in production development and generation of employment with planning for sustainable natural resources and environmental conservation

UNDP Strategic Plan Environment and Sustainable Development Primary Outcome:

UNDP Strategic Plan Secondary Outcome:

Expected CP Outcome: Strengthening of institutional capacities and capacities of productive organizations bolstered in production development and generation of employment with sustainable natural resource and environmental management

Expected CPAP Output : Formulation and implementation of policy proposals and strengthening for environmental and natural resource management

Executing Entity/Implementing Partner: Viceministry of Environment, Biodiversity, Climate Change and Forest Management and Development

Implementing Entity/Responsible Partners: Ministry of Environment and Water – Vice-Ministry of Environment, Biodiversity, Climate Change and Forest Management

Brief Description: Bolivia is amongst the 17 most biologically diverse countries in the world. However the country's globally significant biodiversity is threatened by deforestation and degradation. More than 17 million hectares of Bolivian forests are in the hands of indigenous peoples and rural communities, an amount that represents 41% of the productive forests of the country and more than 50% of the privately owned forests. Therefore community forestry does represent an important potential vehicle for the expansion of sustainable forest management and BD conservation. The proposed long-term solution to stemming the underlying causes of biodiversity loss and strengthening biodiversity management in Bolivian forests is to assist communities to become more competitive in the marketplace, which will enable investments in biodiversity conservation. Several key barriers must be overcome, namely: (i) limited institutional capacity for implementation of sustainable forest management and certification and BD practices, (ii) limited knowledge and capacity of community organizations to implement sustainable forest management, certification and BD practices and (iii) market and financial barriers. The project strategy will aim at improving the protection and conservation of biodiversity in the Amboró Madidi corridor through sustainable forest management, based on fostering markets for certified forest products and increase in local revenues. The project will implement the following outcomes: 1) Institutional support mechanisms are built to assist biodiversity conservation through certified community forest management; 2) Community capacity is strengthened to achieve and maintain certification, and to manage forests in a sustainable and BD-friendly manner, and; 3) Economic incentives are in place to attract and keep community forestry operations committed to sustainable forestry and biodiversity management practices. The end result will be conservation of community forests in the AMC that are critical for BD through sustainable forest management and BD management practices enabled by market-based instruments, thus generating both domestic and global environmental benefits.

Programme Period:	2008-2012
Atlas Award ID:	00061177
Project ID:	00077388
PIMS #	4197
Start date:	2011
End Date	2015
Management Arrangements	UNDP NIM

Total resources required	US$16,385,000
Total allocated resources:	
• Regular	
• Other:	
○ GEF	US$5,500,000
○ Government	US$10,885,000

Agreed by (Government): Date/Month/Year

Agreed by (Executing Entity/Implementing Partner): Date/Month/Year

Agreed by (UNDP): Date/Month/Year

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Acronyms

ABT	Autoridad Bosques y Tierras (Forest and Land Authority)
AMC	Amboró Madidi Corridor
ASL	Asociaciones Sociales de Lugar
AWP	Annual Work Plan
BD	Biodiversity
CFE	Community Forest Enterprise
CI	Conservation International
CIDOB	Confederación Indígena del Oriente Boliviano
CIPTA	Central Indígena de Pueblos Tacanas
CITES	International Convention on Trade in Endangered Species
CO	UNDP country office
CSO	Civil Society Organization
DGF	Dirección General Forestal (General Forest Department)
DGMACC	Dirección General del Medio Ambiente y Cambio Climático (General Department of Environment and Climate Change)
FAN	Fundación Amigos de la Naturaleza
FAO	United Nations Food and Agriculture Office
FCPF	World Bank Forest Carbon Partnership Facility
FES	Función Económica y Social (Economic and Social Function)
FSC	Forest Stewardship Council
GoB	Government of Bolivia
GEF	Global Environment Facility
GTZ	German Technical Cooperation
HACT	Harmonized Approach Cash Transfers
HCVF	High Conservation Value Forest
IBIF	Instituto Boliviano de Investigación Forestal (National Institute of Forest Research)
INE	Instituto Nacional de Estadísticas (National Institute of Statistics)
INRA	Instituto Nacional de Reforma Agraria (National Institute of Agrarian Reform)
KfW	German Development Bank
MDTF	Multi Donor Trust Fund
MDRyT-DGF	Ministerio de Desarrollo Rural y Tierra – Dirección General Forestal (Ministry of Rural Development and Land – General Forest Department)
MDG	Millennium Development Goal
M&E	Monitoring and Evaluation
MMAyA	Ministerio del Medio Ambiente y Agua (Ministry of Environment and Water)
NIM	National Implementation Modality
NGO	Non-governmental organization
NTFP	Non-Timber Forest Product
PA	Protected Area
POAF	Annual Forest Operations Plan
PCU	Project Coordination Unit
PDD(ES)	Planes Departamentales de Desarrollo Económico y Social (Departmental Economic and Social Development Plans)
PDM	Planes de Desarrollo Municipal (Municipal Development Plans)
PENSAT	Plan Estratégico Nacional de Saneamiento y Titulación de Tierras 2007 – 2013 (National Strategic Plan for Land Regularization and Titling 2007-2013)
PGMF	Planes Generales del Manejo Forestal (General Forest Management Plans)
PGTI	Plan de Gestión Territorial Indígena (Indigenous Territory Management Plan)
PILCOL	Pueblos Indígenas Lecos y Comunidades de Larecaja
PLOT	Plan de Ordenamiento Territorial (Plan of Land Use Planning)
PLUS	Plan de Uso del Suelo (Soil Use Plan)
NJP	UN-REDD National Joint Program
PNCC	Programa Nacional Cambio Climático (National Climate Change Program)
PPG	Project Preparation Grant
SERNAP	Servicio Nacional de Áreas Protegidas (National Protected Areas Service)

SF	Superintendencia Forestal
SFM	Sustainable forest management
TCO	Tierra Comunitaria de Origen
TNC	The Nature Conservancy
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Program
UNFCCC	United Nations Framework Convention on Climate Change
UN-REDD	Collaborative program of the United Nations for reducing emissions from deforestation and forest degradation in developing countries
WCS	Wildlife Conservation Society
VMABDCCGF	Viceministerio de Medio Ambiente, Biodiversidad, Cambios Climáticos y Gestión Forestal (Vice-Ministry of Environment, Biodiversity, Climate Change and Forest Management)
WWF	World Wide Fund for Nature

SECTION I: Elaboration of the Narrative

PART I: Situation Analysis

PART I.A. Context

1.1 Environmental context and global significance

Globally significant biodiversity

1. Bolivia is amongst the 17 most biologically diverse countries in the world. The country hosts a vast BD endowment at alpha, beta, and gamma levels. Between 35% and 45% of the world's species diversity is represented in Bolivia. The country spans 12 ecoregions and 199 ecosystems, which collectively house a tremendous number of plants and animals: approximately 20,000 species of plants, 1,200 species of ferns, more than 356 species of mammals, 1,400 species of birds, 203 species of amphibians, 266 species of reptiles, and about 600 species of fish[1]. At least 100 vertebrate species are considered to be endemic, and 250 vertebrate species are considered to be vulnerable or critically endangered, according to the World Wide Fund for Nature (WWF). Floral and faunal endemism are concentrated in relatively small set of ecoregions, mostly in forest areas between the Andes and the lowlands. Eight of the "Global 200" ecoregions prioritized by WWF as globally important and requiring immediate conservation actions are found in Bolivia: Southwest Amazon Moist Forests, Pantanal, Beni Savanna, Central Andean Yungas, Central Andean Dry Puna, High Andean Lakes, Chiquitano Dry Forest and Flooded Forest.

2. The country's varied topography spans from areas over 3000 meters above sea level in the Andean region (28% of national territory) to an average 2500 meters above sea level in the sub-Andean region (13% of the territory) and lowlands to the North and East of the country (59% of national territory). This wide-ranging topography plus differences in physiography, latitude and longitude produces extreme variations from low temperatures and rainfall in the highlands to high temperatures and rainfall in the lowlands, which accounts for the diversity of forest ecosystems. Forests cover 53.1 million hectares – 48.3% of the national territory. The country's forest biodiversity is particularly important, with more than 4,000 species of trees identified, a high percentage of which are endemic[2]. (see maps in Annex #7)

Forests and Forestry in Bolivia

3. Natural forests cover more than half of Bolivia's territory. Around 80% of the forests are concentrated in the lowlands and Yungas (Departments of La Paz, Beni, Pando and Santa Cruz) and represent almost 10% of the tropical forests of South America. The remaining 20% are dispersed forestlands in the *Altiplano*, especially in the inter-Andean valleys where some relicts of original vegetation, known as Andean forests, exist. Bolivia has the world's sixth greatest extension of natural tropical forests[3]. Around 41 million hectares of natural forest have been classified as productive forests under Forest Law Nº 1700.

4. The government, both national and local, controls approximately 43% of the forestlands of the country, according to estimations (23.7 million hectares)[4]. This surface area comprises productive forests and Protected Areas (PAs). The PA network established with the aim of protecting and conserving BD resources covers around half of this surface. The network comprises more than 60 PAs, including 22 national parks. However the PA network is itself fragmented, many PAs fall under weak protection categories, and the social and economic opportunity costs of expanding the PA network are particularly high. Nevertheless forests outside the PA network, which account for the largest portion of the country's forest cover, hold important samples of the diverse ecosystems in Bolivia and therefore have an important

[1] Ibisch, P. and G. Merida, 2003. Biodiversidad: la riqueza de Bolivia. Estado de Conocimiento y Conservación
[2] Killeen, T.J., Garcia, E. and S.G. Beck (eds). 1993. *Guia de arboles de Bolivia*. La Paz : Herbario Nacional de Bolivia.
[3] Plan Nacional para el Manejo Integral de Bosque, p.10
[4] Vargas, María Teresa y Osinaga, Edil. ¿En manos de quién están los bosques de Bolivia? Implicaciones de la tenencia en el manejo forestal y en los medios de vida rurales.

potential for biodiversity conservation in support of the established PAs; therefore it is critical to improve protection of biodiversity outside the PAs in order to ensure long-term conservation.

5. The remaining 57% of forestland is in the hands of *Tierras Comunitarias de Origen – TCO*, *Asociaciones Sociales del Lugar – ASL*, large, medium and small landowners, and peasant communities. TCOs are large extensions of land occupied by Indigenous Peoples who have claimed them as their ancestral lands; most TCOs have been titled. ASLs are local groups or associations of individuals who do not own forestlands but have been granted concessions by the Municipalities in accordance with the Forest Law. Within the privately owned lands, it is estimated that 14 million hectares are individually owned, 13.4 million hectares are owned by TCOs and communities own 3.9 million hectares. Many of these forests are rich in biodiversity, have a high forestry potential and provide multiple ecosystem services upon which many forest dwellers and users depend. Although the indigenous peoples and peasants have control over their forests they are far from being capable of capturing the forest revenues due to the lack of technical assistance, credit and markets as well as the strict requirements in regard to management[5].

6. The surface area of forests with approved management plans, and which can therefore be lawfully harvested for commercial purposes, has increased from 6.7 million hectares in 2000 to 9.5 million hectares in 2008[6]. However, this amount represents only 23% of the total surface area. Indigenous peoples, small individual farmers and communities manage more than 3 million hectares of the managed surface area, whilst the remaining 6 million hectares are managed through concessions to private companies[7]. The country has made important progress toward certification of forests, with more than 2 million hectares having been certified in accordance with Forest Stewardship Council - FSC standards in 2008. Bolivian exports of certified wood represented 28% of the total wood exports in 2007 with more than 90% of exports composed by manufactured products with increased value-added[8]. Bolivian forests also produce a number of non-timber forest products (NTFP), of which the Brazil nut and the açai (*Euterpe oleracea*) have management standards.

7. There are 6 main forest regions in Bolivia, *Bajo Paraguá, Chiquitanía, Choré, Guarayos, Preandino-amazónico* and *Amazonia*, which total some 29 million hectares. The main timber stocks are found in the regions of *Amazonia*, *Preandino-amazonico* and *Chore*, which account for 50% of the surface area of the regions and hold standing stocks of timber estimated at 115.54, 77.09 and 88.52 m3/hectare respectively[9]. The Bolivian landscape includes three forested corridors of vital importance for biodiversity conservation: (i) the *Amboró-Yacuiba* corridor, connecting the Tucuman forest from the south to the spurs of Amboró; (ii) the corridor in the *Chiquitano* dry forest connecting the dry forests of the east with the Amazon forest running along the border with Brazil; and (iii) the *Amboró Madidi* corridor running along the eastern mountain range from Apolobamba to Amboró near the city of Santa Cruz de la Sierra. The *Amboro Madidi* corridor (AMC), which is the proposed intervention area for the GEF project, spans throughout the *Preandino-amazonico* and *Chore* forest regions, two of the most important production regions in terms of timber stocks, hosts globally significant biodiversity and is highly threatened by anthropogenic activities.

The Amboro-Madidi Corridor

8. The AMC is the Bolivian part of the Vilcabamba-Amboro Conservation Corridor, identified by Conservation International as the priority region of the Tropical Andes Hotspot. Two of WWF's ecoregions occur here: Southwest Amazon Moist Forests and Central Andean Yungas. The AMC covers 13.9 million hectares, which amounts to approximately 12% of Bolivia's land area; it runs South-Southeast from the Department of La Paz in the Northwest of the country, through Beni and Cochabamba, and down to Santa Cruz, encompassing a total of 77 municipalities.

[5] Vargas, María Teresa y Osinaga, Edil. ¿En manos de quién están los bosques de Bolivia? Implicaciones de la tenencia en el manejo forestal y en los medios de vida rurales
[6] Superintendencia Forestal. Informes Anuales 1997-2008
[7] Cámara Forestal de Bolivia. Estado Actual y Potencial Económico del Sector Forestal en Bolivia
[8] Aguilar, Victor. Consultoría sobre Mercados Certificados. Informe Final. 2010
[9] Plan Estratégico para el Desarrollo Forestal de Bolivia

9. The AMC is divided into 4 zones: (i) the *Amboró* zone to the South, (ii) *Carrasco-Isiboro Secure-Cotapata* in the center, (iii) *Yungas de La Paz-Alto Beni-Maniqui*, and (iv) the *Apolobamba-Madidi* zone to the North. The population within the AMC is 420,000 inhabitants, 42% of whom belong to 8 native ethnic groups and the rest are migrants. Within the AMC there are 9 PAs stretching over 4.6 million hectares (33% of the corridor's surface area) while the TCOs cover some 4 million hectares (29% of the surface area). The AMC is adjacent to Bolivia's three main cities (La Paz, Cochabamba and Santa Cruz), hence it is an area of influence of productive activities that aim to attend the needs of almost 60% of the country's population.

10. The AMC holds samples of several types of forests ranging from the Sub-Andean and Pre-Andean Amazon forests as well as Yungas and a portion of the Inter-Andean dry forests and the Bolivian-Tucumano forest, as seen in detail in Table 1 below, some of which are fully represented in the corridor.

Table 1: Types of forests in the AMC

Types of forests	Total extension in Bolivia (km2)	% in the area of influence of AMC (km2)	Elevation (masl)	Extension under management plans (ha)	Notes
Pre-Andean Amazon	58,308	58,308 (100%)	130 to 500	1,120,568	
Sub-Andean Amazon	23,529	23,529 100%	500 to 1,000		More than 1,000 species of trees, highest diversity
Amazon	134,805,0	38%		2,049,234	
Inter-Andean dry forest	44,805	5,759 13%	500 to 3,300	0	Less than 200 species, most disturbed by human pressure
Tucumano forest	23,387	324 1%	700 to 2,000	65,063	Influence of cold winds from the south, less than 300 species
Yungas	55,556	55,556 100%	1,000 to 4,200	74,618	Steep-sloping, many bromeliads
Chiquitano dry forest	101,769	5,036 5%	500 to 1000	2,964,897	Deciduous forest
Chaco forest	105,006	2,004 2%		210,552	Low and spiny trees

11. Because of the differences in altitude, temperature, and soil composition, the AMC harbors an exceptional variety of natural ecosystems and, as a result, a remarkable biological diversity. The corridor's continuity with *Tambopata* and *Candamo* in Peru allow for the highest concentration of avifauna in the world. Almost 5% of the planet's known orchids are found within the AMC. More than 3,000 species of plants have been identified in the *Amboró* area and more than 8,000 in the region of *Madidi*. Of the 200 species of amphibians present in Bolivian territory, 41 are identified as endemic with 50% of them found in the AMC with 37 of these species being globally threatened. Furthermore, of the 1,398 bird species in the country, 627 are in areas of restricted distribution, with 74% of these found in the Yungas and Amazonian zones of the AMC (17% of species identified as threatened by IUCN); as well as 5 threatened mammal species. For all these reasons, the AMC is one of the world's most important areas for conservation of biodiversity.

12. Bolivia has lost some 6 million hectares of forest cover over the last 30 years mainly due to land use change. The main cause of the conversion of forests to other uses is the intervention of settlers and

mechanized agriculture in areas previously used by the lumber industry and where no management plans were implemented. At a rate of 300,000 hectares/year, according to ABT, Bolivia has one of the highest deforestation rates per inhabitant in the world. In the AMC, deforestation is most significant in the region of Chore, to the south, where a count of almost one million hectares in 2003 plunged to 350,000 ha in 2009. Deforestation is considered to be significant in the Yungas and Chapare regions although there are no hard data. Deforestation is clearly advancing on forestlands hence producing direct impacts on the levels and value of the country's globally significant biodiversity. Likewise there is pressure on the PAs within the corridor. Thus, working towards the expansion of SFM practices and certification, achieving and maintaining FSC certification, and meanwhile continually improving biodiversity management practices collectively constitute important opportunities for the conservation of Bolivia's biodiversity.

1.2 Socio-economic context

13. Bolivia is a country with a medium human development occupying the lowest rank amongst the South American countries (HDI of 0.723). The country is one of the poorest in Latin America, the second poorest afer Haiti. According to the National Statistics Institute (INE), 60% of the population is poor, with 47% of the poor living in rural areas. The unemployment rate was 8% in the urban area and 2% of in the rural area.[10] Average monthly income for the rural population is the lowest in the country at approximately US$ 40, compared to unionized workers (US$ 140/month) or support technicians (US$ 240/month). Almost 66% of the population resides in urban areas. The economically active population amounts to 4,186,365 inhabitants out of a total 10 million. The population is young, with an average age of 22 years.

14. The economy of Bolivia is based mainly in three sectors: Agriculture, Forestry, Hunting and Fishing (15% of the GDP), Extraction from Mines and Quarries (14%), and Manufacturing Industries (19%). Gas and mining are the main income generating activities (34% in 2007), Domestically, large numbers of the population engage in informal trade in the urban areas and agricultural production in the rural zones. The basis of the economy has been the exploitation of natural resources and exports of products with little or no value-added. During the last two decades the economy has been sustained by production of oil and more recently in the last ten years with the addition of natural gas, which is exported mainly to Brazil and Argentina. Mining prices have been rising in 2009 and 2010, especially for gold and the more traditional tin, copper and zinc.

15. Forestry constitutes an important economic activity in the country; in 2008 it represented 7% of the Agriculture, Forestry, Hunting and Fishing sector, while lumber and lumber products represented 6% of the Manufacturing Industries sector. Between 1997-2008 forestry activities generated around US$200 million dollars annually and contributed US$86 million in taxes.[11] This activity currently generates some 90,000 jobs directly, of which 80% in the rural area, as well as 150,000 jobs indirectly.[12] The most representative products of the Bolivian forests are precious woods such as *cedro* (*Cedrela odorate*), *mara* (*Swietenia macrophylla*) and oak (*Amburana cearensis*), which populations have dwindled significantly in recent years due to unsustainable practices and expansion of the agricultural frontier. In total, some 389 species are extracted from the Bolivian forests for diverse uses. Around 70% of the wood and its by-products are exported to Europe and the United States. Between 1994 and 2005 timber exports evolved from logs to sawn wood and then to products with added value such as moldings, chairs and doors. Exports have fallen since 2008 due to the economic crisis. NTFPs constitute an important produce of the forests and a number of species are collected for diverse uses. The Brazil nut (*Bertoletia excelsa*), gathered in the north is the most significant NTFP and the Bolivian production accounts for 65% (48.449 tons) of worldwide production.

[10] INE Actualidad Estadistica Nacional
[11] Forestry Chamber of Bolivia. Informe de gestión 2009
[12] Forestry Chamber of Bolivia

Socio-economy of the the Amboro-Madidi corridor

16. Along with its great variety of ecosystems, the AMC is also socially diverse, with indigenous groups, settlements of colonists who migrated from the highlands, private companies, foreign immigrants (Mennonites, Russians and Japanese) and populations of variable sizes. The social diversity is reflected in the economic activities as well as in the social configuration of the region. Land use in the corridor varies depending upon factors such as environment, slope and access to roads. The indigenous peoples livelihoods is based on fishing, hunting and small-scale farming whilst migrant populations tend toward extensive agriculture, ranching and logging. Land uses in the settlements generally follow a sequence of extraction of high-value timber, slash-and-burn to clear the land and cultivation for a period of three to four years, and finally either conversion into pasture or the land is left fallow. In the last 15 years the indigenous populations have adopted in different degrees the settlers' land use patterns. The degree of assimilation and adoption of land use varies according to the different ethnic groups (8 in total). For example, the Lecos have almost entirely copied practices of ranching, slash and burn and extensive farming, whilst the Tsimanes have only extended rice crops from the traditional half-hectare per family for self-consumption, to two or three hectares for the market, without adopting ranching practices. On the other side of the spectrum, Mennonite and Russian immigrants have greater economic and technological capacity which enables them to clear larger areas of land for crops and pastures.

17. The corridor's main types of income-generating activities are: (i) forestry; (ii) extensive farming, (iii) small-scale farming, (iv) agroforestry, and (v) livestock production.

18. Forestry: Several forestry practices are common in the AMC. Private companies operate preferably in the lowlands (under 500 masl) along the plains and foot of the mountain where conditions are more propitious in terms of abundance of wood and accessibility. The medium altitude areas of Guanay and Chapare are also suitable but have certain restrictions due to topography. They usually manage concessions in the Tsimanes forest, Chore and North of La Paz through forest management plans subject to the regulations of the Forest Law and framed in 20-year rotation cycles within the managed area. ASLs on their part carry out their forestry actitivies in the areas North of La Paz, Chapare and Chore. Some communities and TCOs have initiated forest management plans with the support of NGOs and international cooperation, with differing degrees of success, the most notable being the case of CIPTA to the North of La Paz. The extraction of timber in areas that are to be cleared for farmland is carried out through clearing permits and/or "management plans under 200 hectares", both methods foreseen by the Forest Law. There is also illegal logging, especially in steeper-sloped areas where the law forbids such activity and in areas where there is insufficient or no control by the authorities. The regions near La Paz give value-added to the timber extracted producing handles for tools, yokes, and plow shafts, all of these made with basic artisanal machinery. Given that the corridor is not an administrative area, there is no hard data on volumes of timber extracted. The GEF project will generate this information through its baseline studies.

19. The use of NTFP has been traditional among Indigenous Peoples and settlers, who have based their subsistence on a wide variety of products such as wild meat, fruits, leaves, construction materials, resins, etc. During certain time-periods some of these products - latex (extracted from *Hevea basilienses*), quina bark (utilized as remedy for malaria), animal hides (jaguar, giant otter, caiman) and to a lesser degree Copaiba oil, wild cocoa, majo (*Oenocarpus bataua*), jatata (*Geonoma deversa)* and vanilla – occupied important market niches locally and/or internationally. Development organizations and NGOs have supported NFTP marketing initiatives such as the cases of CARE Bolivia for latex and TROPICO for majo. Some of these products (especially latex and cacao) are currently maintained, albeit at a more reduced scale and dependent on demand in specific market niches. NFTPs generally complement farming except in the case of a few communities in Guanay and Apolo. The particular importance of these products is that mostly women work in their extraction, collection or value adding, so an important part of the revenues and decision over their use remains with them.

20. Extensive farming has increased in the past 10 years led by Mennonite and Japanese settlers, especially in the Southern part of the corridor near Santa Cruz de la Sierra, and Russian and Mennonite settlers in the area to the North of Ixiamas, San Buenaventura, Rurrenabaque and San Borja. Soybean and maize are the main crops grown in the South and rice in the North. In the Guanay-Caranavi node of the Yungas, it has become common practice for communities to lease forestlands to rice producers, who clear surfaces that range from 120 to 400 hectares/lease/year.

21. Small-scale farming is the most common activity in the corridor and varies according to the different regions and stakeholders. The Indigenous Peoples´ subsistence generally relies in hunting and gathering and farming is complementary, with mixed planting (predominantly yucca, maize, rice and plantain) for self-consumption and surpluses are sold in local markets. Families clear some 0.5 to 2 hectares/year, grow crops for two to three years and then abandon the land, to return only years later. The migrants' prioritize a certain crop, depending on their location and access to markets. Products are mainly aimed toward a local or national market, depending on the case. The most significant products are rice and maize, and certain crops are grown regionally such as coca in the Yungas and Chapare, coffee and citrus fruits in Caranavi, and cocoa in Alto Beni. Each family clears between 1 and 6 hectares, depending on available manpower and economic resources. This amount of land seems unimportant at the individual level, but has a considerable impact when multiplied by the number of families engaged in farming. Large concentrations of small-scale extensions are found in the eastern area of Pilón Lajas, Chapare, Yungas de La Paz, Chimoré and Chore. As with deforestation, data on the number of families involved in small-scale farming are not available. The GEF project will produce baseline data on the impact of extensive and small scale farming in the North zone of AMC.

22. Several institutions have promoted agroforestry as an alternative to cultivating annual crops, through growing of semi-annual trees and shrubs suitable to the region's soil and ecosystem conditions. The region of Alto Beni has remained with a certain degree of mixed coverage due to cultivation of cocoa and land use planning in the territory, where an important part of the hilltops still retain forest cover. Some 30 cooperatives associated with CEIBO[13] have grown cocoa and achieved ecological certification, maintaining their supply to the European market for several years. Their export quotas are complemented with wild cocoa collected from the forests of Ixiamas and Guanay, and have possibilities for expanding this market. Coffee is also grown in the region with similar results. While these systems are more environmentally-friend, they nonetheless require the removal of forest cover with subsequent loss of biodiversity.

23. Livestock is produced at two easily distinguished scales. For the migrant communities raising livestock constitutes a savings strategy; young cattle is purchased and fattened and allowed to reproduce freely until cash is needed, whereupon they are sold. The numbers of stock per family vary in size and may reach up to 30 heads; the maximum size depends on the amount of land that can be converted to pasture. Elsewhere, especially in the Southern part of the corridor in the area of Santa Cruz (Bella Vista, Portachuelo) and in the North (San Buenaventura, Rurrenabaque) ranching is more extensive with land surfaces between 200 to 400 hectares with an important stock density per hectare.

1.3 Institutional, policy and legal context

Institutional context

24. Several institutions at both national and local levels have mandates in regard to Bolivia´s forests. At national level, the Vice-Ministry of Environment, Biodiversity, Climate Change and Forest Management and Development of the Ministry of Environment and Water has the mandate of ensuring conservation and sustainable use of environmental resources. Within the Vice-Ministry, the General Department of Biodiversity and Protected Areas has the responsibility of providing inputs and technical guidelines to

[13] CEIBO is a peasant cooperative central based in Alto Beni that has received support from German and Dutch cooperation for cultivation of organic cocoa within agro-ecological systems.

regulate management and sustainable use of biodiversity. Likewise, the Department of Forest Management and Development provides guidance on sustainable forest management.

25. The Authority for Oversight and Social Control of Forests and Land - *Autoridad de Fiscalización y Control Social de Bosques y Tierra (ABT)* – was established in 2009 replacing the former *Superintendencia Forestal* and has the responsibility – inter alia - of regulating and safeguarding integrated and sustainable management of forest and land resources, and implementing actions related to prevention, oversight and control of inadequate uses of forest and soil resources, burning of grasslands and wildfires. Transfer of responsibilities and functions from the SF to the ABT has not yet been completed. The current ABT´s main weakness is control capacity which is one of the reasons for the rise in illegal deforestation.

26. The National Institute for Agrarian Reform *(Instituto Nacional de Reforma Agraria - INRA*) is in charge of directing, coordinating and executing policies, plans, and programs for distribution, regrouping and redistribution of lands, granting priority to native indigenous campesino peoples and communities that are either landless or have insufficient land surfaces.

27. Two national funds address the funding of forest and forestland related initiatives. The National Forest Development Fund (*Fondo Nacional de Desarrollo Forestal - FONABOSQUE*) is a decentralized institution created through Forest Law 1700 in 1996; it´s purpose is to grant financial resources to initiatives aimed at the sustainable use and conservation of forests and forestlands. Organization of the Fund began in 2008 with the designation of a Board. The Fund is financed through forest licenses and currently holds some US$350 million, which have not yet been allocated to activities because the Fund is not yet fully operational due to procedural restrictions for transfer of funds and the lack of an Executive Director, whose designation is expected soon. The Development Fund for Indigenous Peoples and Peasant Communities (*Fondo de Desarrollo para los Pueblos Indígenas y Comunidades Campesinas*), under the Ministry of Rural Development and Lands, is funded by resources corresponding to 5% of the direct tax on hydrocarbons, which are earmarked for the development of productive projects.

28. At the local level, the departmental and municipal governments have support functions in control and oversight of forest resource use. They carry out in-situ inspections of the degree of compliance of the sustainable use of forest resources and prevention of over-use. Local governments have the responsibility of preparing land zoning plans and land use plans in the areas under their jurisdiction. Likewise, they must prepare 5-year Departmental Development Plans and Municipal Development Plans which include social, environmental and economic strategies as well as organizational development.

29. TCOs are autonomous units, which include among their responsibilities promoting the development of the communities. Within the AMC are the Tacana Indigenous Peoples Union (CIPTA) and the Lecos Indigenous Peoples and Tropical Larecaja Community (PILCOL). TCOs prepare the so-called Indigenous Territorial Management Plans (*Planes de Gestión Territorial Indígena - PGTI*) similar in nature to the plans prepared by the Municipalities but at a lesser scale and based on uses and customs of each particular ethnic group. Both the Lecos and Tacana peoples have prepared their PGTI, and CIPTA has several forest management plans underway and others planned. Community organizations are relevant to forest management, among them the Confederation of Indigenous Peoples of Eastern Bolivia (CIDOB) and CEIBO Cooperatives Central Union, an umbrella organization which gathers 34 cooperatives of certified organic cocoa.

30. The private sector has played an important role in promoting sustainable forest management and certification. The Bolivia Forestry Chamber is a private, non-profit institution with national reach with a membership that comprises the private companies in Bolivia and its headquarters are located in the city of Santa Cruz de la Sierra. The Bolivian Council for Voluntary Forest Certification (CFV) is a non-profit institution with the mandate to promote the practical application of sustainable forest management and FSC certification in Bolivia.

31. There are many NGOs, associations and research institutes active in environment, and several have specific experience in biodiversity protection, forest and forest certification, biotrade and payment for environmental services. Institutions most relevant at the local level or most active in research and production of baseline information can be grouped by area of expertise. In biodiversity monitoring, the most relevant are the World Conservation Society (WCS), Fundación Amigos de la Naturaleza (FAN), Instituto Boliviano de Investigación Forestal IBIF, Instituto de Ecología de La Paz and The Nature Conservancy (TNC). Those most relevant in the management of spatial information and land use planning are FAN, the Noel Kempff Mercado Museum of Natural History (MHNNKM), TNC and Conservation International (CI). The most noteworthy in timber and non-timber forest management for the intervention region are Fundación PUMA, TROPICO, PRISA, CEATA, CARE, DED and the Ceibo cooperatives central.

Policy and Legal Context

32. The New Political Constitution of the State approved in 2009 enshrines environmental protection by both the Bolivian State and its population; it also establishes that natural forests and forestlands are of strategic importance for the development of the country, and the promotion of activities for conservation and sustainable use, granting added value to products and rehabilitation and reforestation of degraded areas. Moreover, the constitution also states that "indigenous and farmer communities living in forest areas are the owners of the resources and responsible for their sound use." As such, community rights in forestry planning, management and benefit sharing have been given new legal affirmation.

33. Bolivia has demonstrated its commitment by developing several policy and strategic instruments. The National Development Plan 2006-2011[14] provides strategic guidelines for implementation of the New Constitution's articles. Moreover it recognizes the role of forests in mitigating climate change. Since August 2009 the environmental policy is undergoing a process of adjustment to the current social, economic and political context of the country and particularly the new constitution, aiming at harmonizing conservation and sustainable use of natural resources and the fight against poverty. A new environmental policy is expected for early 2011.

34. The Bolivian biodiversity strategy was formulated in 2000 and a biodiversity law is currently being prepared. To date the series of technical documents being used display a variety of conservation strategies and have the political support of the government. In 2006 Supreme Decrees were issued for the formulation of management plans such as those for caimans in several TCOs. The National Plan for Comprehensive Forest Management (*Plan de Manejo Integral del Bosque*) was approved in 2008; it´s overall objective is to improve the contribution of forests to the well-being of forest users, mainly the poorest, and to economic development with more equitable benefit-sharing; as well as to guarantee the conservation of the forests so as to ensure the provision of environmental goods and services and reducing the growing risks of climate change. The National Forest Strategy, published in 2008, emphasizes Comprehensive Forest Management and envisions the use of forests on the basis of its goods and services as a whole.

35. An important number of laws and regulations regarding forest management and use have been passed. The Forest Law Nº 1700 passed in 1996 promotes sustainable forest management and defines the types of users as well as the administrative and technical aspects of forest management. The law establishes several categories of Forest Rights, namely: a) forest concessions in fiscal lands; b) authorization for forest use in privately owned lands, and c) land clearing permits. The law also establishes the roles and responsibilities of the Departamental governments (*Gobernaciones*) and the Municipalities with respect to forest resources; it specifies the procedures and authorizations required for use of the forest in the TCOs, ASLs and forest concessions. Prior to Law 1700, forest companies were extractive, specialized in very few species, and barely contributed to generate local employment. Since it's passing the law has contributed to organize and improve forest activities as well as preserve important areas of forests. All entities authorized

[14] La Paz, November 2007

to extract timber have been required to have management plans. Additionally communities, TCOs and ASLs have been able to make use of their own forest resources. This law is currently under review for adjustment to the New Political Constitution; it is expected that a new forest law should be ready in 2011, although there are no indications yet as to orientation, scope and changes for the forest sector.

36. The Forest Law as well as the Environmental Law Nº 1333 and the Municipalities´ Law Nº 2028 provide the basis for the establishment of national and municipal PAs and private reserves. The National PAs fall under the mandate of the National Protected Areas Service (SERNAP). The Municipalities´ Law also establishes that each Municipality must define it´s land zoning by assigning uses to different soil units and ordering economic and productive activities, pursuing the efficient, long-term use of resources while contributing to reduce deforestation and degradation of forests.

37. Law Nº 1715 and Law Nº 3545 on Community Renewal, which reforms Law 1715, and their respective regulations, establish procedures for land regularization[15] in the country, wherein the importance of forestry is included as a way of fulfilling the "Economic and Social Function[16]" of the land; as well as the distribution of fiscal lands, with priority given to native indigenous and peasant communities that are either landless or have insufficient land. Between 1996 and 2009, the National Institute for Agrarian Reform (Instituto Nacional de Reforma Agraria-INRA) has regularized more than 37.7 million hectares of the 106.7 million hectares considered for this purpose. Currently 13.3 million hectares are undergoing this process, and approximately 80% of indigenous lands are regularized. The National Strategic Plan for Land Regularization and Titling 2007-2013 aims to distribute and title 20 million hectares to landless indigenous and peasants, and conclude regularization of the national territory in 2013[17].

38. The Autonomy Framework Law Nº 031 (21 June 2010) sets the basis for decentralization and stipulates the roles of the central, regional, municipal and indigenous governments, including their roles in conservation and sustainable use of natural resources. The State is solely responsible for designing and executing a general regime on biodiversity and environmental management while the Municipalities have the obligation of protecting and contributing to the protection of the environment and wildlife, and maintaining ecological balance. The local indigenous governments are responsible for protecting and contributing, - in accordance with their own rules and practices - to the protection of the environment, biodiversity, forest resources and wildlife, maintaining ecological balance and control of pollution. They are also responsible for designing and implementing projects aiming at research and productive use of biodiversity. Lastly, they have the authority to formulate policies for sustainable tourism in coordination with the law on environment and biodiversity.

Part 1.B Baseline Analysis

1.4 Threats to global biodiversity

39. Bolivia has taken steps to bring under protection core areas for biodiversity conservation and implement sustainable land and forest management throughout the country. However, as mentioned previously large expanses of forests remain throughout the landscape. The integrity of these forests and their associated biodiversity are being threatened by deforestation, degradation, and introduction of alien species.

[15] Titled areas and fiscal lands identified by the State are considered to be regularized lands.

[16] The "Economic and Social Function" of the land is understood as sustainable use of the land by the original indigenous peoples and peasants as well as the use in small properties and constitutes the source of livelihood, well-being and socio-cultural development of its holders. The communities' own rules are recognized as fulfilling the social function. FES must also be understood as the sustainable use of land in the development of productive activities according to its capacity of greater use, for the benefit of society, the collective interest and its owner.

[17] INRA publication, "Somos Tierra", No. 10, October 2009

40. In the last 30 years Bolivia has lost more than 6 million hectares of forest. The rate of deforestation at national level has grown continually for decades, reaching its peak in 2007 when some 330,000 ha were deforested[18]. The current per capita rate of deforestation in Bolivia (320 m^2/person/year) is 20 times higher than the world average (16 m^2/person/year), making it one of the highest in the world and comparable to other huge deforesting nations such as Brazil (137 m^2/person/year), Indonesia (63 m^2/person/year), Malaysia (109 m^2/person/year) and China (14 m^2/person/year).[19] Deforestation is increasingly occurring in areas that have been classified as forest vocation lands; it takes place in all of Bolivia's forest ecosystems (Amazon forest, transition forest, Chiquitano dry forest, sub-Andean forest, and Chaco xerophytic forest). The main drivers of deforestation and degradation are the expansion of the agricultural frontier, migration, unsustainable forestry practices, fires, oiling/mining and construction of infrastructure

41. Land use change is the main driver in the AMC. As highlands productive resources are exhausted the rural population migrate to the lowlands and establish new settlements generally on forest vocation lands. Slash and burn agriculture in the areas of new human settlements is a cause of deforestation and a direct threat to biodiversity. This system has caused extensive disappearance of forest areas in the Yungas, Chapare, and the Yucumo Rurrenabaque belt, leaving only remnant forests in steep sloped areas. The deforestation rate in these areas is 1-5 ha/year/family; Government-assigned properties range from 10 to 50 hectares, meaning that these are deforested within an average 5-year period. While deforestation could be considered minor at the individual property level, and although there are no hard data for the region, the aggregated surface deforested is estimated to be significant. In the Department of Santa Cruz (which accounts for 75% of all deforestation), land use change is driven by mechanized industrial agriculture to produce soybean, rice, sorghum and sunflower. Annex #1 includes additional data on deforestation and forest degradation.

42. Inadequate forest use through selective extraction of individual species with high commercial value and collection of NTFPs contributes to degradation of forests and represents another threat to biodiversity. Selective timber extraction has contributed to decrease populations of *mara*, cedar and oak, and as the range of species used has increased the situation has been repeated with other species which stumpage values have increased, such as the *almendrillo* (*Apuleia leiocarpa*). Several of the species extracted are the substrate for bromeliads and ferns, hence their composition is also affected. Forestry activities such as hauling, construction of detours, gathering yards, and plugging streams carried out without management plans contribute to the degradation of the different forest species. Communities use more than 65 different species for medicinal, decorative, and utilitarian purposes and for rustic constructions, and tend to be over-exploited thus causing forest degradation and loss of biodiversity. Domestic use of fuel wood and wood for construction plays an important role although not significant within the whole of the AMC, except in the areas of the Santa Cruz valleys and the forests near Apolo.

43. Construction of infrastructure contributes to habitat fragmentation by breaking up natural corridors, hence affecting the functionality of the ecosystems. Construction of highways and bridges favours illegal logging and the settlement of peasants who establish new centers for expansion of the agricultural frontier. The access roads opened by sawmills in the forests are also used for the entry of new settlers and their farming activities. Several road and bridge infrastructures are proposed within the AMC. The Apolo-Asariamas-Tumuphasa highway threatens to cut the Madidi Park in half. Construction of the Chapare-Trinidad highway would split the Isiboro Sécure Park and result in farming settlements on forest vocation lands. Construction of the Rurrenabaque San Buenaventura bridge would accelerate deforestation for new settlements, as has already occurred in the past with Alto Beni. The recently approved proposal to construct a sugar mill in San Buenaventura includes land clearing to grow sugarcane and for the settlement of new families in the region; the construction of access roads to these areas will have impacts on the forest and on the *Tacana 1* TCO. Last but not least, if the project for construction of the Bala dam moves

[18] Superintendencia Forestal, 2008.

[19] Data are from FAO (2003) and refer to the 1990-2000 period except for the data on Bolivia, which was updated to 2002-2007. Bolivian data for the 1990-2000 period was 198 m^2/person/year, but has risen substantially in the last decade, which is not the case for global rates.

forward (which has been discussed and postponed several times since the 1970s and would provide electricity to Brazil), it would flood some 400,000 ha[20] of the protected areas of Pilón Lajas and Madidi, considered to have an extremely high level of biodiversity. The project is under discussion at the Government level.

44. Other threats to forest biodiversity in the AMC include the introduction of exotic species and hunting. *Paiche* (*Arapama gigas*) and trout have been introduced in the lower basin of the Beni River and in streams along the Andes slopes respectively. The introduction of dogs in settlements has put severe pressure on different types of curassows that nest on the ground or near the ground; the most affected of these is the *pava Mutún* or horned curassow. The accidental introduction of cogon grass (*Imperata cilindrica*) as forage has resulted in considerable loss of cropland in the area of Guanay Mapiri, forcing the farmers to clear new areas each year at the expense of forests. Both private companies and communities make use of teams of workers in the forests for different tasks. While these workers make use of non-perishable supplies like rice, sugar and flour for food, most of the meat in their diet comes from hunting wild animals. Repeated hunting year after year impacts on populations of animals with long gestation cycles.

45. Anthropogenic activities result in negative impacts on forest biodiversity. Deforestation and forest degradation contribute to the erosion of biodiversity by altering habitats and hampering their reproduction, dispersion and development cycles, and altering the functionality of the ecosystems hence enhancing the proliferation of some species and inhibiting others. The tables below include data on threatened species in Bolivia.

Table 2: Threatened species in Bolivia (by taxonomic groups)[21]

Mammals	Birds	Reptiles	Amphibians	Fish	Mollusks	Other Invertebrates	Plants	***Total***
19	29	2	39	0	0	1	71	***161***

Table 3: IUCN Red List for Bolivia

	Extinct	Extinct in the wild	***Subtotal***	Critically endangered	Endangered	Vulnerable	***Subtotal***	Lower risk	Near threatened	Data deficient	Least concern	***Total***
Animals	0	0	***0***	9	24	57	***90***	2	72	51	1,823	***2,038***
Plants	1	0	***1***	4	10	57	***71***	2	10	9	17	***110***

1.5 Long term solution

46. Underlying causes of deforestation are related to the comparative value of the forest and alternative land uses, the complexity and cost of enforcing forest laws and regulations as well as gaps in the regulatory framework, and the cost of applying incentives for the forest sector; whilst the causes of degradation are domestic use, forest activities, both legal and illegal, and forest fires. A more thorough analysis of the underlying causes is presented in Annex #2.

47. As aforementioned, more than 17 million hectareas of Bolivian forests are in the hands of indigenous peoples and rural communities, an amount that represents 41% of the productive forests of the country and more than 50% of the privately-owned forests. Since the present PA network in the AMC is itself fragmented, since many PAs fall under weak protection categories, and since the social and economic opportunity costs of expanding the PA network are particularly high, it is critical to improve protection of

[20] Ecobolivia http://www.ecobolivia.org/es/conservacion07.php
[21] IUCN RED List 2008

BD outside PAs in order to ensure long-term conservation success. Given to the existence of large, legally-recognized indigenous forest holdings that are rich in BD, particularly in the AMC, community forestry does represent an important potential vehicle for the expansion of sustainable forest management and BD conservation.

48. Therefore, the proposed long-term solution to stemming the underlying causes to biodiversity and strengthening biodiversity management in Bolivian forests is to assist communities to become more competitive in the marketplace, which will enable investments in biodiversity conservation. Increased competitiveness will change the cost-benefit calculus surrounding forest conversion, making the overall maintenance of forest a financially attractive option for communities. Greater profitability of communities, moreover, will enable increased investments in biodiversity management practices. The means to this end lies in harnessing green market forces that specifically demand products certified as sourced from well-managed forests. Access to such markets will reward communities for overlaying biodiversity conservation objectives and management measures into forest production systems, making such investments not only financially viable but desirable and profitable, providing increased incentives to communities to conserve biodiversity in production landscapes.

49. On the forest management side, reaching this solution requires expanding certification among communities as a tool for adapting forest production systems to ensure they are congruent with biodiversity conservation objectives, rewarding producers for applying conservation measures, while helping to improve capacities to identify and manage for enhanced biodiversity values. Of the various existing forest certification schemes, the Forest Stewardship Council (FSC) standard is the system with discernable market advantage that focuses to the most significant degree on biodiversity conservation. Five of the 10 FSC principles (and 23 associated criteria) address conservation and monitoring of biodiversity, including: Benefits from the Forest; Environmental Impact; Management Plan; Monitoring and Assessment; and Maintenance of High Conservation Value Forests (HCVF). HCVF is defined as forest areas that need to be managed with special interventions in order to maintain or enhance identified high conservation values. An HCVF may be a small part of a larger forest – for example a riparian zone protecting a stream that constitutes the supply of drinking water to a community – or a small patch of a rare ecosystem. In other cases, HCVF may be the whole of a forest management unit, e.g. when the forest contains several threatened or endangered species that range throughout the forest. In still other cases, a site may be an HCVF because of social or cultural values or traditions.

50. The FSC standards require that certified operations undertake evaluations to identify HCVFs and then implement specific measures to manage for such values, including mandatory ecological set-asides and biological corridors, protection plans for endangered species and practices to mimic natural forest stand dynamics. Beyond HCVFs, the FSC also requires specific actions to conserve biodiversity over the whole forest area under management, and to monitor the impacts of forestry operations on biodiversity. Building on the basic management prescriptions laid out in the FSC standard, and, crucially, the outputs of a GEF-funded initiative to improve biodiversity management in small-area production forests, it will be necessary to develop and adapt existing tools for application in the different ecosystems of the AMC, identify specific steps to be taken to manage biodiversity threats in HCVF and other forest areas, and make such technical tools more "user friendly" for use in the field. Application of such tools as part of the certification process will thus facilitate improved biodiversity conservation in certified community forest in Bolivia.

51. More communities achieving certification and having the capacities and tools to manage for biodiversity is only one piece of the long-term solution. A key bottleneck in the Bolivian community forestry sector – where certification by ASL and private stakeholders has already made significant gains in terms of area coverage – is creating markets for certified wood and market linkages between communities and potential certified buyers. A central element of the strategy is therefore matching the existing and new supply of certified sustainable timber products to a robust market demand. Though demand for certified timber has been growing, the level of market demand among private sector companies is presently low, limiting certified communities potential to realize specific benefits for conservation practices. Thus a

guiding objective for reaching the long-term solution to creating incentives for biodiversity conservation within production forests is creating new markets for certified wood products and non-timber products, as well as linking certified communities to existing markets where there is already a specific demand.

52. At the same time, communities will need a greater and, critically, more diversified access to finance and investment. The Government of Bolivia does not invest heavily in forestry in comparison to other countries in the region such as Mexico, and state investment in the sector still accounts for just a fraction of what is invested in agriculture for instance. Greater investment from government agencies needs to be channeled to community management of natural forest, and in particular in building up the competitiveness of communities. Beyond government resources, communities need expanded access to credit in order to increase production efficiencies, decrease costs, and tailor production to market realities given local capacities. Increased partnership with different stakeholders is also critical, to generate increased capital flows for communities operations that respond to specific market demands. Furthermore, an important new potential mechanism for communities to integrate into their operations would be payment of compensation through different mechanisms for avoided deforestation. Such payments, if reinvested wisely, have the potential to drive significant improvements in forest management and specifically biodiversity conservation, especially in less productive, degrading forest areas and bio-diverse forests that are under heavy conversion pressures.

53. To ensure long-term institutional support, national capacities will need developing to back communities in their efforts to become and stay certified and more competitive in the marketplace, and to provide assistance with national-scale issues of high technical complexity such as monitoring biodiversity conservation. Specifically, the Forestry Department will need to increase technical capacity in the area of certification, and a system for streamlining the various auditing procedures now necessary for communities to move toward an integrated Stepwise Approach needs to be designed and implemented to reduce burdens on producers. At the same time, the Forestry Department´s efforts aimed at increasing competitiveness need to be tailored to better fit both communities' capacities and market realities. Better inter-agency coordination between the Forestry Department and other government programs such as the Directorate of Biodiversity, which is charged with collecting and analyzing data on biodiversity, or the ABT in charge of controlling forest use will need to be achieved in order to build the capacity of the Forestry Directorate and facilitate biodiversity monitoring in community managed forests.

54. Bolivia is making important efforts to advance this long-term solution that provide a basis on which GEF support can build. This includes advances at the level of land-use planning, biodiversity conservation and sustainable community forestry management, and certification of forests. These are summarized below.

55. At Government level, the General Department of Biodiversity and Protected Areas implemented the Biotrade Programme in 2007 with the support of the Embassy of the Netherlands. The object was to promote the management, production and trade of biodiversity goods and services taking into account ecological, social and economic sustainability criteria. The ABT has initiated the implementation of a national level institutional strengthening project with the support of the Dutch cooperation (US$6 million) aimed at increasing staff, equipment and vehicles for its central and field offices.

56. SUSTENTAR is a de-concentrated unit responsible for implementing investment programmes and projects addressing community forest management, promoting sustainable management of forests with active engagement of the community organizations. The entity is currently initiating the implementation of a forest management project with 17 communities of Guanay and Teoponte with financing from OTCA and GTZ. This project will cover the costs of preparing the management plan, fieldwork, and timber extraction.

57. The establishment of the Bolivian Council for Voluntary Forest Certification helped boost FSC certification in Bolivia. The CFV coordinated the development of Bolivian Standards for certification of wood products and nuts. Within the framework of a partnership between Smartwood and the Center for Research and Management of Natural Renewable Resources local professionals were trained with the

purpose of reducing direct certification costs and facilitate access to certification by the companies. The CFV is currently formulating a proposal for simplified verification of the legal origin of wood and another one for simplified forest certification for communities.

58. Community organizations are active implementing diverse initiatives in sustainable forestry and certification. The CEIBO Cooperatives Central has initiated forest management plans with the support of the German Development Service in areas of the Alto Beni. The organization has more than 20 years of existence and experience in associative work, a trained technical team, cocoa processing centers and partnerships with buyers in Europe, Australia and Japan. PILCOL on its part is partnered with SUSTENTAR for the implementation of a project addressing the development of a management plan in 17 communities, forest inventories and logging. CIPTA has presented a project proposal to the Indigenous Fund to set up two processing centers (sawmill, front loader and skidder) in the communities of Thumupasa and Ixiamas. CIDOB (Confederation of Indigenous Peoples of Eastern Bolivia) has implemented in the past projects to support the administration of indigenous lands in TCOs but it is currently not implementing any projects in the AMC; having assumed a role of political support to its affiliates.

59. The Bolivia Forestry Chamber manages the Forest Certification Fund (FOCERFO/CFB) programme which provides non-reimbursable financial support to producers wishing to obtain, maintain or renew forest management certification for their forests and for the chain-of-custody of their industries. All forestry producers and industries can participate in the benefits of the FOCERFO/CFB as long as they comply with current regulatory framework and are motivated to attain and/or maintain certification. The fund finances 50% of the costs associated with obtaining FSC forest certification and the beneficiaries provide the remaining 50%. A chamber of wood exporters has been formed in Ixiamas.

60. A number of NGOs have implemented in the past and still implement projects promoting sustainable forest management and certification through technical, financial and marketing assistance throughout Bolivia. In the AMC, Fundación PUMA implements the BABA CARAPA program with the support of the Swedish and Dutch cooperations, which aims at training in FLEGT certification for the lumberers´ associations in Ixiamas, market linkage and the establishment of processing centers in three regions of the country, one of them in the AMC. World Conservation Society (WCS) has provided support to the development of the land management plans of the TCOs of CIPTA and PILCOL. Conservation International has developed thematic maps and assisted the development of Land Use Plans of the Municipalities of Ixiamas and San Buenaventura. The Initiative for the Conservation of the Andean Amazon – ICAA is regional programme involving Bolivia, Peru, Ecuador and Colombia; it is implementing training on FSC forest certification for logging companies in the region of Ixiamas. Also, the Rain Forest Alliance has visited the AMC with a view to procuring certification for the management plans of communities, ASLs and private businesses. WWF-Bolivia has established a Forest Trade Network with the participation of 21 Bolivian enterprises either having FSC certification or in the process of being certified.

61. The aforementioned baseline action presents an important opportunity – or entry point - for GEF to support Bolivia to advance sustainable forest management and certification as a means to eliminate the current threats to globally significant biodiversity. However, despite the progress made and the fact that Bolivia counts the second highest area coverage of FSC-certified forestry in the tropics, with nearly 2.3 million hectares certified as of December 31, 2008 several key barriers need to be overcome in order to reach a desired state wherein sustainable forest management results in tangible BD benefits, while market forces demanding certified products make investments in these processes financially attractive for forest producers. These are further described below:

Barriers to long-term solution

Barrier #1: Limited institutional capacity for implementation of sustainable forest management and certification and BD practices.

62. There is a general lack of institutional capacity at national and local level to assist sound forest management, certification and BD practices among local communities. The Forestry Department of the Viceministry of Environment, Biodiversity and Climate Change is responsible for formulating forestry policies and implementing the National Comprehensive Forest Management Plan. However, the plan is mainly conceptual and lacks operational and monitoring strategies for implementation as well as mechanisms to promote the active engagement of communities in sustainable forest management.

63. The ABT has limited capacities for enforcement of the current forest and environmental regulations due to high staff turnover, which hinders continuity of actions; insufficient financial resources allocated to such effect to forestry and to biodiversity protection; lengthy and costly legal and administrative procedures make it difficult to sanction offenders, and there are insufficient means, staff and capacity to verify the enforcement of the sanctions. Since control has been based exclusively on denunciations, ABT actions have been more reactive than strategic. In practice, on several occasions denunciations have been seen to put a halt to unauthorized deforestation; however, the subsequent procedures to sanction offenders are too time-consuming. There is an important gap between the number of cases denounced and those ultimately sanctioned. In the meantime the offenders end up negotiating with the affected communities a payment for the wood extracted, hence the cycle of illegality is reinforced. Penalties and fines for unauthorized deforestation are minimal compared to the damage caused. Administrative processes and regulations need to be modified in order to develop legal tools for a better control and effectively sanctioning offenders. In the Ixiamas region of the AMC the ABT offices have two officers to supervise the actions of 30 sawmills and more than 40 communities in a municipal area of 36,263 square kilometers. The ABT offices in Palos Blancos and Caranavi have been closed several times due to social pressure and in some cases were destroyed. Effectively improving control of forestry activities in the intervention area will require increasing the number of human and technical resources as well as the establishment of a control post in Guanay (staff, communication, logistics and operations) that coordinates with Caranavi and Rurrenabaque offices. Systematization, updating and flow of forestry information at the national, departmental and local level do not take place on a regular basis.

64. On the other hand, the DGB has been unable to position forest management and biodiversity conservation and use as priorities. Although it is a dynamic institution and incorporated the concept of biotrade in 2004[22], it has not yet been capable of establishing a biodiversity monitoring system given the complexity of Bolivia's ecosystems and the high cost of continuous monitoring. Lack of coordination between different forestry agencies creates inefficiencies and confuses efforts to control and support sustainable forestry practices. Particularly in the AMC, there is a strong need for a coordinated approach that plans and monitors at a landscape scale to ensure BD conservation. For example, while ABT has forest management plans; INRA does not apply this information in regard to the Social and Economic Function (FES). As a result, in practice agriculture receives priority over forest management and settlements have been consolidated (recognized and titled) inside forest concessions and on forest vocation lands. Such is the case for example of forest concessions to ASLs (ASLs do not own lands but have concessions on municipal lands) where the lands are invaded by third parties and settlements established, thereby discouraging sound forest management. The different functions between the Department General of Biodiversity (DGB) and ABT, as in the case of proposing technical lines of management plans for non-timber products, are not clarified.

65. Where institutional support is provided to managers, it lacks significant emphasis on ecological management practices and controls that seek to conserve BD. This reflects a lack of technical capacity among extension foresters in BD issue identification, management interventions and monitoring. Additionally, little capacity exists at any governmental level to assist communities in pursuing and achieving certification, building competitive and market-oriented enterprises, and accessing markets. Furthermore, government procurement of wood products does not explicitly require certified or verified

[22] www.mmya .gob.bo

material be used – much less specifying preference for wood from community forests – a policy step that could have a significant positive impact generating demand for "good wood."

66. At local level, Municipalities lack capacities to develop land use plans that mainstream forest management and BD conservation, as well as to implement and monitor such plans. Improvements must be made at Municipal level in order to attain greater levels of implementation of management plans regarding forests, wildlife, water and soil use. Municipal regulations are needed to provide for greater oversight and management effectiveness. Although Municipalities have established Forest Units, in most cases staffing is inadequate, capacities are weak due to lack of training and funding to implement their programmes is sparse.

Barrier #2: Limited knowledge and capacity of community organizations to implement sustainable forest management, certification and BD practices

67. Community level forestry is carried out by community organizations, TCOs and ASLs and varies according to the different communities. Logging is a fairly recent activity by communities (since 1994) and usually subject to two modalities. The first is the selling of the standing trees to logging companies, which prepare the management plans for approval by the authorities. The second modality involves communities who have prepared their management plans with the support of NGOs or donors and by their own means harvest and sell the wood to local sawmills or middlemen. There is also illegal logging in forests without management plans, which represents an important threat to BD due to the destruction of habitats and the selective harvesting of high value species (e.g. mahogany, cedar, oak and *almendrillo*. The use of NTFP is more traditional and based on ancestral management practices, and is more frequently carried out by families and not the community as a whole. There is a wide range of management practices varying from those in which the community divide the forest in family plots (e.g. latex and nuts) to those in which the first community member who arrives to the forest harvests the products. Traditional management however may tend to favor over-exploitation of certain NTFPs when the products are in demand or the price rises. In general, not all the families in a community participate in forestry activities, therefore the forestry incomes tend to concentrate in a certain number of families. Few communities have established benefit-sharing mechanisms for activities carried out within the community areas. Sales of forest products are negotiated every year with local markets and middlemen. Some communities have agreed on rules for managing incomes, including aspects such as re-investment and allocations to the community and members. CIPTA is an example of an organization that successfully met the challenges of acquiring a business spirit and managing financial resources with caution. Other communities however distribute the whole of the incomes amongst its members, with the subsequent problem of lacking operating capital to finance the following year's operations. The probable cause of this situation is that in some cases, the contracts between the communities and logging companies for preparing the annual operational plan (within the framework of the forest management plan) fosters a short-term vision and as a result the entire benefits generated are distributed with no foresight about the reinvestment necessary to implement the subsequent annual plans.

68. Where communities have implemented forest management plans, a recurring constraint has been low profitability due to the very low prices for standing trees (approximately US$18 per cubic meter for *almendrillo*). At the end of the day this leaves the communities with little income, destroyed roads and intervened forests with reduced productive capacity, since the most valuable species have been selectively removed. This is due to the lack of knowledge about the cost of forest operations (extraction, processing, etc.), which derives into disadavantegeous decisions; some undertakings are guided by a perception of the gross revenues that will be received instead of taking into account the total cost of the chain of custody. Historically, the experience of the TCOs lies in management of non-timber products for self consumption or wholesale in local markets. Initiating activities and actions with timber products, giving them value-added and selling them in national or international markets requires learning new individual and collective skills, not only regarding forest management but also in markets. Another contributing factor is the organizational weakness of comunities in regard to negotiation capacity and business management in order to access the market in an organized manner. Products have almost always been traded at the individual

level, with the advantage of an immediate monetary return in exchange for merchandise. In the case of intercultural communities[23,] due to the lack of knowledge about forest potential, forest certification and adequate management of lowlands and forested areas, planning for forest use focuses on short-term benefits and on replacing the forest with annual crops or pasture.

69. There are information and knowledge gaps on sustainable forestry issues. Forest users have difficulty accessing information and training on the legal framework. Appropriation of technical knowledge in general by the communities is slow and implementation of actions on the ground has its ups and downs due to periodic rotations in working positions of community members and changes in leadership.

70. Local stakeholders lack the technical skills to implement and monitor BD management practices in forestry. Even in places where certification has been achieved, BD management is often identified as a key area for improvement. On the ground, few measures are taken during forest planning and harvesting operations to actively identify important BD values (e.g. a canopy tree whose mast is an important food source for wildlife), then implement specific actions or treatments to conserve or enhance those values (e.g. directional felling to avoid damage to the residual stand or retention of important individuals), and finally monitor the effects of such treatments over the long term. Technical tools adapted to local conditions and the skills required to apply those tools are vital to ensuring that SFM and certification actually result in real benefits for BD on the ground. Local application of BD practices is also critical to ensuring the continued tailoring of certification to specific ecological conditions, enabling the achievement of locally appropriate but globally significant BD conservation targets through the uptake of market instruments. Moreover, most communities lack the organizational and technical capacity to plan, operationalize and monitor the kind of BD-friendly forest production systems that are necessary to become certified and maintain the FSC certificate over time.

71. Little capacity to curtail the spread of *sujo* or cogon grass (*Imperata cilindrica*). Repeated burns increase its aggressiveness by eliminating shade from other species and leave lands totally invaded by this weed. Access to appropriate technology, inputs and knowledge to combat and eliminate it is very important. *Sujo* is an exotic species of the gramineae family that is invading growing fields and preventing forests from recovering niches previously occupied after cultivation areas are left fallow in the area of Guanay and Mapiri. Measures need to be applied to slow down and if possible contain spreading. There are no exact data of the number of hectares invaded but satellite images show that *sujo* has covered almost 20% of farmlands, and in nearby communities such as Vilaque and Pajonal Vilaque it has spread over 80% of the farmland. Previous experiences of CARE show that *sujo* is sensitive to shade so planting ground cover (e.g. kudzu and mucuna) control with fire may enable the recovery of areas for crops. This has the double benefit of both halting the expansion of this invasive grass while also allowing rehabilitating of farmlands close to the communities, reducing pressure on forests and minimizing deforestation.

Barrier #3: Market and financial barriers

72. The capacity of communities to participate in the expanding market for certified sustainable products is limited due to several constraints. To think in terms of forest management with FSC certification requires a profound change in paradigm and the acquisition of new skills and knowledge, not just in relation to the forest and its management but also to trade and access to new national and international markets.

73. As aforementioned, capacity building processes in terms of organization, management and commercialization skills are slow and take several years for consolidation; and there are frequent changes

[23] The concept of "intercultural communities" is found in the New Political Constitution of the State. According to article 3, "The Bolivian nation is comprised of the entirety of Bolivian men and women, the nations and native indigenous campesino peoples, and the intercultural and Afro-Bolivians that together make up the Bolivian people." Article 395 stipulates that, "Fiscal lands will be granted to native indigenous campesinos, original intercultural communities, Afro-Bolivians and campesino communities that are landless or have insufficient land, in accordance with a State policy that addresses the ecological and geographical situation as well as the social, cultural and economic needs of the population."

in leadership. Community management systems must be strengthened to generate greater confidence in the forestry sector and stimulate greater investments. Community operations are generally not competitive in the marketplace due to the lack of business or marketing plans, as well as access to information about market demand. There is scarce information and linkage with markets for alternative forest products, either wood or non-timber. When there is access to information there is weak negotiation capacity among local stakeholders and trading companies. Also, since most communities are unclear about their cost structure they can therefore tend to make *a priori* commitments about product volumes and prices that they are unable to meet later on, which undermines their credibility. While several institutions and initiatives have supported the communities in linking with markets, most of the community organizations are at different levels of adaptation to the market rationale.

74. There is lack of access to operating and investment capitals. Poor access to financing also prevents producers from investing in better technologies and product diversification, both of which are critical to increasing revenues for investment in BD management. Compliance with the Forest Law represent high costs to communities, especially in regard to cost of inventories, construction and maintenance of roads, and the obligation of having to hire forestry professionals. Transaction costs are high for those communities that wish to implement forest management plans. New financial mechanisms must be engineered between buyers of certified products and communities, as well as between communities and financial institutions, in order to increase investment capital flows and support the development of community enterprises. Forest transformation equipment is old, inefficient, poorly maintained and generally under-utilized. Producers lack consistent quality standards.

75. Despite the aforementioned limitations, there has been a progressive strengthening of the communities´ technical capacities as a result of assistance received. This is reflected in the growing number of forest management plans and surface area of managed forests in community lands since 1998. By 2006 a total of 160 communities[24] had developed management plans and the majority had created community forest enterprises to implement their plans. Nevertheless this number is still small when compared to the total number of communities having access to forests. The low price that communities receive for their products discourages forest management and fosters land use change encouraging a shift to agriculture and livestock production. Communities with management plans must confront the challenge of giving added value to their products through certification or through partnerships with companies, ASLs or middlemen. Regarding NTFPs sales are usually agreed on a short term basis but partnerships dissolve and buyers disappear after some time, or the differences in the quality of the products do not assure medium term markets; hence the challenge of achieving medium and long term agreements to ensure markets.

76. From the perspective of communities, the main potential buyers of certified products are the national enterprises that have already been certified, especially those certified in the FSC chain of custody. Twenty one Bolivian enterprises participate in The Forest Trade Network; these have been FSC certified or are in the process of being certified and are therefore potential buyers of certified products within Bolivia. The FSC currently offers the most important expanding market for certified forest products from tropical countries. Around 13% of the area certified by the FSC worldwide corresponds to tropical and subtropical forests, and natural forests comprise 58% of such surface. The surface area of certified managed forests in indigenous peoples´ lands amount to 6.2 million hectares, representing 4.7% of the total area. Approximately 10% of the wood traded worldwide is certified by the FSC with an estimated annual value of US$20 billion[25]. Though robust and growing, still greater market demand for certified wood from community forests must be generated, including in national markets, and linkages forged between producers and buyers. At the same time, lack of liquidity and adequate financing make it difficult for communities to comply with BD-friendly SFM and certification.

[24] Aguilar, Victor. Informe Final. Consultoria sobre Mercados Certificados. 2010
[25] Aguilar, Victor. Informe Final. Consultoria sobre Mercados Certificados. 2010

77. Bolivian experience with certification in communities has been varied. Twenty-seven low-ridge communities were able to obtain FSC certification in 1996 and maintained their certification until 2001. Simultaneously three communities have obtained and kept their certification in effect with Ecolegno and CIMAL. TCO *Yukis* obtained FSC certification in 1999, but lost it later on. The main difficulties were: (i) the cost of forest audits was not duly foreseen in the management plans and budget planning; (ii) technical difficulties and costs associated with compliance of the recommendations of the audits; (iii) the investment necessary for hiring local professionals to carry out the audits or to support the implementation of the audits´ recommendations. Currently the community of Cururú in Santa Cruz de la Sierra and two communities in the north of La Paz maintain FSC certification. These three communities work with regency contracts with private companies. They were therefore able to make use of partnerships between two links of the chain; however subject to the prices and conditions set by the companies. The experiences have shown positive aspects of certification reflected in the improvement of sales volumes (Cururu, Santa Cruz), increase in demand and access to international markets with price increase of 83% for high quality wood (Lomerio, Santa Cruz) and increase of 100% in the price of *almendrillo* (ASL Copacabana, La Paz). On the NFTP side, organic and FLO certification of Brazil nut could improve sales prices and facilitate access to national and international markets. The price of conventional Brazil nut is US$0.60 per pound. The price would increase by twenty cents with FLO certification. A price differential of an additional 5 to 10% in a market that recorded 70 million dollars in 2009 is significant.

78. Bolivia does not have the appropriate regulatory framework for compliance with international standards promoted by FLEGT and LACEY rules. This situation requires that producer countries and wood exporters demonstrate the legal origin of raw materials or risk not entering the European and North American markets. These standards entered into force in 2010 in Europe and have been implemented in the USA since 2008.

79. If these barriers are not addressed, the threats to globally significant biodiversity in community forests are likely to increase in coming years, hence undermining sustainable forestry that incentivizes investments in biodiversity management as an economically attractive land use.

1.6 Stakeholder analysis

80. Relevant stakeholders and initiatives for the implementation of the GEF project include government institutions (national, departmental and municipal), non-governmental organizations, the private sector and local organizations, including native indigenous campesino organizations. Table 3 below summarizes the key stakeholders in Bolivia and their roles and responsibilities regarding SFM and biodiversity conservation. Further details are provided in stakeholder matrix in Annex #3.

Table 4: Key stakeholders and relevance to the GEF project

Stakeholder	Relevance to the GEF project
Government	
Ministry of Environment and Water	Policies, regulations, ministerial resolutions that expand the market for certified products.
Vice-Ministry of Environment, Biodiversity and Climate Change and Forest Management and Development	Project Executing Agency
General Department of Biodiversity	Support for the biodiversity monitoring system at the community level.
Department of Forest Management and Development	Development of standards and regulations for non-timber products
Forests and Land Oversight and Social Control Authority (ABT)	Prevention, monitoring and control of deforestation and forest degradation.
National Forest Fund (FONABOSQUE)	Financial incentives to forest management.

Stakeholder	Relevance to the GEF project
INIAF	Forest research
National Institute of Agrarian Reform (INRA)	Coordination on land distribution and forestland issues.
Municipalities	Through their forest units, the municipal governments will implement community training in central themes such as fire prevention and biodiversity monitoring, and will develop municipal strategies for forest management, as well as provide guidelines in the drafting of municipal organic charters where these are warranted.
Community/Grassroots Organizations	
Tacana Indigenous Peoples Central Union - CIPTA	Timber and non-timber forest management in TCO Tacana 1.
Lecos Indigenous Peoples - PILCOL	Timber and non-timber forest management in the lands of Larecaja Tropical.
Confederation of Unions of Intercultural Communities of Bolivia	The confederation has representation in the zones of Yucumo, Rurrenabaque, Caranavi, Guanay and Ixiamas and is generally opposed to forest management since they promote farming and ranching as well as occupation of the Amazonian territory, which they consider "empty". The project must take their interests into account when implementing actions in the region of Madidi, since some of these actors support settlement of new families to cultivate sugar cane.
NGOs	
Fundacion PUMA, Indigenous Fund, SmartWood	Forest management and certification in Ixiamas SBV.
Baba Carapa Programme	Improvement of wood processing and value-addition
World Conservation Society	System for monitoring biodiversity. TCO management plans
Tropico	Integrated palm management systems with more emphasis on processing of majo
PROMABOSQUE	Incentives for sustainable forest management
Fundacion Amigos de la Naturaleza – FAN	Biotrade markets, biodiversity monitoring
Private Sector	
Bolivia Forestry Chamber	Manages a fund that finances 50% of costs of certification.
International cooperation	
UNDP	GEF Implementing Agency
Netherlands, Sweden, Germany, Japan	Sustainable forest management and certification projects in the AMC.

Part II: Strategy

2.1 Project Rationale and Policy Conformity

Rationale and summary of GEF Alternative

81. Biodiversity in the vast majority of Bolivian's community forests is under threat from deforestation, degradation, lack of forestry planning and operations that takes into account biodiversity conservation, as well as lack of attention to species of special concern. Given the baseline scenario, including the key imposing barriers outlined above, such threats to biodiversity in community forest are likely to increase in coming years. Stagnant or decreasing competitiveness of the Bolivian forestry sector in general and forest community in particular, lack of growth in the number of communities attaining and maintaining certification to ensure sustainable management practices of timber and non timber products, plus negligible demand in national markets for wood and non-timber products sourced from biodiversity-friendly production forests, all threaten to undermine sustainable forestry that incentivizes investments in biodiversity management as an economically attractive land use. Sparse access to diversified forms of investment that put a premium on biodiversity safeguard application in forest management, as well as weak institutional capacity to assist communities in increasing their revenues from sustainable forestry, become certified, and access markets for certified timber and non timber products will heighten barriers to conserving biodiversity in forest managed by communities.

82. This GEF project aims to improve conservation of biodiversity in Bolivia, primarily in the Amboro-Madidi Corridor which is the country's richest forest area in terms of both species richness and endemism. The project will reduce pressure on globally-significant biodiversity in this vital biological corridor through the expansion of sustainable forest management practices that implement specific measures for BD conservation and monitoring. The project will achieve this by strengthening operational and institutional capacities at multiple scales to enhance the contribution of FSC-certified SFM to BD conservation. The strategy will support fostering markets for certified non timber products and wood from forests certified against the FSC standard, which is stronger than any other international certification label with regard to biodiversity conservation measures. Growing markets for certified forest product is critical to increasing incentives for producers to pursue certification, which requires adherence to a range of biodiversity conservation practices that, where not implemented, result in significant biodiversity loss. While a sole focus on increasing the area under FSC certification or other certification standard could help improve biodiversity management practices over the short term, without competitiveness communities capitalizing on strong demand for certified wood and non timber products, adequate incentives and capacities would not exist to ensure investments in biodiversity management systems in forests managed by community over the long term. Therefore increased investment in BD management in forest production landscapes will be enabled by building strong markets for products sourced from sustainably managed forests, thus garnering economic benefits and incentives to reward SFM and BD conservation by local communities, while enhancing the capacity of forestry stakeholders all along the supply chain to participate in this market. The project will partner with communities to build their competitiveness, while linking with key actors to unleash green market forces to demand certified timber and non timber products, and building institutional capacity to ensure biodiversity management in production forests. Where application of FSC standards is not suitable or not profitable the project interventions will focus on non-timber products and international certification standards such as organic, wild or FLO that will raise their market value. The project has initially identified the following non-timber products with which it will work: cocoa, majo oil, incense and copal, rubber and eco-jewelry. To measure impacts, the project will design and implement a scientifically-sound monitoring and research system to evaluate the variable effects on forest cover and BD in different types/levels of forest management in the AMC, including plots to be established in areas with (i) no forest management, (ii) state-approved forest management plans, and (iii) FSC-or other-certified forest management plans.

83. The intervention strategy has been designed bearing in mind lessons learned from previous projects focusing on forest management, forest certification, biodiversity protection and community capacity-building that have been implemented in Bolivia, and more specifically in the AMC, which harbors the greater part of the country's biodiversity and endemism. Lessons learned include the identification of factors for success and failure as well as measures to mitigate clearly identified risks and are described as follows.

Lessons learned from previous projects:

84. Community forests have maintained a good conservation status thanks to the traditional use of non-timber forest resources within the resilience capacities of the ecosystem and aimed mainly at self-consumption or local markets. When promoting forest activities, communities have encountered difficulties and threats inherent to forest management. The process of learning and building technical capacities has taken several years for consolidation. Since selling standing trees does not yield immediate economic benefits, forestry is not considered profitable and beneficial to them in the short term. In fact, starting to think in terms of forest management with FSC certification to sell wood requires a significant change in paradigm and the acquisition of new skills and knowledge, not just in relation to the forest and its management but also to trade, and access to new national and international markets. The project will promote the full engagement of stakeholders throughout all phases of project implementation and at the same time strengthen their technical and managerial capacities.

85. A recurring constraint in communities that have implemented forest management plans has been low profitability due to the very low prices for standing trees. An additional factor is lack of knowledge about the costs and structure of the logging operation; some undertakings are guided by a perception of the gross revenues that will received instead of taking into account the total cost of the chain of custody. A decisive aspect of project implementation will be the joint analysis with the stakeholders of the cost-effectiveness of all the planned activities prior to them being before carried out.

86. Moreover, contracts between communities and logging companies are annual and hence foster a short term vision that result in the entire incomes being distributed amongst members without foreseeing reinvestment needs for the following period. In certain cases, donors have provided financial resources for transformation of raw material and value-added to wood, which has enabled the communities to generate additional incomes; however, the support was not accompanied by sufficient capacity building of the community´s managerial skills and the incomes have also been fully distributed amongst members leaving the community without operating capital for the following round. CIPTA is a successful example of an organization which met the challenges of acquiring a business spirit and managing economic resources with caution. Again, the project will provide capacity building and will establish working partnerships with successful organizations – including CIPTA - in order to build upon and capitalize the experience.

87. Communities that have achieved FSC certification have had problems in maintaining certification. The community of Cururú in Santa Cruz de la Sierra and two communities North of La Paz are the only ones maintaining FSC certification (under regency contracts). The main constraints to maintaining certification have been the costs of audits which were not duly considered in the management plans and budget planning, technical and financial costs of complying with the recommendations of the audits and the high costs of hiring local professionals to carry out the audits or support the implementation of audit recommendations. The project will face this constraint – where FSC is not applicable - through the development of a proposal for a simplified FSC standard suited to communities[26], the use of other certification systems as well as through development of a pilot biodiversity monitoring system that could be upscaled to national level. Likewise, a local technical committee comprising ABT, NGO and municipal technical staff will be established to support the implementation of recommendations.

[26] The Bolivian Council for Voluntary Certification had begun drafting a proposal but was forced to suspend it due to lack of funding. The GEF project will support the finalization of this proposal, consultations and submittal to the FSC. In the event that this proposal is approved by the FSC, implementation at field level could be commenced by project year 3.

88. Cross-cutting issues, especially gender issues were not systematically taken into account by many projects. As aforementioned, in the AMC men generally work in logging-related activities while women harvest non-timber forest products. Womens´ role in logging is much less since it is more difficult for them to enter the forest and leave home for several days since it interferes with their tasks of caring for children and domestic animals. Project design takes this into account to ensure effective engagement of women, hence maximizing family revenues and contributing to the project's financial and economic sustainability. Recognizing that gender relations have a highly significant impact on access to and control over forest resources and the goods and services they provide, project implementation will mainstream gender issues throughout its different phases. The project strategy understands that women and men often have distinctly different perspectives and priorities on issues surrounding forest resource management and benefit sharing. Failing to take such differences into account in project planning and implementation risks losing opportunities for greater impact or, worse, producing new or heightened problems related to gender equity, household income and overall sustainability. Indeed, numerous studies worldwide have clearly shown that project results are superior when gender issues are incorporated into project design and management[27]. In line with such reasoning, as well as with GEF policy for gender mainstreaming[28], the present project will work to identify the key gaps in gender equity surrounding forestry issues through the use of gender-disaggregated data, developing strategies and implementing activities to close those gaps, allocating resources and expertise specifically aimed at achieving gender mainstreaming and monitoring the results of project implementation. The project will seek opportunities to foster participation and decision-making by women in activities regarding non-timber products; their roles in the productive chains will be identified and their participation and shared leadership encouraged.

89. Projects involving and promoting collaboration amongst the national and local institutions and the communities have been more successful than those that have solely targeted communities. The project will not create new structures but will strengthen the capacity of existing institutions at national and local level to enable them to provide support to the communities to improve forest management and biodiversity conservation. Key government institutions will be involved and strengthened and coordination amongst them will be promoted. The project will also foster collaboration and sharing of information, knowledge and experience between government, communities, companies and conservation and development organizations to facilitate building upon previous successful experiences, avoiding unnecessary repetition and duplication of activities. Local conditions and customs will be taken into account in planning of project activities, such as seasonal workloads of stakeholders, occupations, weather conditions (not many activities can be implemented during the rainy season) and the practical differences in terms of time periods taken by administrative procedures and the actual on-the-ground needs.

90. Within the AMC, threats and pressures on biodiversity are not homogeneous throughout the corridor. These depend mainly on the existence of roads that facilitate access to any one area and the feasibility of carrying out forestry activities. For example, in Guanay and Mapiri the impacts of farming activities, invasion of alien species and the intensity of logging are already having a negative effect on ecosystems, and biodiversity is in a situation of extreme threat. In Ixiamas and San Buenaventura, on the other hand, biodiversity and ecosystems maintain a good conservation status without strong pressure from land use change to agriculture or intensive forestry activities. However, this situation could change rapidly if roads continue to be open up, there is encroachment of lowland colonization processes into these zones and land use patterns adopted in Caranavi and Teoponte are replicated in Ixiamas and Mapiri.

91. Bearing this in mind, two project intervention areas have been selected based on the following criteria: (i) high degree of globally significant biodiversity; (ii) conservation status of ecosystems; (iii) intensity of the threats to biodiversity; (iv) existing institutional capacities; (v) low or moderate degree of social conflicts; (vi) Municipalities' verified interest in collaborating with this project; (vii) presence of other

[27] See, for example: World Bank. 2002. The Gender Dimensions of Bank Assistance. World Bank: Washington, DC.
[28] GEF. 2008. Mainstreaming Gender at the GEF. GEF: Washington, D.C. Available at: www.gefweb.org/uploadedFiles/Publications/mainstreaming-gender-at-the-GEF.pdf

technical assistance projects with which collaboration may be established; (viii) connectivity with protected areas in order to strengthen geographic continuity between forested areas under control and ecosystem functionality; (ix) accessibility and vicinity to roads enabling extraction and commercialization of timber and non-timber products; (x) prior successful experiences in management of forest resources to build upon.

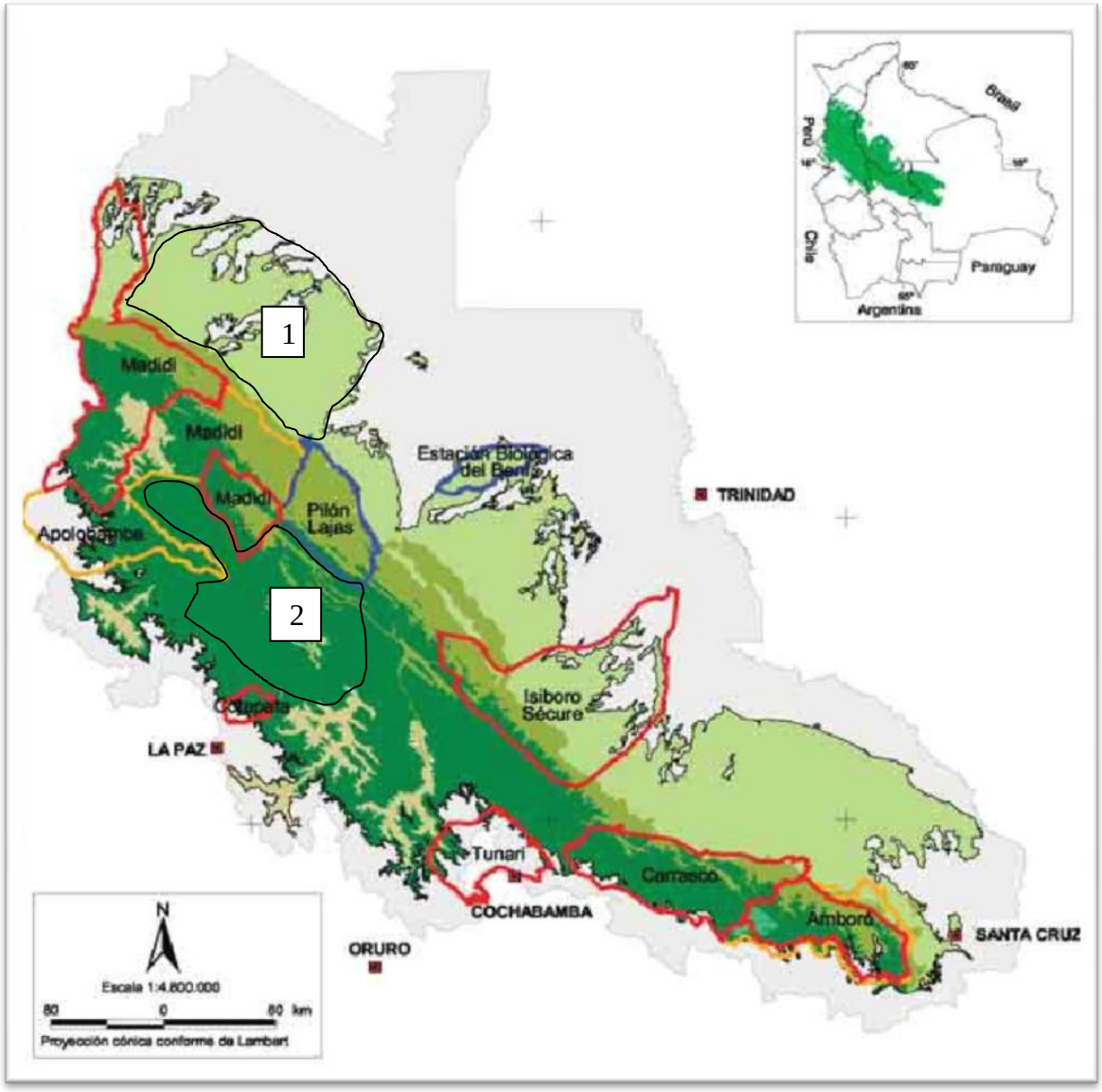
92. Within these areas the project will aim at maximizing protection of globally significant biodiversity in the proposed intervention areas. The strategy will include measures to prevent the loss of biodiversity in areas under strong pressure. Where access is relatively easy and slopes are not very steep, project activities will include sustainable forest management backed by FSC certification, promotion of markets at the national and international level, and increasing the competitiveness of communities and organizations through initiatives that provide additional value to wood production. Where slopes are steep and not suited for timber management or where FSC certification is not profitable, interventions will focus on non-timber products, international certification such as organic, wild or FLO that will raise their market value, building upon prior experiences by FAN, CARE and TROPICO. Emphasis will be placed in promoting the role of women and fostering sales in local, national and international markets, depending on the quality and demand for final products. The strategy will likewise take into account avoiding replication of land use patterns that threaten biodiversity in new settlements. In these more remote areas where - depending on national policy or FSC certification - sustainable forest management activities are not profitable and therefore not a feasible alternative, the project will promote Comprehensive Forest Management on the basis of existing municipal land use planning, reinforcing communication of the concepts of sustainable management and well-being, and supporting NTFP related initiatives. The two areas are described below:

93. *Intervention area Nº 1* comprises the North zone of the AMC that borders the Madidi Park to the Northeast of the buffer zone within the municipalities of Ixiamas and San Buenaventura. The intervention strategy prioritized in this first zone will be timber management. CIPTA and several ASLs that interact with around 35 sawmills in different conditions are located within the zone. More than 16 species of trees are extracted in the region; several of these are sold standing or at the stump, which leaves communities very small profit margins. There is an incipient wood cluster being established in this area, which needs to be strengthend. Challenges will be to improve the cluster, to forge strategic partnerships with businesses and organizations, to obtain and maintain forest certification at the level of communities, increase financing for forestry operations, provide value-added to wood and improve the communities' engagement in negotiating the final price of finished products. CIPTA has a fairly advanced level of organization thanks to support received from development organizations in previous years, including training of their own human resources; it has developed a PGTI and some forest management plans, hence it is expected that project intervention will achieve results in the short term.

94. *Intervention area Nº 2* comprises the central zone of the AMC, corresponding to the *Yungas de La Paz*. The area presents the highest levels of globally significant biodiversity (see map in annexes). Even though current regulations do not allow for timber forest management plans due to the steep slopes, this area has experienced highly accelerated deforestation due to the opening of new roads to Mapiri and Apolo, establishment of new settlements and the increase in cultivation areas of rice, coffee and coca. This zone is located to the South of Madidi Park and to Southwest of the Pilón Lajas reserve; it partially spans the municipalities of Apolo, Mapiri, Guanay, Teoponte and Alto Beni. This is a zone of high diversity in a good state of conservation, but threatened. The former inhabitants of this region have traditionally harvested non-timber products to complement their farming and hunting activities. However the low prices for these products act as an incentive for conversion of forests to cultivate annual crops such as rice. Lands are leased and cleared for agriculture, a modality which is causing extremely high rates of deforestation in the Caranavi-Guanay stretch and which could be replicated to other zones. Given the region's importance in terms of biodiversity and the degree of threat, as well as the traditional harvesting of NTFPs the proposed intervention strategy will be to implement comprehensive management plans with an emphasis on non-timber products, which will primarily benefit women. PILCOL operates in this area and has an adequate organizational level, although less than CIPTA in the North zone. The central zone also has a

PGTI, but it needs to be finalized and socialized. There is less institutional presence but more local initiatives at the community level. The challenge to be tackled in this zone is to identify those NTFPs with greater competitiveness in the marketplace and establish and maintain commercial contacts with businesses or individuals that purchase the product locally, as well as identifying new markets or better revenue-generating conditions. Access to these two regions is relatively easy in the dry season but complicated in the rainy season. The Rurrenabaque zone is 18 hours from La Paz by highway and Guanay is 7 hours away.

95. The following map shows the location of the proposed intervention areas within the AMC. (Note: areas in red correspond to PAs and areas in yellow to Natural Comprehensive management Areas)



96. Although there are other areas with forestry potential and rich biodiversity within the AMC they have not been considered for direct intervention by the GEF project. The forests in the Southern part of AMC (within Santa Cruz and Southern Cochabamba) are better protected by the presence of the Amboró and Carrasco PAs. Outside that area, the forest reserve of Chore, with forest vocation, is experiencing serious conflicts due to the settlement of new migrants in forest concessions and reserve, therefore does not meet

project selection criteria. The forestlands of the Tsimanes at the foot of the mountain range in the Department of Beni also have high forestry potential. The agreement of the Tsiman people with forest companies finalized in December 2010; however, the organizational capacity of the Tsimanes is quite low and initiating work with them would require a longer time period than that of the project to achieve a reasonable level of capacity building in the communities and CFEs. Likewise, there are currently no institutions providing support that could enable synergies in the area. The region of Chapare, in the Department of Cochabamba has limited forestry potential because of prior deforestation, difficulties in access and a high intensity of coca production, which is on one hand labor-intensive and on the other hand it is preferred over other activities due to its currently high profit margins. Nevertheless, the project will carry out activities to prepare these areas for replication.

97. The project is proposing the intervention in the two different zones of the AMC in order to tackle, and learn from, different situations and problems since, as mentioned, threats and pressures on biodiversity are not homogenous within the corridor. Given the site's complexity it will not be possible to use a single pattern of intervention, making it necessary to identify and implement differentiated approaches according to the local contexts. Such differentiated approaches will make it possible to expand the range of tools and instruments to apply in the solution of the threats to globally significant biodiversity, hence furnishing better opportunities for replication to the other areas of the AMC.

Fit with the GEF Focal Area Strategy and Strategic Programme

98. The central focus of this project on building biodiversity conservation in community forests is fully in conformity with the GEF Biodiversity Focal Area and its Strategic Objective 2 (BD SO2) "to mainstream biodiversity in production landscapes/seascapes and sectors." More specifically, under BD SO2, the project strategy is consistent with the aims of the GEF-4 Strategic Programmes SP4-Strengthening the policy and regulatory framework for mainstreaming biodiversity and SP5-Fostering markets for biodiversity goods and services. In working to achieve the project goal, objective, outcomes and outputs laid out below, the project will work within the frame of GEF BD SO2/SP4 to "empower legal and normative framework" because of its strong focus on institutional strengthening and capacity building, as well as with SP5 to "demonstrate cost-effective, market-based instruments for biodiversity conservation that complement policy and regulatory measures," including activities specifically related to building markets for biodiversity goods and services, bringing a strong focus to bear on creating a sustainable wood supply chain that creates incentives for biodiversity management. This strategic focus is fully aligned with GEF strategic foci under this SP on: (i) providing market-based solutions to the undersupply of social and environmental goods and services by enabling consumers to pay producers to deliver them; (ii) utilizing the willingness of the market to pay a premium for goods and services whose production, distribution and consumption meets some kind of minimum environmental standards, and; (iii) creating market incentives for improved environmental and social practices.

99. The project's central focus on sustainable forestry is also fully in conformity with the GEF focal area of relevance, Sustainable Forest Management, specifically SFM Strategic Objective 2, "To promote sustainable management and use of forest resources." The corresponding GEF-4 Strategic Program for SFM-SO2 is identical to BD SO2 "To mainstream biodiversity in production landscapes/seascapes and sectors." The project strategy is fully in line with SFM-SO2/SP5 given planned outcomes related to institutional strengthening and capacity building: 1). Institutional support mechanisms are built to assist BD conservation through certified community forest management, 2). Community capacity is strengthened to achieve and maintain certification, and to manage forests in a sustainable and BD-friendly manner and 3). Economic incentives are in place to attract and keep community forestry operations committed to sustainable forestry and BD management practices.

100. The GEF contribution will be focused on biodiversity and specifically inputs targeting the building of both local and national technical capacities to prioritize, manage and monitor the impacts of community forest management on biodiversity. The project is designed such that the GEF contribution adds tangible and measurable inputs aimed at ensuring that the investments made by project partners comply with

international standards for sustainable forestry and contribute to the conservation of globally significant biodiversity in production forest landscapes.

101. The project will contribute to the following SO and SP outcomes and indicators:

GEF SO/SP	Expected Direct Outcomes	Indicator
BD- SO2	Conservation and Sustainable use of biodiversity incorporated in the productive landscape	Number of hectares in production landscapes under sustainable management but not yet certified Number of hectares/production systems under certified production practices that meet sustainability and biodiversity standards
BD-SP4	Policy and regulatory frameworks governing sectors outside the environmental sector incorporate measure to conserve and sustainably use biodiversity	Degree to which policies and regulations of sectoral activities include measures to conserve and sustainably use biodiversity as measured by the GEF tracking tool.
BD-SP 5	Global certification systems for goods produced in agriculture, fisheries, forestry and other sectors include technically rigorous biodiversity standards	Published certification systems that include technically rigorous biodiversity standards

2.2 Project Objective, Components/Outcomes and Outputs

Project objective

102. The project objective is to improve protection and conservation of biodiversity in the Amboró Madidi corridor through sustainable forest management, based on fostering markets for certified forest products and increase in local revenues.

103. The project responds directly to key selected barriers, and will implement a set of strategic activities in line with the following three components: 1) Institutional support mechanisms are built to assist biodiversity conservation through certified community forest management; 2) Community capacity is strengthened to achieve and maintain certification, and to manage forests in a sustainable and BD-friendly manner, and; 3) Economic incentives are in place to attract and keep community forestry operations committed to sustainable forestry and biodiversity management practices. While the project will not completely overcome all of the threats currently facing biodiversity within community forests in Bolivia, it is expected to change the development trajectory and management dynamics in a biodiversity-critical forest area by generating economic incentives for biodiversity conservation while improving community capacity to participate in a strengthened market for products sourced from BD-friendly forests. Moreover, the project will complement ongoing government and donor initiatives focused on enhancing the forestry sector's social, environmental and economic sustainability.

Project outcomes and expected results

Outcome 1: Institutional support mechanisms are generated to foster conservation of biodiversity through sustainable forest management and certification (Total cost: US$7,026,363: GEF US$ 1,013,400; Co-financing US$ 6,012,963)

104. Through this outcome the project will seek to enhance the capacities of the national and local institutions to foster conservation of biodiversity through sustainable forest management and certification. This outcome comprises the following outputs: 1.1) Legal and technical standards developed for sustainable management of NTFP and for comprehensive forest management ; 1.2) Simplified FSC standards suited to communities developed and validated in the field (includes the Comprehensive Forest Management proposal, contemplates FSC and Fleght variables); 1.3) Biodiversity monitoring system developed for field application; 1.4) Forest and Land Authority operational units in project areas strengthened to curtail illegal deforestation; 1.5) Municipal strategic forest development plans that contemplate BD in three municipalities; 1.6) Strengthening of *Tierras Comunitarias de Origen* (TCOs) to

implement forest management plans and reduce illegal logging; and 1.7) Implementation of a communication strategy raises population's awareness about the value of forest and biodiversity.

Output 1.1: legal and technical standards developed for sustainable management of NTFP and for comprehensive forest management.

105. The National Plan for Comprehensive Forest Management was approved in 2008, but it is only a conceptual document lacking operational plans and procedures. The project will support improvement of the plan. During year one the Forestry Department will hold participative workshops in the country's Departments with significant forest cover in order to foster sharing of experiences among communities, development projects, NGOs and government agencies, and obtain inputs to construct a conceptual framework for comprehensive forest management. This process will receive technical inputs from ABT, IBIF, FAN and *Instituto de Ecología*. The operational plan to be developed will include a clear methodology and tools to support communities in preparing plans for comprehensive management of their forests. Protection of biodiversity will be contemplated as a requirement of comprehensive forest management. As such, one of the tools of this operational plan will be a biodiversity monitoring system, which will be developed through output 1.3. During year 2 of project implementation, the operational plan for Comprehensive Forest Management will be submitted to the government for approval and training activities will begin in the communities in the AMC (output 2.1). The operational plan will be the basis for implementation of management plans at community level; its main benefits being the simplification of procedures and a standardized approach to management, which will be available for replication in other forest related initiatives.

Output 1.2: Simplified FSC standards suited to communities developed and validated in the field (includes the Comprehensive Forest Management proposal, contemplates FSC and Fleght variables)

106. The project will contribute to the formulation of a forest certification proposal suited to Comprehensive Forest Management plans, taking into account FSC certification and NFTPs. Given that the current requirements of FSC certification have been conceived for forestry companies with technical and financial capacity, these are not easily attainable by the communities. The project will build upon the initial work of the Bolivian Council for Voluntary Certification and coordinate with the FSC to formulate a certification proposal with inputs from FSC, Flegt, CFV and other certification institutions. This standard will initially be oriented toward certification of origin (focused on reinforcing the legality of the product) but constructed within the broader frame of furthering sustainable and comprehensive management of forests. Project intervention will aim at providing resources and consultation workshops to prepare a draft proposal to be consulted with national entities, forestry companies and forest users. If the FSC approves this proposal and it is implemented rapidly, the project will apply the scheme in the communities and CFEs with which it works, or otherwise work with other certifications already existing in the market, based on the type of product (edible, ornamental, industrial).

Output 1.3 Biodiversity monitoring system developed for field application

107. This output will seek to develop capacities at national, local and community level for biodiversity conservation and monitoring in forest production landscapes. Although several tools and methodologies have been developed within the AMC in the past (e.g. FAN, WCS and Instituto de Ecología of the UMSA), to date none of the institutions has been able to follow up on these monitoring systems because of the costs involved, the dependence on availability of biologists and/or the remoteness of the sites to be monitored. The biodiversity monitoring system will be complementary to, and used within the framework of, non-FSC certification methods to be developed (output 1.2) or implemented by the project.

108. During year one, the project will develop a monitoring system that can be used by the communities taking into account their familiarity with the forests and their biodiversity and their capacities; it will developed by specialized biologists with institutional support. The project will coordinate with DGB and SERNAP; conservation objectives will be identified in accordance with AMC sites and activities, followed by development of protocols and materials for collecting field information and pilot testing the proposed

models. During year two, the system will be validated and adjusted, and the communities will be trained for its application in the field. During years three and four application of the system will be supervised and monitored together with community leaders and concerned authorities. As a result of enhanced capacities the communities will fill out the reports on their own; reports will be centralized at the level of Municipalities´ MFUs or equivalent offices so that two copies are filed in order to prevent the loss of information that could occur with a change in authorities. Alternatives include monitoring by means of bio-indicators, forest composition, etc. The system must comply with the premises of having a low-cost, it must be capable of being preferably implemented in parallel to the daily activities in the communities (e.g. alongside counts of the POAF), as well as being replicable in similar communities. Given the high requirement for biological knowledge, advising for processes and monitoring itself, in addition to the amount of time that this will demand, these activities would be outsourced to organizations with relevant expertise. A list of such organizations can be found in annex #3.

Output 1.4: Forest and Land Authority operational units in project areas strengthened to curtail illegal deforestation

109. Through this output the project will implement activities that will be complementary to the on-going strengthening project financed by the Dutch cooperation. This project will hire staff and provide furniture and vehicles for the different field and central offices of the ABT. However, since the priority intervention area of the Dutch cooperation is the Chiquitania, its intervention will not be sufficient to reduce timber piracy in the AMC. Effectively improving control of forestry activities within the GEF intervention area will require increasing the number of technicians, mobilization and equipment, as well as establishing a control post in Guanay (staff, communication, logistics and operations) that coordinates with the Caranavi and Rurrenabaque offices. The strengthening of ABT operational units in the intervention area will take place in year one. At the same time data will be collected to establish a baseline on illegal forestry activities and mid and end of project targets will be set with respect to improving control and reduction of illegal logging.

110. Amongst the main constraints for adequate enforcement of regulations to achieve an effective control of illegal logging in the AMC are the lengthy and costly legal and administrative procedures to sanction offenders, the lack of application of sanctions in some cases, and lack of training of the ABT staff to adequately implement procedures. The project will provide technical assistance and support to the ABT to improve the legal and administrative procedures seeking to ensure the adequate processing of cases, sanctioning of offenders and reduction of illegal logging. A legal specialist will review and revise procedures manuals to establish a more effective legal mechanism for reporting and addressing illegal forest uses and sanctions; develop and implement simplified procedures; train counterpart and local staff; and support the preparation of informational and administrative briefs in Ixiamas and formulation of processes in Guanay. ABT staff throughout the different stages of their work, have received threats as well as offers of bribes from illegal loggers and private companies. The project has therefore considered the need for a highly experienced and well qualified professional to deal with these situations and at the same time be able to comply with his duties and responsibilities. Taking this into account and the fact that the specialist will have to relocate to the project area, the remuneration of this specialist will be above average in order to make sure that good candidates will be motivated to apply to this very sensitive position, and will receive enough to rent a house in the area of intervention of the project without his/her family, as per ABT recommendations.

111. Considering that ABT actions have been based exclusively on denunciations and therefore have been more reactive than strategic, the legal specialist will also support ABT in the development of a strategy for prevention and control of piracy. The strategy will be formulated with the participation of ABT authorities and staff. This should be implemented locally, but supported from the national office through the early warning system on deforestation set up in 2008. Two mobile units will be established in support of field work to confirm denunciations and seizure background. Depending on the office, the project will support the removal of bottlenecks that derive from the absence of technology for field work (radios and

communication equipments, satellite maps, etc.), and support technology (e.g. systems to organize information on users and offenders, satellite maps, GIS).

112. ABT staff will be trained in the use of such tools and instruments as well as in forest certification, fire prevention and control, and biodiversity monitoring. The project will also support the ABT in improving its relationship with communities, seeking to change its current image of a supervisory body to one of being a proactive institution in the development of spaces for dialogue, training and debate on the scope of community forestry, the legal framework and community engagement in control of infractions. To this effect the project will support ABT to engage in awareness-raising activities (e.g. local fairs organized by Municipalities to celebrate World Environment Day, Arbor Day and the anniversaries of the protected areas) seeking the support of communities and Municipalities. Enhanced local awareness and strengthening of the ABT will allow for a more effective fulfillment of its mandate and enforcement of the regulatory framework with the support of local communities, hence contributing to reduce deforestation and degradation of forests and the conservation of biodiversity.

Output 1.5: Municipal strategic forest development plans that contemplate biodiversity in selected municipalities

113. Municipalities are the government bodies closest to the communities with mandate over forest management. Some Municipalities have Municipal Forest Units. Seeking to build capacities at municipal level, the project will support the development of forest management and development plans in three municipalities of the AMC. Three plans will be prepared during the first two years of project implementation and three additional plans will be prepared before the end of the project. The plans will be developed in a participatory manner engaging the local authorities and forest users. An appraisal of forest potential and problems will be conducted and each plan will set out an operational strategy to manage the forests and maintain their productive capacity, biodiversity and environmental services. The operational plan for Comprehensive Forest Management to be developed under output 1.1 will be taken into account when preparing the municipal plans, including all measures dealing with the protection and monitoring of biodiversity. At least three Municipal Development Plans (MDPs) will be updated, and the project will ensure that the strategies of the Comprehensive Forest Management plan are mainstreamed in these MDPs. Likewise, it is expected that at least four municipalities will be preparing their charters[29], and the project will support them to ensure that the vision of comprehensive forest management, forest potential and importance of biodiversity protection is mainstreamed into these charters.

114. To accomplish this output, 20 technicians in six different municipalities of the AMC will receive training throughout project implementation. They will then provide training to communities and community forestry organizations. By using the methodology of training for trainers the training costs will be lowered. The training programs will include: 1) prevention and control of forest fires; 2) FSC forest certification in municipalities with prevalence of timber forest, FLEGT where forest management is aimed at export to Europe and others (FLO, organic, bird watchers, etc) for NTFPs, 3) technical forest audits; 4) biodiversity monitoring system; 5) preparation of forest management and development plans; 6) comprehensive forest management; 7) piracy control and sanction mechanisms. Training will be coordinated with the institutions working in the intervention area (SERNAP, PUMA, etc.) to prevent duplication of efforts and cost-effectiveness. Project staff will provide training to technicians with the support of expertise provided by the Forestry Department, DGB, ABT, Biotrade, and other government and non-governmental organizations, as well as medium-term consultants. Once in the field, a training plan and training programs will be prepared based on the appraisal of capacity and knowledge levels in the two intervention areas. Two training cycles are planned: one during year two to assess inputs from other outputs developed previously and another during year 4 to ensure full ownership by these key technicians.

[29] Under the Framework Autonomy Law, Municipalities are required to prepare their charters – *cartas organicas* –, which must include the development vision and highlight the productive vocation within the municipal territory.

Output 1.6: Strengthened capacities of Tierras Comunitarias de Origen (TCOs) to implement forest management plans and reduce illegal logging;

115. This output will seek capacity building of CIPTA and PILCOL. CIPTA is the organization of the Tacana people, who live in one of the largest TCOs in the country and have been implementing forest management for the past decade. The output will help remove the barriers related to weak capacities for territorial management aimed at preventing and controlling illegal logging within TCOs. The project will provide training on forest management and certification for 20 local technicians in 5 communities; another 3 indigenous technicians will be trained together with municipal technicians in certification, monitoring, and forest audit requirement and their key elements to reinforce maintenance of certification. Training will be implemented during the first three years of the project.

116. Since the territory of the TCOs is frequently subject to illegal logging by third parties, the project will support the development of a strategy for monitoring and control of the forest and forest resources with the purpose of preventing such illegal extraction. The strategy will identify the most important threats and will propose a series of actions and activities for monitoring of the territory as well as for coordination with the national entities (ABT) and municipal entities that have the legal capacity to halt these incursions. The project will build upon a prior experience carried out in Riberalta with the TCO *Chacobo Pacahuara* with good results and ownership by the communities. Such actions also reinforce social control of natural resources and help reduce possible levels of corruption in leaders and government institutions. The TCO will be responsible for implementation of the strategy; in this sense the Tacanas have agreements with the Embassy of Denmark and SERNAP which may provide support to implementation of the strategy and are preparing and negotiating projects with other agencies. The project will contribute to place signs within the TCO to warn people they are entering an indigenous property with forest management plans. Due to their functions, indigenous technicians and leaders require work materials and will be provided with basic field and office equipment for this task.

117. PILCOL is located in the central region of Guanay and Mapiri and is initiating timber management activities in 17 communities with the support from the OTCA/GTZ project. This project has duration of three years and will cover the preparation of the management plans, preparation of the POAF and logging. The GEF project will provide complementary support that will aim at establishing links in the timber value chain as well as construction of wood-drying and storage infrastructure, including procurement of minor equipment. The project will also carry out participative workshops to support the conclusion of their Indigenous Territory Management Plan - PGTI, activity that was initiated with WCS. Their PGTI, or "life plan" as they call it, is the one that organizes the activities to be carried out in different communities belonging to the TCO. Some initiatives mapped out in the PGTI cover the NTFP chains such as *majo*, latex, *incienso* and *copal*.

118. Both PILCOL and CIPTA will be supported through training, assistance for implementation of management plans, commercialization and organizational strengthening. Within the framework of the process of adjustment of the Forest Law Nº 1700, the project will support implementation of workshops to put together a proposal on social control in the management of their forests as well as financial support for leaders to attend national meetings to present their proposals and discuss the control mechanisms at such meetings. When the new forest law has been approved, the project will support dissemination and awareness among the TCO communities and implementation in accordance with their territorial control strategy.

119. In total, 20 communities will participate in preparing the strategy of territorial protection against illegal logging activities and will assume its implementation on an area spanning 100,000 hectares.

Output 1.7: Knowledge management and communication strategy implemented to raise population's awareness about the value of forest and biodiversity

120. An important challenge for the project is to position the discussion about forest goods and services, their potential for fighting poverty and the threats. Although Comprehensive Forest Management and

protection of Mother Earth are important issues in Bolivia, they have not become a concrete part of life at the local level. Incentives are aimed at the agricultural sector and Comprehensive Forest Management is not yet strongly backed with policies, incentives and significant markets. Knowledge management will be one of the key issues of this project, and a communication strategy cutting across all of the project's activities will be developed and implemented. The strategy will be adapted to the diverse target groups, including decision makers at the local, regional and national level, planners, forestry technicians, communities, and women, and will foster debate on issues such as the destiny of the forests as a priority within the municipalities where the project is implemented and in the general public. The strategy will focus on the importance of protecting biodiversity and the potential of forest certification and will foster broad ownership of the project by all stakeholders. The knowledge management and communication strategy will be formulated since project inception and updated regularly (e.g. once every six months) through an analysis of their impacts and weaknesses. A communication expert will lead the development of this output and will be responsible for ensuring project visibility and knowledge dissemination.

Outcome 2: Communities with strengthened capacities in Comprehensive Forest Management and to obtain and keep certification and manage forests in a sustainable and biodiversity-friendly way (Total cost: US$4,709,100; GEF US$ 2,324,100; Co-financing US$ 2,385,000)

121. This outcome will seek to help communities shift from their current traditional ideas about the forests, self-subsistence and local markets to Comprehensive Forest Management with commercialization of forest products in local, national and international markets, improving their livelihoods and at the same time conserving the forest and its biodiversity in the medium and long term. These components will not only support fulfillment of their immediate needs but also the consolidation of their territories through participatory social management. Activities for strengthening local organizations in certification, management, development and administrative management, as well as linkages with markets, will be outsourced to short-term consultants, organizations with experience in the area (e.g. CFV, Rainforest Alliance), universities (e.g. UPB, UMSA), and donor funded organizations (e.g. DED, SUSTENTAR) which have experience in forest management and certification and are present in the proposed intervention areas. An outsourcing plan will be prepared within the first two months of project inception. Training will be implemented under a capacity building scheme through hands-on practice with constant reflection on the application of the training received. Therefore it is necessary that the trainers operate within the project site on a permanent basis. The outcome comprises the following outputs:

- 2.1 Strengthened communities implement Comprehensive Forest Management plans in order to achieve certification;
- 2.2 Capacity building in business management for CFEs;
- 2.3 The biodiversity monitoring system (output 1.3) is used by communities;
- 2.4 CFEs negotiation capacity has improved and better benefit-sharing is obtained between companies and communities; and
- 2.5 TCOs and communities empowered in the management and conservation of their forests.

Output 2.1 Strengthened communities implement Comprehensive Forest Management plans in order to achieve certification.

122. As a result of capacity building of national and local institutions (output 1.1) to enable them to provide assistance to communities, through this output the concerned national and local institutions will provide training and assistance to communities to develop and implement their forest management plans in accordance with the guidelines and requirements of the national Comprehensive Forest Management plan. By project mid-term at least 5 communities will have been trained and will implement their Comprehensive Forest Management plans and by the end of project at least 10 communities will have certified forest management (5 in each intervention area). The surface area of communities varies in each

region from 200 hectares in Guanay to 12,000 hectares in Ixiamas. These targets will be validated during project inception. Key activities to implement this output are: i) verification of the community's legal situation (legally registered identity, demarcation of boundaries, prior agreements, etc.); ii) land use planning: definition of the areas under forest management, agricultural expansion, settlements; iii) delimitation of cutting areas and support in the preparation of the POAF (in some exceptional cases support will be provided in preparation of the PGMF, especially related to non-timber products, given that most of the Ixiamas communities already have plans or funding for plans from other entities); iv) support in the organization of timber extraction tasks, negotiation of prices and time periods, sawing contracts for hardwoods, etc. This output will be implemented by the organization in charge of community training under the supervision of the project and with the technical input from the Forestry Department and the ABT. Community authorities, their forestry units and their technicians are the target group for this training, which will be launched at the same time as the POAF is being prepared. Communities that have already carried out one or more annual plans and are assessed as having potential will be supported with project funds to carry out the process and pay for technical assistance to obtain FSC certification, in the case of timber, and another type of certification for NTFP. In total, some 150 community members are expected to be trained under this output by municipal and ABT technicians and project staff. By project-end 30,000 hectares are expected to be managed through community management plans.

Output 2.2 Capacity building in business management for the CFEs.

123. This output will remove barriers related to the complexity of managerial operations and negotiations in such a dynamic industry, with scattered market clusters and multi-sectoral information needs, which have proven to hinder communities from being able to maintain themselves in the forestry activity. The GEF project will emphasize capacity building in business management for the CFEs. Implementation of the output will be outsourced to institutions with demonstrated experience in business management (e.g. IBCE, UPB or *Universidad Catolica*). During project inception, the implementing organization will assess the capacities of the CFEs in the intervention areas and develop individual capacity building plans; these will include training in economics (supply and demand), understanding calculations of the overall costs of the different forestry operations, differentiation of revenues and benefits, and basic concepts of accounting, marketing (volume, quality, time, conditions, standards), production chains, and generation of value-added. Training will take place throughout project implementation and the impact of the activities will be tracked on a regular basis by a monitoring and evaluation expert who will assess its effectiveness and monitor the progress of the target communities. Increases in net revenues will be monitored by the communities with the assistance of project staff. Communities will receive constant support during the first two years and if deemed feasible by the periodic evaluations, the intensity of this support will be decreased beginning in year 3, in order to promote autonomy. This issue will be the focus of special attention during the project terminal evaluation in evaluating the effectiveness of the training. Training will combine courses with hands-on practice, evaluations and adjustments until communities are able to sustain the activities by themselves. The regional coordinators will supervise and accompany the training activities. Forty CFEs will be trained in business management.

Output 2.3 The biodiversity monitoring system (output 1.3) is used by communities.

124. This project will develop and implement a strong but simple to apply low-cost monitoring system that communities will be able to use it on a regular basis. The biodiversity monitoring system will be developed, tested and validated during year 1 (see output 1.3). Monitoring can be implemented through bio-indicators or forest composition, and will be preferably carried out alongside daily activities of the communities (e.g. parallel to POAF counts) and be replicable in similar communities.

125. As of year 2 training in the monitoring system will be included in the training program for the communities. Forty organizations will be trained to implement the monitoring system (the same organizations trained under output 2.2). A BD baseline will be established in the communities, and the BD protection targets to achieve the project objective will de identified. The monitoring system will be adjusted and improved during project implementation, given the need to be able to compare information

collected in the communities during year 2 and at the end of project. The communities' reports will be centralized in the Municipalities, in the UFM or equivalent entities, in order to have an additional file and prevent the loss of information that may occur in the event of a change of authority. This output will be implemented under the leadership of the Biodiversity Department with support from SERNAP, FAN, *Instituto de Ecología* and WCS. ABT and the Forest Department will participate in preparation, testing and implementation of this system. Given the high requirement of knowledge of biology, technical processes and monitoring to develop the system, the project will enter into a contract with an organization with expertise in this area.

Output 2.4 CFEs negotiation capacity has improved and better benefit-sharing of revenues is obtained between companies and communities

126. Achievement of this output is closely related to output 2.2, and is vital to the project's success since it has been identified as a bottleneck in other certified forest management projects, or even simply in forest management in the Amazon basin. Implementation of this output will comprise a benefit-sharing mechanism as well as capacity building to enhance negotiation skills aimed at improving benefit-sharing.

127. Whether timber or non-timber, money earned from the forestry activity must be distributed in an agreed manner between the community and the CFE. This benefit-sharing mechanism must be established prior to generating the first revenues by the project in order to circumvent the risk of initiating activities that may be hampered later on if disagreements arise with the arrival of the first payment. It is important that the CFE maintain regular meetings with community leaders to keep them informed of difficulties and achievements, and manage financial resources transparently. Benefit-sharing schemes must be based on technical and financial criteria thus ensuring the sustainability of the economic model and therefore the protection of the ecosystems and their goods and services. The scheme also needs to be flexible on the basis of the number of inhabitants involved in the CFE´s activity, and must foresee allocations for reinvestment, BD monitoring and other aspects that communities may deem important, as long as these do not compromise the sustainability of the activities. Development of benefit-sharing mechanism and reinvestment of benefits will be spearheaded directly by the project with the support of the matrix organizations (CIPTA and PILCOL). The proposal for this mechanism will be developed by month six of project implementation and a validated mechanism should be in place by year three.

128. A complementary activity will be the strengthening of the communities' negotiating capacities in order to enhance their opportunities of pursuing the best possible alternatives and partners by means of training internal interlocutors, as well as training in reinvestment and benefit-sharing. The definition of benefit-sharing mechanisms may be required prior to investments in order to improve forestry production in the intervention areas or to support certification. Training in negotiation will comprise emphasizing first the win-win approach, introducing negotiation techniques and role playing, and later using real cases of possible negotiations and selection of association alternatives based on criteria and priorities determined by the CFE.

Output 2.5. TCOs and communities empowered in the management and conservation of their forests.

129. Timber is not a priority alternative in forests located in steep slope areas (which are the most biodiverse) while use and commercialization of NTFPs have maintained the value of the forest. The project will support two groups of activities directly related with this output: on one hand it will support value-adding to non-timber forest products and, on the other hand, in the specific case of Guanay and Mapiri, to reduce incidence of an invasive species known locally as *sujo*.

130. While in fact, men are the ones directly involved in management of timber products, women have greater participation in the management of NTFP and resources are shared more uniformly between genders. Likewise decision making responsibilities are also shared. The major difficulties in regard to NTFPs are market and price instability, as well as sales with few benefits in local markets. To remove these constraints the project will implement the following activities: i) identification of the 2 or 3 NTFP with more potential for improving forest management and livelihoods, and generating significant revenues

for the community (*a priori* the main NTFPs with potential for trading at the local, national and international level are wild cocoa, *incienso*, Majo oil and latex). However, since new areas are being cleared for colonization in the Mapiri region a survey will be carried out to identify other species that could have market potential; ii) identification of national and local value chains (particularly determining whether or not there is a local cluster); iii) proposal and implementation of measures for value-adding through quality, presentation, packaging, processing or other relevant issue; iv) support of commercialization through direct buyers, participation in fairs, product promotion and training of community member in related activities. Where warranted by the price differential in the marketplace, communities will be supported to attain more suitable certification and to apply the BD monitoring system developed. Implementation of this output will be the responsibility of a project staff with proven experience in value-adding and strengthening of community organizations, as well as in international trade, who must also have connections with biotrade initiatives. This person should be based in the city of La Paz, with frequent visits to the communities. Several complementary consultancies will be hired in issues requiring improvement in each category; which will be responsible for profiling markets and product conditions during year one in order to define quantities, volumes, sales prices and anticipated profits for key products. The project expects to promote NFTP certification of 5,000 hectares.

131. The project will support the initial purchase of ground cover seed like mucuna, kudzu and *chamba* and inoculants for gramineae, installation of 4 demonstration parcels, training of trainers in the communities, printing of training material, and minor tools for management processes (weeding hoes, etc.). Ground cover seed can be harvested locally after 120 days and replanted, so the practice will be sustainable over time.

Outcome 3. Economic incentives are in place to attract and keep community forestry operations committed to sustainable forestry and BD management practices (Total cost: US$2,612,500: GEF US$1,612,500; Co-financing US$1,000,000).

132. This outcome will seek as a priority, to establish contact with new markets that are aware of, and recognize the contribution of sustainable forestry to biodiversity conservation, therefore paying better prices and hence improving revenues that will compensate for the activities and costs of obtaining and maintaining certification. Alternatively, contact with traditional markets with which associations can be established under a win-win approach between communities and forestry operators in the different value chains. Several previous initiatives in forest management and certification to access local, national and international markets have failed due to the low prices that the communities receive or because of inadequate benefit-sharing between the CFEs and communities. There is a growing demand of international markets for FSC-certified wood products or for NTFPs, and several companies have reached the markets. The challenge is for communities as well to access and remain in these markets in advantageous and autonomous conditions. The outcome comprises the following outputs:

- 3.1 Local and national policies have been formulated to support commercialization of forest products under management;
- 3.2 Value-added products developed from NTFP positioned in the market (national or international);
- 3.3Certification schemes including biodiversity conservation measures are adopted by communities; and
- 3.4 A financial mechanism for forest operations is implemented in the intervention area.

Output 3.1 Local and national policies have been formulated to support commercialization of forest products under management

133. This output will pursue the development of procurement policies at municipal and national levels that grant priority to forest products that are legally produced, and subsequently to certified products from managed forests. Similar initiatives have been successful in other places in the country (e.g. in the

municipalities of El Alto and La Paz). The project will carry out a study of the national market and willingness to pay for certified products to identify the feasibility and opportunities to expand national certified markets and will build upon existing methodologies for formulation, consensus building and approval procedures to develop such policy proposals. Likewise proposals for ministerial resolutions have been generated in the past but unfortunately not incorporated into the legal framework due to staff turnover and changes in the structure of the government entities. On the basis of the existing experience the Viceministry of Environment, Biodiversity, Climate Change and Forest Development will prepare a proposal for a Supreme Decree, adjusted and adapted to the existing policies for safeguarding Mother Earth, and seek its approval.

134. Development of local and national policies supporting the commercialization of managed forest products will be promoted during the first two years of the project in parallel with the development of the operational plan for comprehensive forest management , targeting these policies for approval before the project closure. In particular, efforts will focus on developing responsible procurement policies applicable to all government agencies, and working on incentives to encourage responsible procurement by all stakeholders in the country. These new policies to support commercialization at national level of certified forest products are expected to increase the demand for legal and certified wood. A study of volumes and prices of wood acquired by the different government entities will be carried out during year one and repeated in year three to assess changes in demand.

Output 3.2: Value-added products developed from NTFP positioned in the market (national or international).

135. In the composition of the traditional market, producers and owners of natural resources receive a very low percentage of the final total value of goods reaching the consumer. The project does not intend to cover the entire chain of commercialization, but does aim to improve the participation of ASLs and CFEs in establishing the final price for products. The activities to be implemented will depend on an analysis of each specific value chain. In the case of *majo*, for example, efforts will involve obtaining top quality oil. Work will include support for harvest, transportation and bulking of raw material, as well as improvement of infrastructure for processing and better oil extraction and purification technologies. Fundacion TROPICO has made progress in this area and is working in the strengthening of the Pajonal Vilaque producers´ association; this initiative however has been halted due to lack of funding. In the case of latex, processing will be supported in the form of liquid or sheeting, depending on the best national or international contract conditions obtained. Past experiences of CARE have identified opportunities for value-adding in the communities themselves once the supply of electricity is constant. In the case of incienso and copal, the UNDP Small Grants Fund and Fundacion PUMA have generated basic management plan capacities in the region of Apolo. It is necessary to research the effects of repeated harvests and formulate best management and harvesting practices. Classification and commercialization needs strengthening.

136. The project will assist communities in negotiating better alliances with buyers that have the capacities to transform raw material and add value to wood products. There are several initiatives in the project intervention area, such as those supported by Holland and Sweden, the Indigenous Development Fund and SUSTENTAR, which provide assistance in the establishment of sawmills, drying kilns or pre-sizers for value-adding to raw material, especially hardwoods. The GEF project will closely coordinate with these initiatives and will seek to link communities and these transformation units through meetings headed by the Forest Department (which also leads SUSTENTAR) and with donors through the forest sector donor round table that takes place every three months. The project will also seek to identify opportunities for cooperation and synergy with other local stakeholders such as the CEIBO cooperatives central union which exports wild cocoa through partnerships with SERNAP and the Madidi cocoa project, which has laid the foundations for cocoa production in the area of San Buenaventura and Ixiamas. Small grants initiatives will foster production, certification and sale of *incienso* in national and international markets, and of *copal* in the national market. Fundacion TROPICO has supported development of management plans for *majo*, albeit aimed at the production of *leche de majo* (majo milk, a drink made from the fruits of

the palm, refreshing and nutritious but of very short duration) and production of majo oil has only reached the testing stage. The experiences of FAN and the General Biodiversity Department in biotrade will provide the foundation for work on export of products and linkages with certifiers and importers in other countries.

137. As a general rule, significant investment in value-adding of wood products will not be possible due to the magnitude of the funding necessary; however funds will be targeted toward chains of non-timber products because of their greater multiplying effect and because equipment and inputs for this task have lower costs, making this activity more cost-effective. The main idea of the interventions should always be that of completing and strengthening already existing clusters and avoiding duplication of activities already in place or bottlenecks that have already been cleared up. Examples of value-adding in non-timber chains include - but are not limited to – the manufacturing of sheets, ponchos, bags, bladders, bands, bushings, toys and other items in the case of latex; crafts made out of seeds, concentrating efforts on eco-jewelry; majo oil (several experiences with majo drink have not been successful because of the difficulty of stabilizing the product); improvement in the quality of the wild cocoa; and upgrading the presentation of *incienso*, *copal* and *balsamo*. Investments will not be made without prior confirmation of the conditions of the desired market, as well as those of the product and any gaps that may need to be overcome (gap analysis).

Output 3.3: Certification schemes including biodiversity conservation measures are adopted by communities.

138. Taking into account legislation and quality parameters of national forest certification (outcome 1) to be developed in year one, some pre-selected communities will be supported to obtain their certificate of origin hence aiming toward the legal market to be developed through output 3.1. In the case of FSC certification, the project will contribute to the joint certification process proposed by CIPTA for wood forest products in 5 communities of the CIPTA and PILCOL TCOs. This will reduce costs of operation, audits and verification visits per community. These 5 communities cover approximately 20,000 ha. The total cost of certification varies depending on management extension; considering a range between US$15,000 to US$45,000 per certification as a parameter, this would represent an average investment of US$9,000 per community. Costs will be divided by the number of hectares under management in each community. Estimated costs for maintaining certification vary according to the surface of the area to certify and the nature of the recommendations of the certifier, and can be significantly high. The greatest costs in implementing recommendations are those usually related to opening and correcting roads, construction of infrastructure (bridges, protection of streams, works in the sawing site) and protection measures for forests with high conservation value. The actual amount necessary for each intervention will be estimated at the onset of certification preparation tasks. Net benefits vary; for example, in the national market there is no difference in price between certified and conventional wood, while internationally the difference can approach an additional 5% in the case of sawn hardwood, but rises notably for pre-dimensioned wood (12%) and up to 100% in the case of frames for doors and windows[30]. To support certification processes, the project will hire a consultant or contract a consulting firm with proven experience in this area. To support the auditing process, a team will be formed with local technicians from ABT, the Municipalities and local NGOs, who will be trained in certification issues concerning their field of action and who will receive support to cover expenses related to mobilization, logistics and the issuance of recommendations (see 1.4)

139. In the case of non-timber products, the project will support with certification of organic production (cacao, majo oil), fair trade (incienso) and may provide support to other certifications processes enabling value-addition for products, such as fair trade, wild, and FLO in the case of international markets. For

[30] Fernando Aguilar, consultancy in certified markets for Bulletin 71344, August 2010

national markets. The table below summarizes the certification standards to be promoted. Further information on NTFPs and their certification is included in Annex #8.

Table 5: Products and certification standards

Product	Market	Certification	Comments
Timber (communities with developed management capacity)	International	FSC	
Timber (communities that initiate management or have reduced quantities)	Initially national; if the simplified FSC standards are approved, international	Simplified FSC (if approved)	These communities will apply management plans in a first stage. If the simplified FSC is approved it will be implemented in these communities
Wild cocoa	International	Organic, FLO or WILD	Depends on the comparative advantages among them
Majo Oil	International	FLO	
Copal, Incense	National in the first instance, international, if possible	WILD, FLO	
Eco-jewelry	International	FLO	
Rubber	National	N/A	Value adding will be achieved through the manufacture of rubber sheets and working materials for mining activity

140. Products targeting exclusively the national market (e.g. rubber) will not be certified since certification in these cases does not increase the price. The project will in these cases seek to add value to the production process to obtain better prices thereby promoting forest management as the best land use option.

141. There are two NTFPs in Bolivia with management standards: Brazil nuts and Asaí. Organic and FLO certification of Brazil nut will improve sales prices and facilitate access to national and international markets. The price of conventional Brazil nut is US $.60 per pound. The price would increase by twenty cents with FLO certification. A price differential of an additional 5 to 10% in a market that recorded 70 million dollars in 2009 is significant. The project will support the certification of non-timber forest products that have potential in certified markets abroad, such as majo oil and seed jewelry, as well as those with high potential in the national market such as cocoa and latex. International standards for these products are going to be used, as describe in the table below. Some of these species have already been harvested and marketed through other projects and promising prices have been obtained. In addition to economic perspectives and ensuring that biodiversity monitoring is integrated in the valuation of NTFPs, the engagement of women will be an important aspect taken into account. As described previously, it is mostly women who harvest NTFPs in the AMC; it is expected that through these regulations and certification women will be able to improve their incomes and participate more actively in the protection of biodiversity. The Forest Department will work in close collaboration with Instituto de Ecología, IBIF, CFV and organizations with experience in the subject, which will provide technical inputs for the development of the legal and technical frameworks for certification. This process will take into account rescuing of community traditional practices. Workshops will be held with traditional users and the people/institutions that trade and transform products to ensure a bottom-up approach as well as ensuring the activity´s social, economic and biological sustainability. This output will be implemented during the first two years of project implementation. Emphasis will be made in differentiating timber and non-timber certification methods; in the case of non-timber products general regulations will be prepared for the different parts to be harvested (e.g. leaves, fruits, resins, individuals, etc). The project will prioritize

species (in principle a maximum of 5) and develop specific studies as well as regulations for management of each species.

142. The target of the project is to support management of 30,000 new hectares in 5 years: 10,000 hectares with FSC certification and 15,000 hectares initially with management plans (simplified FSC certification if approved), both for wood products, and 5,000 hectares with NTFP management plans (at least 50% certified under international standards).

Output 3.4. A financial mechanism for forest operations is implemented in the intervention area

143. One of the barriers identified during the PPG phase at the level of communities is the absence of operating capital (for cutting, extraction and transportation) and basic transformation (sawing). When lacking such funding, communities end-up negotiating the sale of standing-trees or tree stumps at very low prices. Forestry thus loses competitiveness when confronted to alternative economic activities (e.g. agriculture or livestock production). Moreover this practice promotes harvesting of only the most valuable woods, creating imbalances in forest composition thereby altering the biodiversity. Access to credits to overcome this bottleneck can improve community income by up to 50%, as demonstrated by experiences carried out by the Bolfor II Project in the Province of Guarayos and the community of San Pedro in the Tacana TCO. The incomes of these communities rose from US$50.000/year to US$107.000/year, cutting only half of their existing forestry inventory.[31]

144. To remove this bottleneck the project proposes the establishment of a revolving fund to provide operating capital to the project's beneficiary communities. The fund will help improve the profitability of community forestry within a framework of sustainable forest management – in fact, one of the several requirements to access loans will be having forest management plans approved by the ABT – hence contributing to conserve biodiversity through prevention of deforestation and comprehensive management of forests.

145. The project will establish partnerships with several ongoing initiatives in the region (e.g. Madidi cacao project, PIAF- El Ceibo, SUSTENTAR forest project, Baba Carapa, CIPTA sawmill) seeking to establish and pilot a financing mechanism for the forestry sector that will operate in the project area. Implementation of a credit fund for forestry operations would be carried out through a financial institution, preferably one with permanent presence in the zone and which can contribute with co-funding. This model has been implemented in other initiatives in the Chiquitania and in Guatemala with very good results, as long as credit is allocated for operations and not investments due to its quick rotation. Credit guarantees will be the POAFs verified and stamped by ABT or the MFU. The creation of this financing mechanism will be undertaken in three steps. During the first year the project will commission a detailed study to review different design options for the financial mechanism ensuring that lessons learnt from other relevant mechanisms operating in Bolivia are incorporated. Field studies to be carried out include: a) wood volumes, b) survey of financial institutions capable of managing production credits, and c) credit mechanisms (all of them informal) currently being used in the area to adjust them to project requirements. Consultations will be held not only with credit operators but also with end-users on potential operational details and proposed governance structures so that the final proposal incorporates their concerns and needs. Based on this a detailed proposal of a governance and operational structure will be developed including operational manuals and mechanisms to ensure the financial mechanism includes social and environmental safeguards; selection/approval criteria that seek to maximize biodiversity conservation returns from credit and a detailed risk management strategy outlining measures to be taken on default of individual credit or on the entire mechanism. The "UNDP GEF Resource Kit, Use of Financial Instruments for Global Environmental Management" (draft document) will be used as a guideline during this phase, and the financial mechanism proposed will fully respect UNDP's Policy on Financial Instruments. The Project Board will examine the results of the consultation and the proposed structure and determine if further specialized and independent evaluation is required prior to its approval. If the results are positive, the

[31] Mendizabal Waldo, Diagnóstico Socio-económico para el PPG. 2010.

project will support the development of documentation and registration of the financial mechanism; negotiate resources to capitalize this and provide seed resources for piloting it in the project site in the North zone. Due to the presence and synergy of the institutions mentioned earlier, this will be an easier task in the region of Ixiamas and San Buenaventura. Lessons learned in the region of Ixiamas and San Buenaventura will serve as the basis for replication in Guanay where there are less financial institutions. The fund could be operational by the beginning of project year 2, allowing for 3 years of operations within the project´s lifetime. Twenty communities would be benefited with loans. The GEF project will allocate the sum of US$400,000 to pilot the financing mechanism (in two installments of US$200,000 each) and will seek to leverage an additional US$1 million from FONABOSQUE. FONABOSQUE is an important Government institution and has the mission to finance forest conservation and management initiatives; therefore it has been considered for co-financing during project formulation. Additionally the financial institution to be selected as executing agency of the fund will supply co-financing on a 1:1 ratio. This is customary in micro-credit operations in Bolivia. Leveraging of additional co-financing from other stakeholders will be analyzed during the detailed design of the fund seeking to ensure a 1:2 co-financing ratio. Annex #9 includes additional information on the preliminary features of the financing mechanism and the safeguards that would be put in place to ensure financial and environmental sustainability.

2.3 **Project Indicators, Risks and Assumptions**

Project indicators

146. The overall measures of project success will be monitored using the indicators included in the Strategic Results Framework (SRF) which is attached in Section II, Annex A of this Project Document. Broad-scale indicators related specifically to the overall objective of the project – which is focused on expanding biodiversity protection through comprehensive forest management, certification of timber and non-timber products and increasing institutional capacity – are linked explicitly to the project objective in the SRF, and will be measured through monitoring activities under the operational components (Outcomes 1-3). Key indicators for each strategy under the three operational outcomes are also presented in the SRF. These indicators will likewise be measured during the course of implementing project activities, and in implementing the specific monitoring activities described below.

147. The project will establish and monitor in-depth case study sites to measure project impacts, focused on the following indicators: (i) rate of deforestation and degradation; (ii) rate of change in species indicators defined in each case; iii) level of competitiveness of communities, and; (iv) level of participation of women and men in operations of forest managements. The first two indicators will be measured through a deforestation and degradation study, which will be defined in close collaboration with the UN-REDD national programme. The latter two indicators – as well as several indicators under Outcome 2 and 3 related to community competitiveness – will be measured by community competitiveness studies.

148. Project staff will be trained in the collection and analysis of a series of indicators and variables to track changes in incomes, employment and gender impacts. During the inception phase of the project, baseline data will be collected in participating communities in each of the two project regions; follow up data will be taken annually to provide information for the impact analysis.

Risk analysis and risk management measures

Table 5: Risks and risk management measures

Risks	Impact Rating	Proposed Mitigation Measures
Organizational risks:		1. The project, alone, will not eliminate institutional instability and regional tensions.

Risks	Impact Rating	Proposed Mitigation Measures
1. Institutional instability: high turnover of staff in public posts affects inter-institutional coordination, reduces leadership in the implementation of project activities and may imply changes of vision or approach, all of which can compromise the project's execution.	High	Nevertheless, by focusing most of its activities at the local level, which is in charge of the direct management of forest resources – and primarily responsible for most of the threats to BD – the project will strengthen the capacities of local communities and their partners at the local level to manage, organize, trade and control forest resources in a sustainable manner. This, in turn, will contribute to improving local-level stability and environmental governance by shifting from short-term exploitation to long-term management of forest resources. The generation of replicable models will catalyze similar actions on a regional and national scale. Due to institutional instability and political conflict, the project is high risk. However it has great potential as a high-reward project, particularly given the large area of Bolivia's forest managed by communities and the chances for replication. Decentralization as well as empowerment of communities in social control furthers support actions for Municipalities, TCOs and communities. The project steering committee will include authorities from the Forestry and Biodiversity departments, regional leaders of municipalities and TCOs. The project steering committee will pay special attention to ensuring that this project is implemented as planned in this document. A planning and monitoring/evaluation expert will be hired to support all annual planning of activities and budgets, tracking of activities (monitoring impact and implementation indicators) and preparation of project reports. The coordinator's mandate and TORs (equivalent to those of SUSTENTAR) will ensure sufficient autonomy to avoid falling into overly long and lengthy bureaucratic process.
2. Bureaucratic and anti--corruption procedures hamper expeditious execution of funds	Medium-high	2. Several projects are experiencing significant delays due to current procedures that were put in place to reduce corruption. Such delays could have a strong impact as several outputs require intensive work in the first years to lay the foundation for activities later. Interruptions or significant delays would discourage stakeholders and would allow deforestation to continue in areas with high biodiversity value. To mitigate this risk a legal assistant will be hired early in the project to develop clear operational procedures that ensure total compliance with government laws and UNDP rules on contracting and bidding procedures and set out clear timelines and frameworks within which the project can plan. A highly experienced administrator will also be hired for this project as well as a well-qualified administrative assistant to maintain impeccable accounting records and keep all files and inventories up to date, along with other necessary documentation.
Policy: Short-term economic vision of public policies with limited environmental awareness fosters practices incompatible with biodiversity protection	High	By engaging all relevant stakeholders and fostering ownership, the project will promote building capacities in management and control over forests, increase and diversify community revenues and take advantage of all economic potentials deriving from comprehensive management of standing forest in order to replace this short-term vision with a longer-range one. The involvement of MMAYA is crucial so that it can coordinate with other government entities. Emphasis will be placed on the communication strategy so as to raise decision makers' awareness of the importance of the forests and the need to care for their productive potential. UNDP, as well as the UN-REDD program and other forest related programs in Bolivia, will collaborate in raising debate to the sectoral level to increase the relevance of forest issues more at national, departmental and municipal levels. Dutch and Swedish Cooperation will be involved in actions, along with REDD, FAO and UNEP to help mitigate this risk.
Regulatory risk: Legal uncertainty about the forest sector and lack of visibility regarding the content of the future forest law may discourage investments in certification and value-adding.	Medium-High	Some stakeholders have extensive experience in the forest sector, manage commercialization channels, can invest in production and transformation and attract buyers. It will be important to ensure their participation in this project, assess their respective comparative advantages and develop strategic alliances between the stakeholders. The emphasis will be on a communication strategy to show the potentialities of the forest and benefits to communities and the country in general.
Climate change risk: Increased periods of drought or flooding could directly affect forest ecosystems, elevate the range,	Medium	Climate scenarios for Bolivia predict modifications in rainfall patterns that will likely exacerbate the risk of droughts and flooding in both the highlands and lowlands. Certified SFM will result in healthier, more productive forests that are more resilient to climate fluctuations by maintaining a higher level of age-class diversity and BD in general, regeneration vigor, intact forest cover to protect soils and hydrological functions, and high-value ecological set-sides protected from human activities. Extensive training of trainers has

Risks	Impact Rating	Proposed Mitigation Measures
frequency and impacts of fires and decrease the resilience of ecosystems.		been planned in municipal governments and TCOs in the prevention of forest fires and controlled burns, as described in outputs 1.4 and 1.6.

Note: a more detailed table of risks is found in the annexes.

149. This table presents several risks that arise from the broader policy and institutional environment that are not necessarily under UNDP's control. Because of the number of these risks identified during the PPG phase and their potential high impacts on project implementation, project oversight will be strengthened in accordance with UNDP Risk Management System (RMS) which outlines additional measures that can be taken for high risk projects. Risk management will be the responsibility of the CO Programme Officer in charge of supervision and monitoring of the project in Bolivia. Monitoring of these risks will be ensured from the very beginning of the project in order to obtain frequent and accurate information and provide quarterly reporting on risk and implementation issues. The UNDP/GEF RTA based in UNDP Regional Service Centre in Panama will provide additional support in supervision, monitoring and trouble shooting when alerted by the RMS. Risks evaluation will to be regularly revisited and reconsidered to ensure that assessments remain valid during the implementation of the project. Management responses to different risks will vary and include strengthened supervision (more frequent field visits; project meetings etc); adjustments to project strategy; and temporary interruption of the project.

2.4 **Incremental reasoning and expected global, national and local benefits**

150. The project addresses key selected barriers that prevent Bolivia from addressing effective implementation of measures to slow down and resolve the threats posed to forest biodiversity, namely: (i) limited institutional capacity for implementation of sustainable forest management, certification and BD practices, (ii) limited knowledge and capacity of community organizations for implementation of sustainable forest management, certification and BD practices; and (iii) market and financial barriers.

151. In the absence of a GEF intervention, community forests in the AMC will continue to be deforested and degraded due to lack of management planning and sustainable operations, resulting in significant BD losses and a further fragmentation of the forest landscape. The premise of this project – based on demonstrated results in other countries in the region – is that this baseline scenario can be avoided by unleashing green market-based forces through a series of targeted barrier removal activities. Without GEF support, forest harvesting will continue under the same vision failing to consider aspects of biodiversity conservation. Forest piracy will continue and is likely to accelerate. New human settlements would continue following the rationale encouraging new agricultural activities within forest covered lands. The contribution of the extraction of raw materials, particularly NTFP, will remain very limited, discouraging incentives for maintaining forest cover in the municipalities of Mapiri, Guanay, Teoponte and Alto Beni. Without GEF support forestry activities would continue to focus on timber extraction, an activity carried out exclusively by men, reinforcing gender inequities in access to economic resources.

152. The alternative approach proposed herein would generate significant global benefits in BD-important forest in the AMC, creating enabling conditions and demonstrating ways to reap a sustainable flow of economic and environmental benefits from the production of certified forest products. The project will assist communities to become more competitive in the marketplace, which will enable investments in biodiversity conservation. Increased competitiveness will change the cost-benefit calculus surrounding forest conversion, making the overall maintenance of forest a financially attractive option for communities. Greater profitability of communities, moreover, will enable increased investments in biodiversity management practices. The systemic, institutional capacities needed to implement this strategy and replicate good practices on a large scale will be developed in the process.

153. GEF support to certification - FSC for wood products, international standards for non-timber products, as well as other standards for non-timber - of community forest is incremental and fundamental to BD conservation because certification: (i) reduces the likelihood of land conversion as it increases the economic viability of the forests through improved yield, diversified income, access to markets and on occasion premiums; (ii) promotes better governance standards which increase group management, reducing individual propensity to sell or permit private land conversion; (iii) creates increased transparency in forest management, reducing illegal logging; (iv) enforces standards on forest fire prevention and control, reducing deforestation and degradation, and; (v) requires specific interventions fundamental to BD conservation, including mimicking natural forest stand dynamics, creating set-a-sides, and taking action to protected species of concern.

154. Within this context, the Baseline Scenario identifies public and private initiatives operating in the AMC that are relevant to the project's outcomes over the proposed 4-year life of the project (project boundary). The GEF Alternative consists of the Baseline in addition to the costs associated with the necessary incremental activities to achieve the project objective. The Incremental Cost is the difference between the costs of the GEF Alternative and the Baseline Scenario. The total cost of the project, including GEF funds and co-funding, amounts to US$16,385,000. GEF financing comprises 34% of the total, or US$5,500,000. Co-financing constitutes 66% or US$10,885,000. The incremental cost matrix in Annex B (Section II) provides a summary breakdown of baseline costs and co-funded and GEF-funded alternative costs.

155. The project will remove the barriers and lift the current trends. The end result will be conservation of community forests in the AMC that are critical for BD through SFM and BD management practices enabled by market-based instruments, thus generating both domestic benefits and global environmental benefits. The table below summarizes the benefits to be accrued by the project.

Expected global environmental benefits

Table 6: Domestic and Global benefits

Domestic Benefits	Global Benefits
- Increase in area covered by sound forest management - Local services provided by forests (nutrient cycling, soil formation, hydrological cycle, water quality, etc.). - Landscape and aesthetic beauty. - Improved access of communities to markets and prices for certified forest products and products with added value, increasing revenues, benefit-sharing and thereby creating additional opportunities for better livelihoods.	Conservation of charismatic species that are of global conservation significance and endangered: e.g. jaguar (*Panthera onca)*, condor (*Vultur gryphus)*, vicuña (*Vicugna vicugna),* giant otter (*Pteronura brasiliensis)* harpy eagle (*Harpia harpyja); Ara militaris o Ara Chloroptera*, white lipped pecari (*Tayassu tajaco*), spider monkey (*Ateles paniscus*). Conservation of species with social, cultural and economic values: e.g. queñua *Polylepis besseri*, mara (*Switenia macrophylla*), oak (*Amburana cearensis), majo (Oenocarpus bataua),* jatata (Geonoma *diversa*), cocoa (*Teobroma Cacao*), incienso *(Clusia pachamamensis),* copal (*Protium montanum*), Brazil nut (*Bertoletia excelsa*), açai (*Euterpe oleracea*) numerous epiphytes and orchids

2.5 **Country Ownership: Country Eligibility and Country Drivenness**

156. Bolivia has signed the Convention on Biological Diversity on 13 June 1992 and ratified it on 25 July 1994 (Law Nº 1580). Bolivia is also a party to different international conventions related to the conservation of biodiversity, amongst the most relevant the International Convention on Trade in Endangered Species of Flora and Fauna (CITES), the International Tropical Timber Agreement and the Ramsar Convention on Wetlands of International Importance, Especially Habitat for Waterfowl.

157. The project is in line with the National Biodiversity Strategy and Action Plan (NBSAP) prepared in 2002. The project will support the implementation of several of the NBSAP´s policies, namely: (i) *mainstreaming of biodiversity in development planning* by mainstreaming the forest strategic plan and monitoring of biodiversity indicators into the Municipal Development Plans in seven Municipalities; (ii) *development of national capacities* through training of staffs of the concerned national institutions and local stakeholders; (iii) *in situ conservation of biodiversity*; (iv) *promotion of investments to develop the economic potential of biodiversity* by strengthening the wood cluster in Ixiamas, participation in fairs, as well as development of NTFPs with value added hence attracting private and governmental investments; (v) *benefit-sharing* by providing technical and financial support to communities to implement sustainable forest management, promoting marketing of products and improving benefit sharing mechanisms at community level; (vi) *management of biodiversity by indigenous peoples*, especially in regard to NTFPs since their management and basic technology derive from traditional knowledge and practices, which will be enhanced through value adding and marketing.

158. Moreover, the project strategy is aligned with the following NBSAP strategies: (i) *conservation of ecologically significant ecosystems, species and genetic resources* by means of sustainable management of species of economic importance as well as areas of high conservation value, which will be preserved through project intervention, certification and community awareness raising; (ii) *promotion of investments in biodiversity goods and services*, through promotion of some 16 timber and 5 non-timber species, synergies with the UN-REDD Programme in Ixiamas that could foster government investment targeting quantification and qualification of ecosystem services related to carbon stocks and forest management under REDD+, and development and promotion of a wood cluster to leverage private and government capital as well as donor funded initiatives aiming at sustainable forest management; (iii) *strengthening of national and local capacities for management of biodiversity* through training of all relevant stakeholders at national and local levels; (iv) *education, awareness raising, dissemination and social control for sustainable management of biodiversity* through implementation of a communication and awareness raising strategy.

159. The project is consistent with the Forest and Climate Change Strategy and will directly contribute to implementation of four of its six strategies, namely: (i) reduction of threats to forests, (ii) forest conservation and restoration, (iii) community management, sustainable livelihoods and forests, (iv) education and development of institutional capacities; it will also contribute directly to the remaining two strategies: (v) improvement of the legal framework and institutional structure, and (vi) monitoring and reporting on deforestation and degradation of forests in regards to climate change.

160. The project will directly support the government's priorities as presented in the National Development Plan. The use of the potential for wealth of the country's biodiversity, mainly in the food-nutritional and medical-pharmacological areas, is a priority in order to improve the livelihoods of the Bolivian population and, mainly, of the indigenous peoples. The plan recognizes that Bolivia's global leadership in forests with green seal is an advantage that should be consolidated and expanded."[32]

161. The project is in line with, and will support the objectives of the 2008 National Plan for Comprehensive forest management , which are to: i) improve the system of regulation, monitoring and control in different spheres (national, regional, municipal and local) in order to advance toward multiple forest management systems wherein local social organizations acquire greater decision making over the administration of their forest resources; ii) promote a system of incentives to stimulate initiatives of Comprehensive Forest Management that lead to greater contribution of forest resources to the wellbeing of people, above all the poorest, and consolidation of a more redistributive forest economy that drives greater economic development; iii) promote actions for the conservation, restoration and recovery of forests for the purpose not only of maintaining the provision of the goods provided by forests but also local and global environmental services, as well as to reduce risks derived from growing climate change; and iv) advance the development and institutional strengthening of public agencies and civil society institutions,

[32] Plan Nacional de Desarrollo, http://www.planificacion.gov.bo/BANNER/PARA%20PAG%20WEB/pdf/5-3-4.pdf

and consolidation of a system of innovations making it possible to put into practice the implementation in practice of a new approach of comprehensive management of forests and assuring their sustainability over time.

162. The project will contribute to the achievement of one of the main outcomes of UNDAF and Country Programme, which is focused on "*Strengthening the capacities of the institutions and productive organizations in themes of productive development and generation of employment with sustainable planning of natural resources and conservation of the environment."* The project will also contribute to the achievement of the CPAP outcome focused on "preparation and implementation of policies and strengthening for management of environment and natural resources." Additionally, the project is complementary to ongoing UNDP projects and initiatives targeting biodiversity conservation and capacity building for sustainable development, such as the ongoing UN-REDD national programme, the UNDP Small Grants Fund and the vertical ecosystems project developed by IDB for the valleys in the south of Bolivia.

163. The project will also support the achievement of three Millennium Development Goals through the improvement of community competitiveness as a vehicle for local development and poverty reduction, the implementation of certification standards for sustainable forestry, and the partnerships developed with the private sector buyers, including (i) MDG#1 Eradicate Extreme Poverty and Hunger; (ii) MDG#7 Ensure Environmental Sustainability, and; (iii) MDG#8 Global Partnership for Development. Lastly, the project responds to the guidance of the United Nations Forum on Forests, by specifically supporting a number of the principles in the Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of all Types of Forests - Chapter 11 of Agenda 21: Combating Deforestation[33]. In particular, the project responds to the idea of forests as an essential aspect of economic development, and to the principle that "forest resources and forest lands should be sustainably managed to meet the social, economic, ecological, cultural and spiritual needs of present and future generations."

2.6 **Sustainability**

164. *Environmental Sustainability:* The project will support the long-term viability of globally significant biodiversity in the Amboro Madidi Corridor by improving the sustainable forest management, promoting certification of timber and non-timber products and strengthening local communities. The project's results will include the removal of existing barriers and the prevention and/or mitigation of negative impacts of key threats to community forests. In addition, the project will strengthen the ability of communities to conserve one of the globe's richest ecosystems and a location of great importance in term of biodiversity and endemism. Positive project results will represent a major contribution to biodiversity protection, preserving valuable ecosystem services and significantly improving resilience to pending climate change impacts. These represent a meaningful contribution to long-term environmental sustainability.

165. *Financial Sustainability*: In the baseline scenario, the prospect for financial sustainability of forest communities in the AMC is very low. A majority of the project's activities are therefore directed towards improving and diversifying the financial security of forest communities in the AMC. Activities undertaken through each of the project's components will contribute to making certain that these communities are much better equipped to finance and implement initiated conservation measures. The project is designed to increase the capacities of communities to manage their forest and reduce their costs of operation, negotiate with private sectors and buyers, add value to timber and non timber products through certification, and generate a financial mechanism to facilitate forest related operations in the area of intervention. The focus on increased investment in the forest sector and improved business competitiveness will leave the communities in a stronger economic position, better able to implement the integral forest management promoted by the government and avoid the conversion of their land to agriculture. Stimulating more cooperative and strategic financial planning will result in cost-saving measures. In addition, the project plans to reduce gradually the initial subsidies (for example to prepare

[33] http://www.un.org/esa/sustdev/documents/agenda21/english/agenda21chapter11.htm

POAFs) until the communities or CFEs totally absorb the costs through revenues from forestry activity. When monitoring the economic results of the first campaign, funds from the sale of wood or NTFP will be allocated for partial payment of the local technician or contracting of a temporary technical service. In each year the project's contribution is reduced and community contribution is raised until year 4, when the CFEs pay the entire cost of operation. This increased efficiency and cost-effectiveness will further support financial sustainability. The project was thoughtfully designed by national stakeholders to make certain activities are locally scaled. This approach helps ensure that national interests will be well positioned to finance activities after benefiting from initial GEF investments in capacity building. The ultimate result should be a much more financially stable system for forest dependent communities in Bolivia, better equipped to continue and expand project-initiated activities.

166. *Social Sustainability:* forest management by community is by essence a social activity. This project plans to strengthen this social sustainability in different ways. It actively pursues ownership of key actions (counts, inventories, commercialization, monitoring of diversity, protection of biodiversity) by target groups at the community level, through hands-on training[34] and coordinated work with their coordination structures (PILCOL, CIPTA) and developing specific theoretical and practical training (of process) in order to generate local capacities. In some cases the coordination entities have in parallel trained technicians to accompany the interventions of NGOs. These technicians can be empowered in the area of forest management and certification, partially covering their remuneration and progressively reducing this support as remuneration from the community partner rises until the project's finalization. Local technicians working for the municipal government will be trained in aspects of certification, market access, biodiversity monitoring and comprehensive forest management. Training will be coordinated for students in local technical schools and universities in basic areas of biodiversity and community forest management. The highly participatory nature of the certification process, as well as the involvement of key forest management stakeholders – such as communities, government forest services and institutions, international and national wood buyers and brokers, forest industry, the private sector, banks and general public – will contribute the most to the overall social sustainability of the project. A fundamental principle of certification, and correspondingly of this project intervention, is that social sustainability is increasingly an issue in the wood products industry and so the marketplace is actively supporting certification because it has become rational business behavior. Eventually, by including specific activities related to non-timber products which are traditionally managed by women, this project will contribute to gender equity and foster social sustainability.

167. *Institutional Sustainability:* This project will not create parallel structures of forest management or biodiversity protection. It will instead value existing community, municipal, indigenous and national structures, and strengthen them when necessary. The Project will emphasize in-country capacity building working with the Vice Ministry of Environment, government agencies, and local actors and associations whenever possible. Enhanced institutional sustainability will be a direct result of project investments. The proposed project will result in a much more cohesive and well-funded institutional framework and staff of the forestry direction, of the ABT and of General Department of Biodiversity better prepared to efficiently and effectively conserve globally significant biodiversity. Much of the project's efforts are focused upon providing institutions with the tools required to maintain long-term institutional integrity, and increase cross-collaboration. This will include improving the capacity of the Department General of Forests, of the ABT and of Department General of Biodiversity to better implement their respective responsibilities as well as making substantial contributions to improving institutional frameworks. Direct capacity building will take place through training programs. Indirect capacity building will result from implementation of various project activities. Establishing capacity and tangible examples of improved management and business planning will be critical to project success and should lead to lasting management improvements. This will create a much more efficient management environment much more likely to maintain

[34] The projects' participatory methodology has encouraged learning by doing, with classes on theory followed by sessions in the field, evaluation and delegation in a continous process of self-affirmation and ownership.

conservation efforts. The result will be that institutions dealing with forest communities in the AMC being much more fully equipped to address current and emerging challenges.

2.7 **Replicability**

168. The project's focuses upon improving efficiency and effectiveness of sustainable forest management, through increasing certification of timber and non timber product and enforcement of forestry law. It will generate experiences that will be appropriate for the rest of the country´s communities living in forest areas, including those living in or close to existing protected areas. The project will build national guidelines for certification of non-timber products, and strengthen the capacity to reach and maintain certification of timber products too. Although primary investments will occur in communities within the AMC, other forest dependent communities from Bolivia will benefit from this present project. In order to ensure the replicability of the project, it has been planned to work with existing institutions, with priority given to locally based social organizations, but also support strengthening in forest management for the State organizations at three levels: operational at the municipal base, and conceptual and regulatory at the level of national organizations.

169. To further expand replication effect beyond the core outputs, the project intervenes in two areas with notable geographical and socioeconomic differences within the same AMC. This will enable the project to generate significantly different experiences – for areas with different threats to biodiversity and different socio-economic contexts- and identify lessons learned for each one of them, increasing the potential for replication of the present project first within the AMC itself, and then in other areas of the country with high biodiversity. The project will pursue collaboration with existing institutions in the region, some of which are already receiving support from other cooperation agencies in areas complementary to the project's objective (Holland and Sweden). Further, as part of the replicability strategy, collaboration with government, social and non-governmental organizations with expertise in the different subjects will be fostered in order to facilitate the replication of all the capacity building efforts by these NGO in other areas of intervention such as the forestlands in Tsimanes or Alto Beni which are relatively close.

170. Sharing of experiences with other organizations and institutions is important to be able to support replicability, as well as the publication of handbooks, methodologies and processes the project has used. A project summary CD will be edited at two key moments: after the midterm evaluation and after the final evaluation. The knowledge and communication strategy to be implemented by the project will facilitate replication. Systematization of experiences and lessons learned will serve as teaching guides for forest communities during the project execution and after its closure. This will also serve as a benchmark for project evaluation and peer review to ensure certain project activities are on track to deliver the desired impacts.

2.8 **Cost-Effectiveness**

171. During project design, several alternative scenarios were considered from the point of view of cost-effectiveness. A special attention has been paid to take into account: i) lessons learned from previous projects in order to maximize the effectiveness of the present intervention, and ii) ongoing initiatives on the field to ensure synergies and reduce the cost of the intervention. The selection of the areas of intervention also reflects the desire to optimize the cost-effectiveness of the present project. The project is designed to achieve the proposed outcomes while only incurring essential incremental expenses. To accomplish this, the project will build upon the existing baseline activities and national and local capacities, as well as available infrastructure, and will target increased co-financing commitments during project implementation. The project will seek to contribute to the existing government efforts to improve the protection of Mother Earth and will strengthen the capacity of forest communities to achieve sustainable management of forests and effective protection of biodiversity.

172. The experiences of different forestry programs in Bolivia indicate that forest related projects can have a fairly high cost in general, given that prior to "technical" forestry work a previous phase is needed of

CFE organization, basic training and social structuring at the local level, which raises the total cost of the project. As a consequence, and to improve cost-effectiveness of this present project, all the work done by other organizations laying the foundations for project implementation have been assessed during the PPG phase, as well as all initiatives dealing with the forest sector, local-level training, institutional strengthening and the promotion of economic tools and market mechanisms. There will be effective coordination with other programs, projects and initiatives, aimed at reinforcing synergies, avoiding duplication of effort and reduce overall costs.

173. It is important to reiterate that this project targets to increase and diversify incomes for local stakeholders from sustainable forest management, because unless such stakeholders have financial sustainability there can be no sustainable management of forest resources and protection of biodiversity over the long term. Hence, the cost-effectiveness of this project will be a core condition of success. In addition to these economic benefits the project will promote significant social, environmental, and institutional benefits that will contribute to the development of the forest sector economy, respecting biodiversity. These benefits are extremely important for local development and community empowerment.

174. To increase the cost-effectiveness the project will make use of already established structures and institutions instead of creating new ones, as well as fostering synergies with other projects and generating experiences and tools that will be replicable in the rest of the country at a minimum cost. For instance, the activities related to control of deforestation will be implemented through ABT, taking advantage of the infrastructure and means they already possess as well as those acquired through the project funded by the Netherlands. This will reduce the project's direct costs. In addition, every three months meetings take place among the donors participating in the donor coordination group on forests, biodiversity and protected areas at the national level in order to avoid duplicating actions. Eventually, Biotrade initiatives have opened markets for some forest products and have generated and made available biological, technical and process information. These initiatives have covered an important part of the expense of researching international markets, so the project needs to focus on researching national markets will be reduced.

175. Community forestry actions will be coordinated with the actions promoted by Dutch and Swedish cooperation that operate in complementary areas in the region. Their initiatives support the development of forest management plans as well as the installation of sawmills and transformation centers for community and ASL operations. It is anticipated that certified wood can be processed at these facilities and that they have chain-of-custody certification. The Small Grants Program (SGP) implemented by UNDP and funded by GEF coincides with some of the geographical areas of intervention of the project.They are complementary actions that mutually contribute to biodiversity conservation, increasing the cost-effectiveness of both interventions.

2.9 **Linkages with other GEF and non-GEF interventions**

176. The proposed project will share information and formalize collaboration mechanisms with national and regional initiatives, such as:

i) The Inter-American Development Bank project "Bolivia: Conservation and Sustainable use of Biodiversity and Land in Andean Vertical Ecosystems" to be implemented by the Ministry of Environment and Water, with the support of GEF. The project will exchange methodologies to address capacity building of Municipalities and piloting the use of the biodiversity monitoring system in the North of Potosi.

ii) The portfolio of projects on biodiversity managed by UNDP and UNEP. The project will coordinate with the UN-REDD National Joint Programme in regard to capacity building of staff from the Executing Agency and the PNCC. The project will also coordinate with the ongoing SGP initiatives around the Madidi and Pilon Lajas PAs.

(iii) The Forest Department's pilot program on Comprehensive Forest Management in Northern Amazonia. The project will maintain exchange of information with this programme in regard to methodologies and procedures for comprehensive management of forests by communities-

(iv) The GEF project will also coordinate with other projects supported by bilateral and multilateral agencies, in particular Sida, Danida and Dutch Cooperation, which are all very active in promoting SFM in Bolivia. Among them, the Baba Carapa Programme which seeks to remove bottlenecks in the sawn wood chain of value and establish drying infrastructure and pre-sizers. Rendering of services to the initiatives North of the AMC will be coordinated, especially those provided to the communities of the Tacana TCO. In the event that the TCO succeeds in its negotiations, the project will support the implementation of a sawmill in Thumupasa; if unsuccessful the project will support negotiation with local sawmills for procurement of sawing services.

(v) Likewise with the SUSTENTAR project in Guanay which aims at the development of a forest management plan in 17 Leca communities. Funding targets the stages of planning and harvesting of raw material. The project will coordinate in the installation of warehouses, construction of a center for artisanal drying and value adding to wood through pre-sizing and if feasible the elaboration of furniture for the local market.

177. This project will also formulate strategic partnerships with other programs at the national level, such as the Clean Development Mechanism of the National Program on Climate Change, the National Program of Bio-trade, the National Program of Watershed Management. In addition, it will capitalize on the experiences and knowledge generated by the BOLFOR project and institutions such as CFV, CADEFOR, and IBIF.

178. Opportunities for collaboration with field projects will be developed. Particular attention will be paid to FONABOSQUE – a government fund established to support forest activities – which was created by the Forest Law in 1996 and activated in June 2008. The operational mechanisms of this fund have not yet been fully determined. Other related projects shall be taken into consideration such as the REDD initiative being promoted by the Dutch Government, which includes a strong component of community forestry, the initiatives of the Amazon Cooperation Treaty, and the Brazilian program "Amazonia without Fires." The project could make use of information from Brazil´s fire prevention and detection system.

179. The project will participate – through its UNDP managers and officers - in the meetings of the Climate Change, Forests and Protected Areas sub-group of which The Netherlands, Sweden, Germany, USAID, Japan, Denmark, FAO and UNDP are members.

PART III: Management Arrangements

180. The project will be implemented with the support of UNDP, in its capacity as a GEF implementing agency in the area of biodiversity, and because of its comparative advantages as described in the document GEF/C.28/15. UNDP has established a solid cooperation relationship with the government of Bolivia on development issues such as environmental governance. The UNDP program in Bolivia emphasizes capacity building for environmental management and is in charge of the implementation of three GEF projects related to BD conservation. UNDP supports interventions dedicated to integrating BD issues into production processes across diverse markets (e.g. forestry, agriculture and businesses, such as the production of coffee and flowers), specifically implements GEF-supported SFM initiatives in other country. Such reach will help facilitate learning across sectors and geographies.

181. The project will be executed under National Implementation Modality by the Vice-Ministry of Environment, Biodiversity, Climate Change and Forest Development of the Ministry of Environment and Water, and following UNDP rules and regulations. Project implementation will be subject to oversight by a Project Board. Day-to-day management will be the responsibility of a Project Coordination Unit. The

Executing Agency will sign the grant agreement with UNDP and will be accountable to UNDP for the disbursement of funds and the achievement of the project objective and outcomes, according to the approved work plan. In particular, the Executing Agency will be responsible for the following functions: (i) coordinating activities to ensure the delivery of agreed outcomes; (ii) certifying expenditures in line with approved budgets and work-plans; (iii) facilitating, monitoring and reporting on the procurement of inputs and delivery of outputs; (iv) coordinating interventions financed by GEF with other parallel interventions; (v) approval of Terms of Reference for consultants and tender documents for sub-contracted inputs; and (vi) reporting to UNDP on project delivery and impact.

182. The Project Board (PB) will provide general guidance and oversight and will be responsible for approving the operational plans and annual reports and budgets of the project. The PB will be co-chaired by one representative from UNDP and one from the Vice-Ministry of Environment, Biodiversity, Climate Change and Forest Development. The GEF operational and political focal points will participate to the meetings of the Project Board. The PB will meet three times per year to review project progress and approve upcoming work plans and corresponding budgets before the end of each year in order to be able to ensure implementation early each year. The PB will be in charge of the overall supervision of the project, providing strategic guidance for its implementation, ensuring that it is implemented in accordance with the framework government policies and programs, and in accordance with the agreed strategies and targets laid out in this Project Document. The PB will also approve and supervise hiring and work of the staff under the Project Coordination Unit. The PB will pay a particular attention to the monitoring of the risks identified during the PPG phase and presented above, and take necessary actions to mitigate these risks when necessary to facilitate the implementation of the present project.

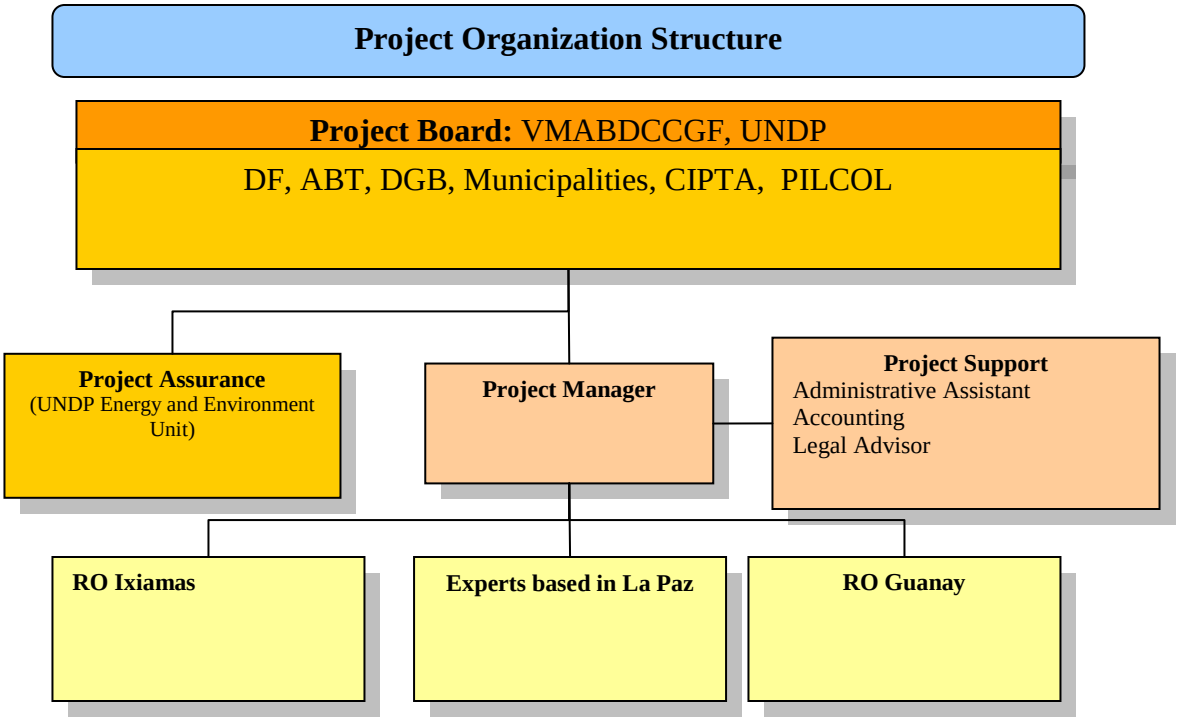
183. Day-to-day management and coordination of the project will be the responsibility of a Project Coordination Unit (PCU). The PCU will be responsible for the general management of the project, including the preparation of consolidated annual work plans and technical and financial reports, with the aim of ensuring that progress in relation to the goals and key milestones of the project are achieved as planned. The PCU will report to the PB and will be comprised of a Project Coordinator, an Administrative Assistant, a Monitoring and Evaluation Specialist and a Legal Assistant. The M&E Specialist will be in charge of charting project progress against targets presented in the Strategic Results Framework presented. The Project Coordinator and Administrative Assistant will be full-time staff and contracted by UNDP. The Biodiversity Specialist and the M&E Specialist will be long-term consultants charged with specific results-based work and will be contracted by the PCU. The PCU will ensure institutional coordination in each of the two regions where the project will work.

184. In each project region, Regional Offices (ROs) will be established to coordinate field work. ROs will be established in Ixiamas and Guanay. Such a spread of offices was recommended during the PPG phase due to the wide geographic area covered by the project and the complexity and diversity of issues the project will tackle over such a diverse ecological, cultural, political and economic landscape. The specific geographical site of each RO was chosen giving due consideration to biodiversity values and the project's goal of conserving biodiversity in production forest landscapes within a network of representative sites in Bolivia. (see section on project strategy above). The local teams are essential for providing continuity to *in situ* training processes. Coordination with municipal offices and TCOs is important, as well as convoking pre-existing local capacities, whether public, social (TCOs, youth associations, mothers´ groups) academic (institutes, universities) or economic (professionals based at the site, sawmills, timber traders).

185. Each RO will have a Regional Coordinator, long-term consultants who will be charged with specific results-based work, while also taking responsibility for coordinating field-level project work set out in annual work plans developed by the PCU, collaborating with technical consultants hired by the project, and above all ensuring close coordination between the project and national counterparts. The Regional Coordinators will be contracted by the PCU and will operate under the technical supervision of the Vice-Ministry of Environment. Additionally, each RO will be comprised of an administrative staff recruited as long-term consultants by the PCU as well as one driver in each RO.

186. In addition to the long-term consultancies for the Regional Coordinators and technical specialists, a series of short-term and medium-term consultancies will also be necessary in order to provide backstopping to the technical inputs of the project. Such specialized inputs will be contracted to carry out targeted project activities through contracts with the PCU and under the technical supervision of the Vice-Ministry of Environment, and in coordination with the relevant RO. Terms of reference will be developed jointly by the PCU and the Vice-Ministry of Environment and approved by the PB during the first month of the implementation phase or annually, in accordance with approved work plans

187. GEF resources will be channeled through the PCU, which will be responsible for managing and reporting on these activities against annual work plans to be developed by the PCU and approved by the PB. The project will implement an annual audit according to national governmental standards and a final audit once field activities conclude, three months before the project's finalization.



Project Board

188. The Project Board is responsible for making management decisions for a project in particular when guidance is required by the Project Manager. The Project Board plays a critical role in project monitoring and evaluations by quality assuring these processes and products, and using evaluations for performance improvement, accountability and learning. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems with external bodies. In addition, it approves the appointment and responsibilities of the Project Manager and any delegation of its Project Assurance responsibilities. Based on the approved Annual Work Plan, the Project Board can also consider and approve the quarterly plans (if applicable) and also approve any essential deviations from the

original plans. The PB will be comprised by representatives of the Vice-Ministry of Environment, the GEF operational and political focal points, the Forestry Department, ABT and the organization(s) implementing activities State or otherwise. Depending on the scheme, it may be part of the General Department of Biodiversity (DGB) in order to carry out certain key activities. Its role will be to provide guidelines for general actions to the project manager, approve annual reports and annual operational plans, approve substantive changes in the project document (such as expansion or reduction of the intervention area), follow up on midterm and terminal evaluations and suggest changes in activities without losing sight of strategic objectives. To ensure the project's results, board decisions must meet standards assuring best cost-benefit, integrity, transparency, and achievement of the best results and the competitiveness of the initiatives. Membership of the board may be revised during the midterm evaluation:

189. In order to ensure UNDP's ultimate accountability for the project results, Project Board decisions will be made in accordance to standards that shall ensure management for development results, best value money, fairness, integrity, transparency and effective international competition.

190. Potential members of the Project Board are reviewed and recommended for approval during the PAC meeting. Representatives of other stakeholders can be included in the Board as appropriate. The Board contains four distinct roles, including:

- An Executive: individual representing the project ownership to chair the group.
- Senior Supplier: individual or group representing the interests of the parties concerned which provide funding for specific cost sharing projects and/or technical expertise to the project. The Senior Supplier's primary function within the Board is to provide guidance regarding the technical feasibility of the project.
- Senior Beneficiary: individual or group of individuals representing the interests of those who will ultimately benefit from the project. The Senior Beneficiary's primary function within the Board is to ensure the realization of project results from the perspective of project beneficiaries. CIPTA and PILCOL.
- The Project Assurance role supports the Project Board Executive by carrying out objective and independent project oversight and monitoring functions. They will be UNDP staff members.

191. The PB will be convened and supported logistically by the PCU and will meet at least two times a year. These meetings will be financed by the project. The PB will provide overall guidance for the project throughout its implementation. Specifically the PB will be responsible for: (i) achieving co-ordination among the various government agencies; (ii) guiding the program implementation process to ensure alignment with national and local planning processes and sustainable resource use and conservation policies, plans and conservation strategies; (iii) ensuring that activities are fully integrated between the other developmental initiatives in the region; (iv) overseeing the work being carried out by the implementation units and local committees, monitoring progress and approving reports; (v) overseeing the financial management and production of financial reports; (vi) monitor the effectiveness of project implementation.

Project Coordination Unit

192. The PCU will be responsible for day-to-day project coordination and management through adequate workplans, Terms of Reference and carefully designed administrative arrangements that meet the IA's requirements. The PCU will consist of appropriate professional and support staff that will also provide technical assistance and advice to the participating organizations. The PMU will be staffed as follows:

- Project Manager: The Project Manager has the authority to run the project on a day-to-day basis on behalf of the Implementing Partner within the constraints laid down by the Board. The Project Manager's prime responsibility is to ensure that the project produces the results specified in the

project document, to the required standard of quality and within the specified constraints of time and cost.

- Project Support: The Project Support role provides project administration, management and technical support to the Project Manager as required by the needs of the project or Project Manager.

UNDP Support Services

193. The GOB has requested UNDP assistance for the design and implementation of this FSP, due to UNDP's proven record in the region and globally in developing and implementing projects and programs. The Project will be implemented by UNDP. UNDP Bolivia will be responsible for technical and financial management of the project, in close collaboration and consultation the Executing Agencies, based on the distribution of responsibilities within the framework of the project intervention strategy above detailed. Project components will be implemented through the PCU established through project funds. In addition to the results and the activities enumerated above, the UNDP will be responsible for: (i) Ensuring professional and timely implementation of the activities and delivery of the reports and other outputs identified in the project document; (ii) Coordination and supervision of the activities outlined in the project document; (iii) Undertaking necessary organizational arrangements for all project meetings; (iv) Contracting of and contract administration for qualified local and international experts who meet the formal requirements of the UNDP/GEF; (v) Manage and be responsible of all financial administration to realize the targets envisioned in consultation with the Executing Agencies (vi) To mainstream project outcomes in its own national programme and consider funding opportunities from its own resources as appropriate; (vii) To coordinate with UN Country Team in Bolivia with a view to mainstreaming in their interventions at the country level and funding as appropriate; (viii) Establishing an effective networking between project stakeholders, specialized international organizations and the donor community; (ix) Ensure networking among the country-wide stakeholders; (x) Review and make recommendations for reports produced under the project; (x) Establish and endorse the thematic areas, with a view to ensuring linkage to national policy goals, relevance, effectiveness and impartiality of the decision making process; and xi) ensure that the risk management system of UNDP is appropriately implemented.

194. The Government will provide the Resident Representative with certified periodic financial statements, and with an annual audit of the financial statements relating to the status of UNDP (including GEF) funds according to the established procedures set out in the Programming and Finance manuals. The Audit will be conducted by the legally recognized auditor of the Government, or by a commercial auditor engaged by the Government.

195. General Management Service (GMS) and Implementation Support Service costs will be charged to Government contributions as per the UNDP concerned rules, procedures. Based on the UNDP Cost Recovery Policy (see Annex #11) the project will be charged:

- 3% GMS for Government Cost Sharing Contribution. If the project receives other contributions in future the applicable GMS rate will be applied accordingly.
- ISS will be charged based on the applicable Local Price List of the current year (see Annex #11) for services provided in the implementation of the project.

PART IV: Monitoring and Evaluation Plan and Budget

196. Project monitoring and evaluation will be conducted in accordance with established UNDP and GEF procedures and will be provided by the project team and the UNDP Country Office (UNDP-CO) with support from the UNDP/GEF Regional Coordination Unit in Panama. The Logical Framework Matrix in Annex A provides performance and impact indicators for project implementation along with their corresponding means of verification. The M&E plan includes: inception report, project implementation reviews, quarterly and annual review reports, and final evaluation.

197. The following sections outline the principle components of the Monitoring and Evaluation Plan and indicative cost estimates related to M&E activities. The project's Monitoring and Evaluation Plan will be presented and finalized in the Project's Inception Report following a collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.

Monitoring and reporting

Project Inception Phase

198. A Project Inception Workshop will be conducted with the full project team, relevant government counterparts, co-financing partners, the UNDP-CO and representation from the UNDP-GEF Regional Coordinating Units, as well as UNDP/GEF (HQs) as appropriate.

199. A fundamental objective of this Inception Workshop will be to assist the project team to understand and take ownership of the project's goal and objective, as well as finalize preparation of the project's first annual work plan on the basis of the logframe matrix. This will include reviewing the logframe (indicators, means of verification, assumptions), imparting additional detail as needed, and on the basis of this exercise, finalizing the Annual Work Plan (AWP) with precise and measurable performance indicators, and in a manner consistent with the expected outcomes for the project.

200. Additionally, the purpose and objective of the Inception Workshop (IW) will be to: (i) introduce project staff with the UNDP-GEF team which will support the project during its implementation, namely the CO and responsible Regional Coordinating Unit staff; (ii) detail the roles, support services and complementary responsibilities of UNDP-CO and UND-RCU staff vis à vis the project team; (iii) provide a detailed overview of UNDP-GEF reporting and monitoring and evaluation (M&E) requirements, with particular emphasis on the Annual Project Implementation Reviews (PIRs) and related documentation, the Annual Review Report (ARR), as well as mid-term and final evaluations. Equally, the IW will provide an opportunity to inform the project team on UNDP project related budgetary planning, budget reviews, and mandatory budget rephasings. The IW will also provide an opportunity for all parties to understand their roles, functions, and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms. The Terms of Reference for project staff and decision-making structures will be discussed again, as needed, in order to clarify for all, each party's responsibilities during the project's implementation phase. Agreement on mechanisms for disbursements, financial reporting and information obligations and the date of the first annual audit. Planning of PB meetings. Plan the next meeting within the first 12 months after the inception workshop. The aide-memoire of the inception workshop is a key document that must be prepared and shared with participants to formalize agreements and plans decided together during the workshop.

Monitoring responsibilities and events

201. A detailed schedule of project review meetings will be developed by the project management, in consultation with project implementation partners and stakeholder representatives and incorporated in the Project Inception Report. Such a schedule will include: (i) tentative time frames for Project Board Meetings and (ii) project related Monitoring and Evaluation activities.

202. *Day-to-day monitoring* of implementation progress will be the responsibility of the Project Manager based on the project's Annual Work Plan and its indicators. The Project Manager will inform the UNDP-CO of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely and remedial fashion.

203. The Project Manager will fine-tune the progress and performance/impact indicators of the project in consultation with the full project team at the Inception Workshop with support from UNDP-CO and assisted by the UNDP-GEF Regional Coordinating Units. Specific targets for the first year implementation progress indicators together with their means of verification will be developed at this Workshop. These will be used to assess whether implementation is proceeding at the intended pace and in the right direction

and will form part of the Annual Work Plan. Targets and indicators for subsequent years would be defined annually as part of the internal evaluation and planning processes undertaken by the project team.

204. Measurement of impact indicators related to global biodiversity will occur according to the schedules defined in the Inception Workshop. The measurement, of these will be undertaken through subcontracts or retainers with relevant institutions or through specific studies that form part of the projects activities.

205. *Periodic monitoring* of implementation progress will be undertaken by the UNDP-CO through quarterly meetings with the Executing Agency(ies), or more frequently as deemed necessary. This will allow parties to take stock and to troubleshoot any problems pertaining to the project in a timely fashion to ensure smooth implementation of project activities.

206. *Periodic Monitoring through site visits:* UNDP Country Office and UNDP-GEF RCUs as appropriate, will conduct yearly visits to project sites based on an agreed upon schedule to be detailed in the project's Inception Report/Annual Work Plan to assess first hand project progress. Any other member of the Project Board can also accompany. A Field Visit Report/BTOR will be prepared by the CO and UNDP-GEF RCUs and circulated no less than one month after the visit to the project team, all Project Board members, and UNDP-GEF.

207. *Annual Monitoring* will occur through the Project Board Meetings (PBM).This is the highest policy-level meeting of the parties directly involved in the implementation of a project. The project will be subject to PBMs two times a year. The first such meeting will be held within the 12 months of the start of full implementation.

208. The Project Manager in consultations with UNDP-CO and UNDP-GEF RCUs will prepare a UNDP/GEF PIR/ARR and submit it to PBM members at least two weeks prior to the PBM for review and comments. The PIR/ARR will be used as one of the basic documents for discussions in the PB meeting. The Project Manager will present the PIR/ARR to the Project Board, highlighting policy issues and recommendations for the decision of the PBM participants. The Project Manager also informs the participants of any agreement reached by stakeholders during the PIR/ARR preparation on how to resolve operational issues. Separate reviews of each project component may also be conducted if necessary. The Project Board has the authority to suspend disbursement if project performance benchmarks are not met. Benchmarks will be developed at the Inception Workshop, based on delivery rates, and qualitative assessments of achievements of outputs.

209. The terminal PBM is held in the last month of project operations. The Project Manager is responsible for preparing the Terminal Report and submitting it to UNDP-CO and UNDP-GEF RCUs. It shall be prepared in draft at least two months in advance of the terminal PBM in order to allow review, and will serve as the basis for discussions in the PBM. The terminal meeting considers the implementation of the project as a whole, paying particular attention to whether the project has achieved its stated objectives and contributed to the broader environmental objective. It decides whether any actions are still necessary, particularly in relation to sustainability of project results, and acts as a vehicle through which lessons learnt can be captured to feed into other projects under implementation of formulation.

Project Reporting

210. The Project Manager in conjunction with the UNDP-GEF extended team will be responsible for the preparation and submission of the following reports that form part of the monitoring process. The first six reports are mandatory and strictly related to monitoring, while the last two have a broader function and the frequency and nature is project-specific to be defined throughout implementation.

Inception Report (IR)

211. A Project Inception Report will be prepared immediately following the Inception Workshop. It will include a detailed First Year/ Annual Work Plan divided in quarterly time-frames detailing the activities and progress indicators that will guide implementation during the first year of the project. This Work Plan will include the dates of specific field visits, support missions from the UNDP-CO or the UNDP-Regional

Coordinating Units (RCU) or consultants, as well as time-frames for meetings of the project's decision making structures. The Report will also include the detailed project budget for the first full year of implementation, prepared on the basis of the Annual Work Plan, and including any monitoring and evaluation requirements to effectively measure project performance during the targeted 12 months time-frame.

212. The Inception Report will include a more detailed narrative on the institutional roles, responsibilities, coordinating actions and feedback mechanisms of project related partners. In addition, a section will be included on progress to date on project establishment and start-up activities and an update of any changed external conditions that may affect project implementation.

213. When finalized, the report will be circulated to project counterparts who will be given a period of one calendar month in which to respond with comments or queries. Prior to this circulation of the IR, the UNDP Country Office and UNDP-GEF's Regional Coordinating Units will review the document.

Project Implementation Review (PIR)/ Annual Project Report (APR)

214. The Project Implementation Review (PIR) is an annual monitoring process mandated by the GEF. The GEF M&E Unit provides the scope and content of the PIR. In light of the similarities of both APR and PIR, UNDP/GEF has prepared a harmonized format for reference. This has become an essential management and monitoring tool for project managers and offers the main vehicle for extracting lessons from ongoing projects. Once the project has been under implementation for a year, the CO together with the project team must complete a Project Implementation Report. The PIR should be participatorily prepared in July and discussed with the CO and the UNDP/GEF Regional Coordination Units during August with the final submission to the UNDP/GEF Headquarters in the first week of September.

215. The individual PIRs are collected, reviewed and analyzed by the RCs prior to sending them to the focal area clusters at the UNDP/GEF headquarters. The focal area clusters supported by the UNDP/GEF M&E Unit analyze the PIRs by focal area, theme and region for common issues/results and lessons. The TAs and PTAs play a key role in this consolidating analysis. The focal area PIRs are then discussed in the GEF Interagency Focal Area Task Forces in or around November each year and consolidated reports by focal area are collated by the GEF Independent M&E Unit based on the Task Force findings.

216. The GEF M&E Unit provides the scope and content of the PIR. In light of the similarities of both APR and PIR, UNDP/GEF has prepared a harmonized format for reference.

217. *Quarterly progress reports*: Short reports outlining main updates in project progress will be provided quarterly to the local UNDP Country Office and the UNDP-GEF RCUs by the project team. The CO will pay specific attention to the monitoring of the risks identified in this project document and to the effectiveness of the mitigation measures proposed. Any significant issue will be imediately reported to UNDP-GEF RCUs and to the PB and a new risk management plan will be elaborated and discussed with the RCU and the PB.

218. *UNDP ATLAS Monitoring Reports*: A Combined Delivery Report (CDR) summarizing all project expenditures is mandatory and should be issued quarterly. The Project Manager should send it to the Project Board for review and the Implementing Partner should certify it. The following logs should be prepared: (i) The Issues Log is used to capture and track the status of all project issues throughout the implementation of the project. It will be the responsibility of the Project Manager to track, capture and assign issues, and to ensure that all project issues are appropriately addressed; (ii) the Risk Log is maintained throughout the project to capture potential risks to the project and associated measures to manage risks. It will be the responsibility of the Project Manager to maintain and update the Risk Log, using Atlas; and (iii) the Lessons Learned Log is maintained throughout the project to capture insights and lessons based on good and bad experiences and behaviours. It is the responsibility of the Project Manager to maintain and update the Lessons Learned Log. If the Project Manager does not have access to ATLAS, the above mentioned responsibility will be endorsed by UNDP Country Office.

219. *Project Terminal Report*: During the last three months of the project the project team will prepare the Project Terminal Report. This comprehensive report will summarize all activities, achievements and outputs of the Project, lessons learnt, objectives met, or not achieved, structures and systems implemented, etc. and will be the definitive statement of the Project's activities during its lifetime. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the Project's activities.

220. *Periodic Thematic Reports*: As and when called for by UNDP, UNDP-GEF or the Implementing Partner, the project team will prepare Specific Thematic Reports, focusing on specific issues or areas of activity. The request for a Thematic Report will be provided to the project team in written form by UNDP and will clearly state the issue or activities that need to be reported on. These reports can be used as a form of lessons learnt exercise, specific oversight in key areas, or as troubleshooting exercises to evaluate and overcome obstacles and difficulties encountered. UNDP is requested to minimize its requests for Thematic Reports, and when such are necessary will allow reasonable timeframes for their preparation by the project team.

221. *Technical Reports* are detailed documents covering specific areas of analysis or scientific specializations within the overall project. As part of the Inception Report, the project team will prepare a draft Reports List, detailing the technical reports that are expected to be prepared on key areas of activity during the course of the Project, and tentative due dates. Where necessary this Reports List will be revised and updated, and included in subsequent APRs. Technical Reports may also be prepared by external consultants and should be comprehensive, specialized analyses of clearly defined areas of research within the framework of the project and its sites. These technical reports will represent, as appropriate, the project's substantive contribution to specific areas, and will be used in efforts to disseminate relevant information and best practices at local, national and international levels.

Project Publications

222. Project Publications will form a key method of crystallizing and disseminating the results and achievements of the Project. These publications may be scientific or informational texts on the activities and achievements of the Project, in the form of journal articles, multimedia publications, etc. These publications can be based on Technical Reports, depending upon the relevance, scientific worth, etc. of these Reports, or may be summaries or compilations of a series of Technical Reports and other research. The project team will determine if any of the Technical Reports merit formal publication, and will also (in consultation with UNDP the government and other relevant stakeholder groups) plan and produce these Publications in a consistent and recognizable format. Project resources will need to be defined and allocated for these activities as appropriate and in a manner commensurate with the project's budget.

Independent evaluations

223. The project will be subjected to at least two independent external evaluations as follows:

Mid Term Evaluation

224. An independent Mid-Term Evaluation will be undertaken at exactly the mid-point of the project lifetime. The Mid-Term Evaluation will determine progress being made towards the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization, terms of reference and timing of the mid-term evaluation will be decided after consultation between the parties to the project document. The Terms of Reference for this Mid-term evaluation will be prepared by the UNDP CO based on guidance from the UNDP-GEF Regional Coordinating Unit. The management response and the evaluation will be uploaded to UNDP corporate systems, in particular the UNDP Evaluation Office Evaluation Resource Center (ERC). The relevant GEF Focal Area Tracking Tools will also be completed during the mid-term evaluation cycle.

Final Evaluation

225. An independent Final Evaluation will take place three months prior to the terminal Project Board meeting, and will focus on the effectiveness, efficiency and timeliness of project implementation; and will present initial lessons learned about project design, implementation and management; it will also look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental goals. The Final Evaluation should also provide recommendations for follow-up activities. The Terms of Reference for this evaluation will be prepared by the UNDP CO based on guidance from the UNDP-UNEP-GEF Regional Coordinating Units. The Terminal Evaluation should also provide recommendations for follow-up activities and requires a management response which should be uploaded to the UNDP Evaluation Office Evaluation Resource Center (ERC). The relevant GEF Focal Area Tracking Tools will also be completed during the final evaluation.

Learning and knowledge sharing

226. Results from the project will be disseminated within and beyond the project intervention zone through a number of existing information sharing networks and forums. In addition, the project will participate, as relevant and appropriate, in UNDP-GEF sponsored networks, organized for Senior Personnel working on projects that share common characteristics. UNDP/GEF Regional Unit has established an electronic platform for sharing lessons between the project coordinators. The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation though lessons learned. The project will identify, analyze, and share lessons learned that might be beneficial in the design and implementation of similar future projects. Identify and analyzing lessons learned is an on-going process, and the need to communicate such lessons as one of the project's central contributions is a requirement to be delivered not l*e*ss frequently than once every 12 months. UNDP/GEF shall provide a format and assist the project team in categorizing, documenting and reporting on lessons learned.

Table 7: Monitoring and Evaluation Plan and Budget

Activities	Responsible	Budget US$ (Estimated costs)	Timeframe
Inception workshop and report	Project manager UNDP country office, UNDP GEF	US$10,000	Within the first two months from inception
Measurement of verification sources for project outcomes	UNDP GEF RTA/project manager will supervise contracting of specific studies and institutions and will delegate control to team members	To be determined at the inception workshop	Beginning, midterm and end of the project (during the evaluation cycle) and annually if required
Measurement of verification sources for project	Supervised by project director Project team	To be determined during the preparation of the first AOP (US$24.000)	Annually to ARR/PIR and defined in annual operational plans
ARR/PIR Project progress report	Project manager and team UNDP CO UNDP RTA UNDP EEG Energy and Environment Group	None	Annual
Periodic status/ progress reports	Project manager and team	None	Quarterly
Midterm evaluation	Project manager and team UNDP CO UNDP RCU Regional coordinator unit External Consultants (i.e. evaluation team)	US$30,000	Halfway through the project's implementation
Terminal evaluation	Project manager and team UNDP CO UNDP RCU	US$30,000	At least three months before the project's finalization

Activities	Responsible	Budget US$ (Estimated costs)	Timeframe
	Outside consultants (i.e., evaluation team)		
Project systematization	Project manager Consultant Dissemination materials	US$15,000	End of year 3
Lessons learned	Project Manager RO, Staff, External facilitator	US$8,000	Annually
Final project report	Project manager and team UNDP CO Local consultant	None	At least three months before project finalization
Audits	UNDP CO Project manager and team	US$12,000	Annually
Field visits	UNDP CO UNDP RCU Government representatives	Paid through Agency fees and operational budgets	Annually
Total Cost *Excluding project team staff time and travel expenses of UNDP staff*		US$ 129.000	

PART V: Legal Context

227. This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the SBAA [or other appropriate governing agreement] and all CPAP provisions apply to this document.

228. Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

229. The implementing partner shall:

a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;

b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

230. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

231. This Project Document shall be the instrument referred to as such in Article I of the Standard Basic Assistance Agreement between the Government of Bolivia and the United Nations Development Programme, signed by the parties on 31 October 1974. The host country implementing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government co-operating agency described in that Agreement.

232. The UNDP Resident Representative in Bolivia is authorized to effect in writing the following types of revision to this Project Document, provided that he/she has verified the agreement thereto by the UNDP-GEF Unit and is assured that the other signatories to the Project Document have no objection to the proposed changes:

a) Revision of, or addition to, any of the annexes to the Project Document;
b) Revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of the inputs already agreed to or by cost increases due to inflation;

c) Mandatory annual revisions which re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility; and
d) Inclusion of additional annexes and attachments only as set out here in this Project Document

233. The implementing partner agrees to make all efforts necessary to ensure that none of the funds received pursuant to the project document are used to provide support to individuals or entities associated with terrorist actions and that the beneficiaries of this project do not appear on the lists of the Security Council Committee pursuant to resolution 1267 (1999). This list may be seen at http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm. This precautionary clause must be included in all subcontracts or agreements made under this project document

Agreement On Intellectual Property Rights And Use Of Logo On The Project's Deliverables

234. In order to accord proper acknowledgement to GEF for providing funding, a GEF logo should appear on all relevant GEF project publications, including among others, project hardware and vehicles purchased with GEF funds. Any citation on publications regarding projects funded by GEF should also accord proper acknowledgment to GEF.

SECTION II: STRATEGIC RESULTS FRAMEWORK (SRF) AND GEF INCREMENT

Annex A: Project Logical Framework

This project will contribute to reaching the following outcome of the country program defined in CPAP or CPD: Strengthening of institutional capacities and capacities of production organizations boosted in themes of production development and employment generation with sustainable management of natural resources and the environment
Outcome indicators of the country program: 3.2 Formulation and implementation of programs and projects to strengthen the management, use and exploitation of natural resources
First key outcome for the area of environment and sustainable development : 1. *Mainstreaming environment and energy OR* 2. Catalyzing environmental finance OR 3. Promote climate change adaptation OR 4. Expanding access to environmental and energy services for the poor.
Objective and GEF strategic program: BD SO2 - SP4 and SP5
Expected outcome of GEF: BD- SO2: Conservation and Sustainable use of biodiversity incorporated in the productive landscape; BD-SP4: Policy and regulatory frameworks governing sectors outside the environmental sector incorporate measure to conserve and sustainably use biodiversity; BD-SP 5: Global certification systems for goods produced in agriculture, fisheries, forestry and other sectors include technically rigorous biodiversity standards
GEF outcome indicator: BD- SO2: Number of hectares in production landscapes under sustainable management but not yet certified and Number of hectares/production systems under certified production practices that meet sustainability and biodiversity standards; BD-SP4:Degree to which policies and regulations of sectoral activities include measures to conserve and sustainably use biodiversity as measured by the GEF tracking tool; BD-SP 5:Published certification systems that include technically rigorous biodiversity standards

Intervention Logic

	Indicators	Baseline	Target Mid/ End of Project	Means of Verification	Risks and Assumptions
Project objective: Improve protection and conservation of biodiversity in the Amboró Madidi corridor through sustainable forest management, based on fostering markets for certified forest products and increase in local revenues	Increase in Community Forestry Enterprises (CFEs) dedicating resources to biodiversity conservation and implementing specific measures related to biodiversity, measured as a. # of communities that apply the biodiversity monitoring system b. # ha under forest management plans c. # of indicator species that maintain their populations at landscape level d. Rate of change in forest floral diversity (proxy for overall BD) in project impact study site e. Rate of deforestation and degradation in project impact study sites f. Areas set-aside and under strict protection measures.	There are at least 3 experiences in biodiversity monitoring (FAN, WCS and Instituto de Ecología). None adapted to the context of the communities a. 0 communities monitor biodiversity b. 160.000 ha c. Decreasing numbers in populations d. TBD once the BD monitoring system is finalized e. TBD once the local team are equipped, functional and able to monitor effectively deforestation f. 32.000ha	Mid-term: a. 40 communities are trained to apply the BD monitoring system that has been prepared and approved by the government End of project: a. 20 communities apply the BD monitoring system in their managed forest areas b. 25,000 additional ha under timber forest management plans mainly in Ixiamas, and 5,000 ha under non-timber forest management plans mainly in Guanay c. BD monitoring system shows that populations of jaguar (*Panthera onca)*, white lipped peccary (*Tajasu tajaco)* and spider monkey (*Ateles paniscus*) are stable. d. <10% of plots with declining	BD monitoring system Project reports BD monitoring report ABT technical audits Project impact studies	Communities see biodiversity conservation as a value-added for their activities. VMABCCGDF takes ownership of the option and replicates to forest regions Monitoring system is approved by the government and integrated as an integral part of the operational plan for comprehensive forest management. Legal certainty strengthens in the country forest concessions and TCOs are respected Market demand for products

			forest floral diversity in certified sites e. 0% deforestation in certified sites. f. 6,000 ha (20% of total certified forestland) apply set-asides and protection plans and strict safeguard measures for the protection of biodiversity with support from GEF and 3,000 with support of partners		
	Increase in competitiveness of communities enabling greater investments in BD conservation, measured through a) Increase in communities revenues b) Increased investment allocated to BD monitoring	a) US$8,000 to 20,000 annual income b) 0% of incomes invested in BD monitoring	a) Increase of 15% in revenues of communities that work with timber and 20% in those that work with NTFP over traditional market b) 25% of communities invest 5% of their incomes in BD		
	Level of participation of women and men in operations of CFEs in project impact study sites	TBD once the gender indicators are agreed upon participants	30% average increase participation of women in CFE operations		
Outcome 1 Institutional support mechanisms are generated to foster conservation of biodiversity through sustainable forest management and certification.	Indicators	Baseline	Target Mid/End of Project	Means of Verification	Risks and Assumptions
	Legal, regulatory and operational frameworks facilitate BD protection in the AMC area: a) Protection of BD is incorporated as a requirement of comprehensive forest management b) BD monitoring tool is developed, validated and included as requirement in the operational plan of comprehensive forest management c) National policy to promote procurement of certified forest products d) # NTFP management plan standards	a) There is a national Comprehensive Forest Management plan, no operational plan. b) There are at least 3 examples of BD monitoring systems but not adapted for use in communities. c) There is no national policy prioritizing purchase of certified products. d) There are two standards for NTFP (Brazil nut and Açai Palm)	Mid-term: a) Proposal of an operating plan for the Comprehensive Forest Management plan including a proposal adopted by the government b) Simplified FSC certification standard approved by the FSC End of project: c) Operating plan for Comprehensive Forest Management effectively integrates guidelines for BD protection and the implementation of a BD monitoring tool. d) A national policy that prioritizes	a) and b) Operational plan of the Comprehensive Forest Management plan c) Official gazette d) Guidelines for national certification of comprehensive forest management Simplified FSC certification	Adequate political support to project initiatives leads to approval of legal, regulatory and operational frameworks Political will for effectively integrating BD protection within the concept and implementation of the Comprehensive Forest Management plan Vice-Ministry maintains a good level of coordination with forest users ABT structure and norms under the future new Forest

			purchase of certified products is approved and implemented in at least two municipalities e) At least two standards for management plans approved for other NTFP	guidelines NTFP standards published ABT data	law provide legal certainty The stability of the technicians is maintained and internal controls implemented to diminish corruption. Regulations accompanying the law do not contradict control mechanisms.
	Reduced illegal logging in the project intervention area: a) Rate of illegal deforestation in the project zone b) # of seizures of wood in the project zone c) # mobile teams operating	a) 100% of deforestation is illegal (2007) b) 160 seizures of wood in the project implementation region in 2009 c) 0 mobile teams in the project region	a) 30% reduction in illegal deforestation in the project intervention area b) By mid-term the effectiveness of operations against illegal wood has increased 40% c) Two mobile inspection teams established, trained and operational.	a) and b) Reports on seizures Penalized cases Documents on simplified procedures c) Field reports	
	Technical support team for forest certification operational a) # of municipal forest management and development plans formulated and tied to the municipal plans (PDM) b) # of PDMs that include chapters and elements on BD monitoring c) # of internal technical audit teams (forestry) in operation for the Ixiamas area (ABT, MFUs, NGOs) d) # of technical audits to support CFEs in the process of obtaining certification	a) 0 municipal forest management and development plans formulated and tied to the PDM (MFUs with low budget allocations and isolated projects) b) 0 municipal plans (PDM) that include chapters and elements on BD monitoring c) There are no internal auditing services in the CFEs, ASLs or TCOs. d) 0 technical audits to support CFEs in certification processes (absence of knowledge about certification processes)	a) Three municipal forest management and development plans formulated and tied to the PDM b) Municipal plans (PDM) include chapters and elements on BD monitoring. c) An internal technical auditing team (forestry) in operation for the Ixiamas area (ABT, UFM, NGOs) d) 15 technical audits to support CFEs in the process of obtaining certification	a) and b) Plans c) and d) work plans, audit reports, reports on interviews	

Outputs 1.1 Legal and technical standards developed for sustainable management of NTFP and for Comprehensive Forest Management 1.2 Simplified FSC standards suited to communities developed and validated in the field (includes the Comprehensive Forest Management proposal, contemplates FSC and FLEGHT variables) 1.3 Biodiversity monitoring system developed for field application 1.4 Forest and Land Authority Municipal strategic forest development plans that contemplate BD in selected municipalities 1.5 Municipal strategic forest development plans that contemplate biodiversity in selected municipalities 1.6 Strengthened capacities of *Tierras Comunitarias de Origen* (TCOs) to implement forest management plans and reduce illegal logging 1.7 Knowledge and communication strategy implemented to raise population's awareness about valuation of forest and biodiversity					
Outcome 2 Communities with strengthened capacities to obtain and keep certification and manage forests in a sustainable and biodiversity-friendly way	Increase in number of forest communities receiving support to apply the forest management plans, prevent and reduce fires, increase control over their territory and move towards certification: a) Number of communities with forest management plans b) Number of communities with forest certification c) # of TCO and extension with indigenous territory management plans	a) 14 communities with management plans or with POAF. Two communities have management plans for NTFP (Majo and Incienso) in Ixiamas and Madidi. b) To date there is a single community in the process of FSC certification under the regency scheme but it is outside AMC. 2 ASLs in AMC have FSC certification under regency with Ecolegno. Zero communities with NTFP certified in AMC. c) One TCO has indigenous territory management plans finalized and one has remained half done. Implementation is partial. There is no territorial control strategy.	a) 8 additional CFEs with forest management plans and 5 additional CFEs have NTFP management plans. b) 5 communities in AMC (joint communities of CIPTA) with FSC certification for wood products. 5 communities with another type of certification for NTFP. c) 20 communities participate in preparing the strategy of territorial protection against illegal logging activities and apply it on 100,000 ha.	Project reports ABT reports FSC reports Materials and reports of the monitoring system adapted to communities Management plans	Legal certainty of the ASL is maintained Community willingness to pursue certification. Community structure does not interfere with productive structure. Changes in community leadership do not compromise the ongoing agreements Financing from gov't programs available Adequate political support leads to approval of comprehensive management plan by the government Adequate interinstitutional coordination Prices of certified products in the international market maintain a differential over that of conventional products covering the additional costs of audits and recommended adjustments
	Forest area conserved through biodiversity-friendly forest management certified following a stepwise approach, including participation in	a) 74,705 hectares under forest management plans, mostly private companies b) Integral forest certification does not	a) 30,000 new hectares with management plans at community level b) At least 5 pilot communities (15,000 has) with management		

	a) Forest management plan b) Forest management plan and/or FSC simplified certification c) Forest Stewardship Council (FSC) certification d) NTFP certification	exist yet c) 0 ha managed by communities under FSC certification	plans c) At least 10.000 has of community forests certified with FSC standards d) At least 50% of 5,000 hectares under management receive international NTFP certification		
	Number of communities participating in the project, and trained in BD management to apply safeguard measures in accordance with BD protection best practices (defined in the management plan guidelines)	a. 0 Communities participating in project b. 0 monitoring record sheets filled out autonomously by the communities	a. 20 CFEs applying the BD monitoring system b. 20 monitoring record sheets per year filled out autonomously by the communities in three years (up to year 4)		
Outputs 2.1 Strengthened communities implement Comprehensive Forest Management plans in order to achieve certification. 2.2 Capacity building in business management for the CFEs 2.3 The biodiversity monitoring system is used by communities 2.4 CFEs negotiation capacity has improved and better benefit-sharing of revenues is obtained between companies and communities 2.5 TCOs and communities empowered in the management and conservation of their forests					
Outcome 3 Economic incentives are in place to attract and keep community forestry operations committed to sustainable forestry and BD management practices	Increase in communities competitiveness via: a) Change in unit production costs of communities per m^3 b) Change in recovery rates CFEs incomes c) Increase in percentage of final sale price that reaches the primary producer	a. To be established in case study baselines b. 0 investment in BD Management practices c. The primary producer in the wood chain receives 5 to 8% of the final price in La Paz.	a) 10% average decrease in production costs b) 5% average increase in recovery rates c) Percent of revenues increases at least 5 points (10 to 13%)	Project impact studies Evaluations Certification reports Project reports	National certification is developed and approved in the first year of the project. Prices for certified wood products and demand are at levels that make certification attractive.

	Increase in demand for certified products, measured via a) % of certified communities sales to certified buyers b) # of chain-of-custody certifications involving communities c) # of alliances resulting in sales contracts between communities and international or national buyers specifically demanding certified forest products d) # of national markets for products sourced from certified forests (including Government demand) e) Certified volumes sold	a) 32% of certified sales to certified buyers b) 0 chain of custody certification involving communities c) 0 new alliances facilitated by project d) 0 national markets for products sourced from certified forests (there is no law to foster the purchase of certified products) e) 3,172 M3 of certified wood (in custody) sold to the national market	a) 50% of certified communities sales to certified buyers b) Two new chains of custody established in the intervention area c) Six alliances between communities and the next links in the chain consolidated allowing for better revenues to communities d) 4 new markets opened for NTFP with value-added e) At least 50,000 M3 of certified or verified wood sold in the national or international market	Contracts with municipalities Official budgets Contracts	Legal certainty of the TCOs, ASLs and forest concessions is maintained. Adoption by communities of technologies, business plans and administration Municipal governments maintain their technical staff without considerable changes. Satisfactory agreements between communities and CFEs concerning distribution shares. Financial entities accept wood (POAFS) as guarantee. Implementation of PGTI in the forest sector is not put off.
	Increase in investment in communities to improve management and business practices that contribute to BD objectives, through various mechanisms: a) Number of government lines of credit adapted to forestry activities b) Number of alliances with financial entities c) Number of communities that access credits for comprehensive forest management d) Amounts allocated for comprehensive forest management	a) Zero government lines of credit directed and adapted to forestry activities b) Zero alliances with financial entities c) 5 communities access credit for comprehensive forest management d) Amount to be determined at the start of the project for comprehensive forest management	a) One government line of credit directed and adapted to forestry activities b) At least one alliance established with financial entities to leverage funds (relation 3 to 1 for forest management) c) 5 additional communities access credit for forestry operations d) Amount over US$ 2,000,000		
Outputs : 3.1. Local and national policies have been formulated to support commercialization of forest products under management. 3.2. Products with value-added developed from NTFP positioned in the market (national or international) 3.3. Certification schemes including biodiversity conservation measures are adopted by communities. 3.4. A financial mechanism for forest operations is implemented in the intervention area.					

Annex B: Incremental Cost Matrix

Outcome	Baseline Scenario	Alternative Scenario
Outcome 1: Institutional support mechanisms are generated to foster conservation of biodiversity through sustainable forest management and certification.	General lack of institutional capacity at national and local level to assist sound forest management, certification and BD practices among local communities. Lack of operational and monitoring strategies for implementation as well as mechanisms to promote the active engagement of communities in sustainable forest management. Limited capacities for enforcement of the current forest and environmental regulations due to high staff turnover, which hinders continuity of actions. Systematization, updating and flow of forestry information at the national, departmental and local level do not take place on a regular basis. Lack of coordination between different forestry agencies creates inefficiencies and confuses efforts to control and support sustainable forestry practices. Lack of technical capacity among extension foresters in BD issues. Additionally, little capacity exists at governmental level to assist communities in pursuing and achieving certification, building competitive and market-oriented enterprises, and accessing markets. Furthermore, government procurement of wood products does not explicitly require certified or verified material be used – much less specifying preference for wood from community forests. At local level, Municipalities lack capacities to develop land use plans that mainstream forest management and BD conservation, as well as to implement and monitor such plans. Although Municipalities have established Forest Units, in most cases staffing is inadequate, capacities are weak due to lack of training and funding to implement their programmes is sparse.	Enhanced capacities of the national and local institutions to foster conservation of biodiversity through sustainable forest management and certification. By project-end legal and technical standards will have been developed enabling national institutions to promote sustainable management of NTFP and comprehensive forest management. Bolivia will have adopted a national forest certification standard (based on FSC standard) that will allow for a simplified and speedy certification process where FSC certification is not applicable. A cost-effective biodiversity monitoring system will have been developed and tested in the field to support the implementation of the national certification process and mainstreamed into the guidelines and operational plan to be developed, thus ensuring that individual forest management plans in turn include biodiversity management and monitoring. A strengthened ABT will be able to curtail illegal deforestation in the AMC through simplified procedures and increased capacity to operate at field level, hence reducing deforestation rates to a minimum. The Municipalities will have developed strategic forest development plans that mainstream BD. Both ABT and Municipalities will have strengthened capacities to provide support to local communities in issues related to forest management, certification, biodiversity monitoring, illegal logging, among others. TCOs will have developed capacities to implement a strategy for monitoring and control of illegal logging throughout 100,000 hectares of indigenous territory thereby reducing illegal deforestation. Enhanced collaboration between ABT, Municipalities and TCOs will enable effective reduction of deforestation and degradation hence reducing threats to global significant biodiversity in the AMC.
Outcome 2 Communities with strengthened capacities to obtain and keep certification and manage forests in a sustainable and biodiversity-friendly way	Community level forestry is carried out by community organizations, TCOs and ASLs and varies according to the different communities. Forest management is implemented through management plans which are usually prepared with the support of private companies (who commit to buy the wood) or NGOs. Communities sell the standing trees to the companies in the former case or in the latter case they harvest the wood themselves and sell to local sawmills or middlemen. There is also illegal logging in forests without management plans. The use of non-timber forest products (NFTPs) is more traditional and based on ancestral management practices, and is more frequently carried out by families. Where communities have implemented forest management plans, a recurring constraint has been low profitability	Communities with enhanced capacities shift from their current traditional ideas about the forests, self-subsistence and local markets to a view of Comprehensive Forest Management with commercialization of forest products in local, national and international markets. Strengthening in forest management, certification administrative and financial management enables communities to implement forest management plans, prevent and reduce fires, increase control over their territory and move towards certification. Trained communities in BD management apply safeguard measures in accordance with BD protection best practices. The surface of forest area conserved through biodiversity-friendly forest management increases in 30,000 new hectares by project-end.

Outcome	Baseline Scenario	Alternative Scenario
	due to the very low prices for standing trees. This is due to the lack of knowledge about the cost of forest operations (extraction, processing, etc.), which derives into disadvantageous decisions; some undertakings are guided by a perception of the gross revenues that will be received instead of taking into account the total cost of the chain of custody. Historically, the experience of the TCOs lies in management of non-timber products for self consumption or wholesale in local markets. Initiating activities and actions with timber products, giving them value-added and selling them in national or international markets requires learning new individual and collective skills, not only regarding forest management but also in markets. Another factor is the organizational weakness of communities in regard to negotiation capacity and business management in order to access the market in an organized manner. Forest users have difficulty accessing information and training on the legal framework. Appropriation of technical knowledge in general by the communities is slow and implementation of actions on the ground has its ups and downs due to periodic rotations in working positions of community members and changes in leadership. Local stakeholders lack the technical skills to implement and monitor BD management practices in forestry.	
Outcome 3: Economic incentives are in place to attract and keep community forestry operations committed to sustainable forestry and BD management practices	The capacity of communities to participate in the expanding market for certified sustainable products is limited due to several constraints. Capacity building processes in terms of organization, management and commercialization skills are slow and take several years for consolidation; and there are frequent changes in leadership. Community management systems must be strengthened to generate greater confidence in the forestry sector and stimulate greater investments. Community operations are generally not competitive in the marketplace due to the lack of business or marketing plans, as well as access to information about market demand. There is scarce information and linkage with markets for alternative forest products, either wood or non-timber. There is lack of access to operating and investment capitals. Poor access to financing also prevents producers from investing in better technologies and product diversification, both of which are critical to increasing revenues for investment in BD management. Compliance with the Forest Law represent high costs to communities, especially in regard to cost of inventories, construction and maintenance of roads, and the obligation of having to hire forestry professionals. Transaction costs are high for those communities that wish to implement forest management plans. New financial mechanisms must be engineered between	Strengthened national and local institutions and communities and enhanced collaboration between the relevant stakeholders increases competitiveness of the communities which in turn allows for reductions in production costs, increases in recovery rates of CFEs´ incomes thereby a higher percentage of the final sales prices reaches the primary producer. Greater surface area of certified forests (10,000 hectares certified by FSC and 15,000 hectares by the management plans/simplified FSC standards for timber, and 2,500 hectares certified for NFTPs) increases availability of products thereby increasing the demand (local, national, international markets). Enabling environment for investments with the Government allocating funds to Comprehensive Forest Management and establishing at least one credit line targeting forestry activities and a greater number of communities accessing loans for comprehensive forest management. Increased participation of women in benefit-sharing of incomes. Improved community livelihoods.

Outcome	Baseline Scenario	Alternative Scenario
	buyers of certified products and communities, as well as between communities and financial institutions, in order to increase investment capital flows and support the development of community enterprises. NTFPs sales are usually agreed on a short term basis but partnerships dissolve and buyers disappear after some time, or the differences in the quality of the products do not assure medium term markets. Bolivian experience with certification in communities has been varied Currently three communities maintain certification. Despite the problems, certification experiences in Bolivia have shown positive aspects of reflected in the improvement of sales volumes (Cururu, Santa Cruz), increase in demand and access to international markets with price increase of 83% for high quality wood (Lomerio, Santa Cruz) and increase of 100% in the price of *almendrillo* (ASL Copacabana, La Paz).	

Incremental Cost						
Outcomes	Baseline (B)		Alternative (A)		Increment (A-B)	
Outcome 1: Institutional support mechanisms are generated to foster conservation of biodiversity through sustainable forest management and certification.	**Baseline:**	**16,150,000**	**a) Baseline:**	**16,150,000**		
	Japanese Cooperation	1,700,000	**b) Co-financing**	**6,062,963**	**GEF**	1,013,400
	Dutch Cooperation	4,000,000	ABT	360,000	**Total Cofin,**	6,062,963
	German Cooperation	8,000,000	PNCC	3,343,963		
	National Budget	250,000	Forest protection programme	1,700,000	**TOTAL**	**7,076,363**
	ASDI	2,000,000	INIAF	659,000		
	WCS	200,000				
			c) GEF	**1,013,400**		
			d) Total Alternative	**23,226,363**		
Outcome 2 Communities with strengthened capacities to obtain and keep certification and manage forests in a sustainable and biodiversity-friendly way	**Baseline:**	**4,514,000**	**a) Baseline:**	**4,514,000**		
	Fundación TROPICO	52,000	**b) Co-financing**	**2,435,000**	**GEF**	2,324,100
	Fundacion PUMA	1,800,000	INIAF	1,110,000	**Total Cofin,**	2,435,000
	CI	122,000	FONABOSQUE	1,000,000		
	DED	60,000	SUSTENTAR	325,000	**TOTAL**	**4,759,100**
	Indigenous Development Fund	1,300,000				
	Municipal forestry programmes	180,000	**c) GEF**	**2,324,100**		

Incremental Cost						
Outcomes	Baseline (B)		Alternative (A)		Increment (A-B)	
	PPD	1,000,000	**d) Total Alternative**	**9,273,100**		
Outcome 3: Economic incentives are in place to attract and keep community forestry operations committed to sustainable forestry and BD management practices	**a) Baseline:** Amazon Integrated Programme PAI Rainforest Alliance Fundación TROPICO Fundacion PUMA WCS El CEIBO Cooperative	**2,289,000** 600,000 40,000 11,000 1,500,000 130,000 8,000	**a) Baseline:** **b) Co-financing** FONABOSQUE PNCC **c) GEF** **d) Total Alternative**	**2,289,000** **1,000,000** 791,000 209,000 **1,612,500** **4,901,500**	**GEF** **Total Cofin,** **TOTAL**	1,612,500 1,000,000 **2,612,500**
Project Management	Not Applicable		**a) Baseline:** **b) Co-financing** PNCC ABT INIAF FONABOSQUE SUSTENTAR **c) GEF** **d) Total Alternative**	**0** **1,387,037** 847,037 40,000 231,000 209,000 60,000 **550,000** **1,937,037**	**GEF** **Total Cofin,** **TOTAL**	550,000 1,387,037 **1,937,037**
Total	**Total Baseline**	**22,953,000**	**a) Baseline** **b) Cofinancing** **c) GEF:** **d) Total Alternative**	**22,953,000** **10,885,000** **5,500,000** **39,338,000**	**GEF** **Total Cofin,** **TOTAL**	**5,500,000** **10,885,000** **16,385,000**

SECTION III: TOTAL BUDGET AND WORKPLAN

Part I: Total Budget and Workplan

Award ID:	00061177	Project ID(s):	00077388
Award Title:	Bolivia: Biodiversity Protection through Sustainable Management and Economic Valuation of Forest Resources by Local Actors		
Business Unit:	BOL10		
Project Title:	Biodiversity Protection through Sustainable Management and Economic Valuation of Forest Resources by Local Actors		
PIMS no	4197.		
Implementing Agency	Vice-Ministry of Environment, Biodiversity, Climate Change and Forest Management		

GEF Outcome / Atlas Activity	Atlas Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Total (USD)	Budget note
1. Institutional support mechanisms are generated to foster conservation of biodiversity through sustainable forest management and certification.	71300	Local Consultants	86,600	154,800	89,600	59,600	390,600	1
	71600	Travel	8,100	11,600	8,100	8,100	35,900	2
	72100	Contractual Services-Companies	100,000	4,000	0	0	104,000	3
	72200	Equipment & Furniture	53,000	0	0	0	53,000	4
	72300	Supplies and specialized materials	11,000	20,000	20,000	5,000	56,000	5
	72400	Communications	600	600	600	600	2,400	6
	72500	Supplies	1,200	1,200	1,200	1,200	4,800	7
	72800	Information Technology Equipment	30,900	11,000	1,600	0	43,500	8
	73100	Rental & Maintenance-Premises	2,100	2,100	2,100	2,100	8,400	9
	73400	Rent & maintenance of other equipment	6,200	6,200	6,200	6,200	24,800	10
	74200	Audio Visual & Print Prod Costs	11,000	41,000	26,000	24,000	102,000	11
	74500	Miscellaneous	4,500	7,500	7,500	4,500	24,000	12

GEF Outcome / Atlas Activity	Atlas Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Total (USD)	Budget note
	75700	Training, Workshops, and Confer	72,000	40,500	30,500	21,000	164,000	13
	Subtotal GEF Outcome 1		**387,200**	**300,500**	**193,400**	**132,300**	**1,013,400**	
2. Communities with strengthened capacities to obtain and keep certification and manage forests in a sustainable and biodiversity-friendly way	71300	Local Consultants	141,300	208,300	73,300	71,300	494,200	14
	71600	Travel	9,500	9,500	9,500	9,500	38,000	15
	72100	Contractual Services-Companies	227,000	242,000	183,000	53,000	705,000	16
	72200	Equipment & Furniture	132,200	119,000	27,000	22,000	300,200	17
	72300	Supplies and specialized materials	27,200	48,200	33,200	16,000	124,600	18
	72500	Supplies	1,200	1,200	1,200	1,200	4,800	19
	72600	Grants	20,000	40,000	40,000	0	100,000	20
	72800	Information Technology Equipment	10,000	0	0	0	10,000	21
	73100	Rental & Maintenance-Premises	10,200	10,200	10,200	10,200	40,800	22
	73400	Rent & Maintenance of other Equipment	6,000	116,000	106,000	106,000	334,000	23
	74200	Audio Visual & Print Prod Costs	1,000	4,500	1,500	26,500	33,500	24
	74500	Miscellaneous	12,000	18,000	11,000	0	41,000	25
	75700	Training, Workshops, and Confer	23,200	39,200	27,200	8,400	98,000	26
	Subtotal GEF Outcome 2		**620,800**	**856,100**	**523,100**	**324,100**	**2,324,100**	
3. Economic incentives are in place to attract and keep community forestry operations committed to sustainable forestry	71300	Local Consultants	111,000	69,000	58,000	30,000	268,000	27
	71600	Travel	56,600	108,100	42,100	42,000	248,800	28
	72100	Contractual Services-Companies	140,000	256,000	155,000	30,000	581,000	29
	72200	Furniture	1,700	0	0	0	1,700	-
	72300	Supplies and specialized	2,000	4,000	4,000	2,000	12,000	30

GEF Outcome / Atlas Activity	Atlas Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Total (USD)	Budget note
and BD management practices		materials						
	72400	Communications and Audiovisual Equipment	2,000	7,000	5,000	5,000	19,000	31
	72500	Supplies	100	100	100	100	400	-
	72600	Grants	0	200,000	200,000	0	400,000	32
	73100	Rental & Maintenance-Premises	2,000	11,000	11,000	11,000	35,000	33
	73400	Rent & maintenance of other equipment	3,800	3,800	3,800	3,800	15,200	34
	74200	Audio Visual & Print Prod Costs	2,000	2,000	0	0	4,000	35
	74500	Miscellaneous	2,000	6,000	4,000	4,000	16,000	36
	75700	Training, Workshops, and Confer	9,600	600	600	600	11,400	37
	Subtotal GEF Outcome 3		**332,800**	**667,600**	**483,600**	**128,500**	**1,612,500**	
4. Project management, monitoring, lessons, feedback and evaluation	71300	Local Consultants	78,400	74,200	88,200	73,200	314,000	38
	71600	Travel	10,000	10,500	10,500	10,500	41,500	39
	72100	Contractual Services-Companies	5,000	30,000	0	30,000	65,000	40
	72200	Equipment & Furniture	3,000	0	0	0	3,000	41
	72400	Communications	4,200	4,200	4,200	4,200	16,800	42
	72500	Supplies	2,000	2,000	2,000	2,000	8,000	43
	72800	Information Technology Equipment	9,000	0	0	0	9,000	44
	73100	Rental & Maintenance-Premises	2,000	2,000	2,000	2,000	8,000	45
	73400	Rent & maintenance of other equipment	6,200	6,200	6,200	6,100	24,700	46

GEF Outcome / Atlas Activity	Atlas Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Total (USD)	Budget note
	74100	Professional Services	3,000	3,000	3,000	3,000	12,000	47
	74200	Audio Visual & Print Prod Costs	0	0	5,000	0	5,000	48
	74500	Miscellaneous	4,000	4,000	4,000	4,000	16,000	49
	75700	Training, Workshops, and Confer	15,000	4,000	4,000	4,000	27,000	50
	Subtotal Project Management		**141,800**	**140,100**	**129,100**	**139,000**	**550,000**	
GEF TOTAL			**1,482,600**	**1,964,300**	**1,329,200**	**723,900**	**5,500,000**	

Total Budget Summary per Year

Atlas Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Total (USD)
71300	Local Consultants	417,300	506,300	309,100	234,100	1,466,800
71600	Travel	84,200	139,700	70,200	70,100	364,200
72100	Contractual Services- Companies	472,000	532,000	338,000	113,000	1,455,000
72200	Equipment & Furniture	189,900	119,000	27,000	22,000	357,900
72300	Supplies and specialized materials	40,200	72,200	57,200	23,000	192,600
72400	Communications	6,800	11,800	9,800	9,800	38,200
72500	Supplies	4,500	4,500	4,500	4,500	18,000
72600	Grants	20,000	240,000	240,000	0	500,000
72800	Information Technology Equipment	49,900	11,000	1,600	0	62,500
73100	Rental & Maintenance-Premises	16,300	25,300	25,300	25,300	92,200
73400	Rent & maintenance of other equipment	22,200	132,200	122,200	122,100	398,700
74100	Professional Services	3,000	3,000	3,000	3,000	12,000
74200	Audio Visual & Print Prod Costs	14,000	47,500	32,500	50,500	144,500
74500	Miscellaneous	22,500	35,500	26,500	12,500	97,000
75700	Training, Workshops, and Confer	119,800	84,300	62,300	34,000	300,400
Total		**1,482,600**	**1,964,300**	**1,329,200**	**723,900**	**5,500,000**

Total Budget Summary per Budget Line

Atlas Budgetary Account Code	ATLAS Budget Description	Total per Line US$	% per Line
71300	Local Consultants	1,466,800	26,67%
71600	Travel	364,200	6,62%
72100	Contractual Services- Companies	1,455,000	26,45%
72200	Equipment & Furniture	357,900	6,51%
72300	Supplies and specialized materials	192,600	3,50%
72400	Communications	38,200	0,69%
72500	Supplies	18,000	0,33%
72600	Grants	500,000	9,09%
72800	Information Technology Equipment	62,500	1,14%
73100	Rental & Maintenance-Premises	92,200	1,68%
73400	Rent & maintenance of other equipment	398,700	7,25%
74100	Professional Services	12,000	0,22%
74200	Audio Visual & Print Prod Costs	144,500	2,63%
74500	Miscellaneous	97,000	1,76%
75700	Training, Workshops, and Confer	300,400	5,46%
Total		**5,500,000**	**100,00%**

PART II. Budget Notes for Total Project Budget

Outcome		Category	Atlas code	Notes
1. Institutional support mechanisms are generated to foster conservation of biodiversity through sustainable forest management and certification.	1	Local consultants	71300	270 months (1170 weeks) of national consultants working for the project in tasks directly related to project implementation; 9 consultancies to generate synergies, strategies and several detailed outputs that enhance institutional capacity for biodiversity monitoring. Output 1.1: a) 30 months inter-institutional liaison at US$ 45.000, b) consultancy for the construction of tools for comprehensive forest management: US$ 7,200 c) Output 1.2 a) two consultancies for the elaboration of technical norms for NTFP at US$ 3,000 b) Six consultancies to systematize ecological studies of relevant species at US$ 27,000 c) a consultancy to develop certification criteria for non-timber products at US$ 10,000, d) a consultancy to develop community certification models as a proposal to the FSC: US$ 10,000. Output 1.4 a) consultancy for the facilitation and elaboration of the strategy to control illegal logging in the Northern Region of La Paz: US$ 2,000 b) 30 months lawyer to support the ABT in reviewing and revising procedures manuals to establish a more effective legal mechanism for reporting and addressing illegal forest uses and sanctions; develop and implement simplified procedures; train counterpart and local staff; support preparation of informational and administrative briefs in Ixiamas and formulation of processes in Guanay, US$ 45,000 c) 48 months of forestry technician to support the verification of infringements: US$ 28,800 d) 48 months of forestry technician in charge of the Guanay office: US$ 38,400 e) a Forestry Technician to support the Guanay office: US$ 28.800. Output 1.5 a) Consultancies to strengthen capacities of technicians in 7 municipalities: US$ 19,000. Output 1.6: a) 96 months indigenous technicians to support implementation of management plans in the TCOs: US$ 38,400. Output 1.7: a) 48 months of a communication specialist: US$ 72,000 and b) 8 consultancies for design, edition and diagramming: US$ 16,000.
	2	Travel	71600	Domestic travel by project staff and consultants to project sites and attendance to workshops and meetings. The project area is spread out and rugged and in some cases river and air transportation are required, which raises travel costs.

	3	Contractual services	72100	Cost of participating in municipal fairs in 6 municipalities during 3 years (approximately us$45,000) for awareness raising; includes the construction of stands, development of information and dissemination materials (CD, DVD, leaflets, flyers, radio and TV spots), transportation of these materials. A contract will be signed with the consultancy firm or a local NGO (approx US$55.000) for training of the 6 communities involved in the project, the technicians from the national office and 20 technicians of the communities. The trainings will be focused on the national forest certification scheme (output 1.1), the use of the biodiversity monitoring system (output 1.3), conduct discussion panels and municipal workshops to adjust the development plans of the municipalities (output 1.5) and the conclusion of their Indigenous Territory Management Plan (output 1.6)
	4	Non-expendable equipment	72200	Equipment for strengthening the capacities of the ABT to reduce illegal logging, improve management of natural resources and establish a control post in Guanay (GPS, radio, cameras and establish a baseline on illegal forestry activities –output 1.4): - Two mobile inspection teams established and functioning: Purchase of four-wheeled motorcycle (quadratrack) (2) GPS (4); and handies (4) - Implementation of an office in Guanay: Furniture and fixtures; 1 motorcycle and handies. It is an extensive region with no ABT offices - Mobilization (7 motorcycles) for Municipalities to strengthen capacities for promotion of sustainable forest management, comprehensive forest management and certification. These purchases will be complementary to equipment already provided by the Dutch cooperation.
	5	Materials & goods	72300	Procurement of fire-fighting materials: axes, pulaskis, backpacks, field equipment, tents, first-aid kits, lesser tools need to reduce the threats of fire to vulnerable areas in pilot zones
	6	Communications	72400	Telephone communication expenses to ensure good coordination and communication with pilot areas
	7	Supplies	72500	Desk supplies for out posted ABT offices in Guanay, support team in Ixiamas and TCOs
	8	Information technology equipment	72800	Computer equipment for municipalities, ABT and central office, satellite maps to effectively improve control of forestry activities within the GEF intervention area.
	9	Rental, maintenance and	73100	Rental of meeting rooms to hold consultations in neutral premises; and cover services charges (electricity, water).

		services		Installation and start-up of the Guanay office (currently no office in Guanay). Office rental, basic services and basic equipment.
	10	Rental and maintenance of other equipment	73400	Equipment maintenance and operation, fuels and leasing of vehicle for the office based in La Paz. The leasing of vehicle in La Paz is possible and less expensive than purchasing a new 4x4; and facilitate oversight and management of the project by management based La Paz. There are not always enough Government vehicles available and in conditions for field missions and reliance of these would reduce the quality of project management. Likewise: - Fuel, oil, mechanical services, spare-parts due to basic wearing and tearing, e.g. chains for the four-wheeled motorcycles (quadratracks) - Maintenance and operation of equipment for 7 Municipalities for promotion of sustainable forest management, comprehensive forest management and certification - Fuel for TCOs to support land management and social control of their forestry resources.
	11	Production costs for audio-visuals and publications	74200	Design, editing and publication costs for print and audio-visual materials for training programmes and for consultations: - Construction of a theoretical framework for comprehensive forest management: Publication and systematization of comprehensive forest management experiences. - Proposal for general tools for the application of comprehensive forest management: dissemination of results (20-page brochure) and CD - Design and validation of a biodiversity monitoring system: printing of working and follow-up materials; drafting and publication of the document. - Publication of the Indigenous Territory Management Plan (PGTI) - Communication and awareness-raising strategy: promotional material (ball-point pens, calendars, etc.); radio programs and spots; documentaries – audiovisual material; elaboration of printed materials
	12	Miscellaneous	74500	Misc expenditures; represents 2.4% of the total of the component.
	13	Training, workshops and conferences	75700	Organization and delivery of training, workshops and conferences related to outputs 1.6 and 1.7 at the national, regional and local level, aimed at building national capacities in the intervention areas: - Construction of a theoretical framework for comprehensive forest management. Workshops for national consultation, travel expenses and per-diem (three regional workshops)

				- Design and validation of a biodiversity monitoring system (three coordination workshops), travel expenses and per-diem; two training workshops, travel expenses and per-diem - Number of municipalities with improved capacities for promoting sustainable forest management, comprehensive forest management and certification: two events to formulate the strategic forestry plan, travel expenses; 4 Natural Resources and Municipal Development Plans thematic round-tables, travel expenses and per-diems; 20 events for community training. - TCOs strengthened in land management and social control of forestry resources: 4 workshops for PGTI formulation, meals for information workshops. - Communication and awareness-raising strategy: participation in events (approximately 28), Non-formal teaching-learning processes on forestry issues; workshops in municipalities (56), travel expenses
2. Communities with strengthened capacities to obtain and keep certification and manage forests in a sustainable and biodiversity-friendly way	14	Local consultants	71300	328 months (1420 weeks) of long-term consultants and 15 consultancies specifically for empowerment of communities in business management; to design the biodiversity monitoring system; improve quality of NTFP; prepare management plans and develop the image of forest products. General: a) 96 months person in charge at regional level (2): US$ 144,000 b) 96 months administrative assistants in regional offices: US$ 72,000 c) 96months logistic support US$ 41,200. Output 2.1 a) consultancies for the elaboration of Annual Forestry Operational Plans in accordance with the regulations in force: US$ 60,000. Output 2.2 a) Consultant to develop the training methodology for communities on entrepreneurial management: US$ 5,000. Output 2.3 a) 16 months senior Biologist to design the biodiversity monitoring system: US$ 32,000 b) 12 months Social Sciences specialist for the design of the Biodiversity Monitoring System: US$ 18,000 c) 12 months forestry engineer to design the biodiversity monitoring system: US$ 18,000 d) consultancy for the construction of a municipal monitoring system: US$ 3,000. Output 2.4 a) Consultant for training in win-win negotiation: US$ 10,000 b) Consultant for negotiation of contracts with local enterprises: US$ 9,000. Output 2.5 a) 6 consultancies to improve the quality of NTFPs: US$ 30,000 b) Consultancy for the identification of new forest products: US$ 8,000 c) 5 consultancies for market identification and image: US$ 20,000 d) botanical studies and forestry management: US$ 8,000 e) consultancy for the elaboration of the NTFP management

				plan: US$ 10,000 and f) consultancies to develop product image and global labels: US$ 6,000.
	15	Travel	71600	Domestic travel by project staff and consultants to project sites, attendance to workshops and meetings, and to analyze similar initiatives to provide feedback and lessons learned, improve capacity building and delivery to all pilot communities and promote replication to broader areas. The project area is spread out and in some cases requires river and air transportation that raises travel costs.
	16	Contract services	72100	Long-term consulting services to support the preparation of the timber management plans in the communities involved (output 2.1), strengthen the capacity in business management for the CFEs (output 2.2) and define the benefit-sharing mechanism as well as capacity building to enhance negotiation skills aimed at improving benefit-sharing (output 2.4) - CFOs with improved capacities for entrepreneurial management of its endeavor: consultancies for training in entrepreneurial management of leaders and those responsible for marketing. - Output 2.5 Construction of infrastructure to support NTFP production, e.g. majo oil: construction of washing-trays; construction of dryers and warehouse. Construction of areas earmarked for seed transformation workshops. - *Lecos* wood: construction of wood-dryer; construction of Tomachi Collection Center. Collection warehouse. - *Sujo* control: 12 trainings on control of *sujo*
	17	Non-expendable equipment	72200	Due to the difficulty and high cost of leasing vehicles in the project implementation areas, two pick-up trucks will be procured (approx 2 x US$30,000). The two regional offices hosting the local project teams will also have essential equipment updated to house the expanded team. Costs also includes working equipment will be procured for forest management and processing of non-timber products. - Increase of CFO with comprehensive or forest management plans, aiming at certification: furniture and fixtures; purchase of 2 four-wheel drive pick-up trucks; purchase of two power-saws. - NTFP with added market value: purchase of oil-distillers; work equipment (lathes, planes, pre-dimensioning tool, etc.) - Rubber sheets, others: Procurement of laminating machines and processing equipment (rubber) - Cocoa chain: procurement of dryers; harvesters; fermenting equipment; equipment to add value - General: procurement of bag-sealers.

	18	Specialized inputs and materials	72300	Materials for implementing forest management plans, minor tools and field security devices Purchase of containers for NTFP according to market specifications - Increase of CFO with comprehensive or forest management plans aiming at certification: procurement of various materials for the determination of management areas; materials for harvesting and transport of non-timber products; safety equipment: helmets, goggles, facemasks. - Eco seed-jewelry: procurement of tools (polishers, seed-drills). - General: procurement of containers. - *Sujo* control: procurement of ground cover seeds and inoculants, minor tools.
	19	Supplies	72500	Desk material and stationary
	20	Grants	72600	Revolving fund to enable pilot communities to store sufficient raw materials of NTFP to reach level and conditions necessary for market supply for effectively testing emerging certification work on NTFP and incentives for production. Details outlined in Annex 9
	21	Information technology equipment	72800	Computers, printers and data show, to be used during the training and capacity building activities with the communities (output 2.1 to 2.5)
	22	Rental & maintenance - premises	73100	Rental of meeting rooms and in Guanay and Ixiamas to organize the trainings and payment of basic services; office rental and services.
	23	Rental and maintenance of other equipment	73400	Lease of forestry related machinery for the transformation of NTFP (output 2.5) Increase of CFOs with comprehensive or forest management plans, aiming at certification: Communications; fuel and operations; leasing of machinery and equipment for timber product operations (mechanical shovel, skidder, truck); Extraction (leasing of equipment and machinery)
	24	Audiovisual & Print Prod. Costs	74200	Design, editing and publication costs for print and audio-visual materials. Printing of materials and templates for BD monitoring.
	25	Miscellaneous Expenses	74500	Misc expenses (1.7% of the total budget of this outcome)
	26	Training, workshops and conferences	75700	Costs of project-related training, workshops and conferences related to directed felling, forest management techniques and certification. Consensus building activities in the 2 areas of intervention.
3. Economic incentives in	27	Local consultants	71300	48 months of long-term consultant and 5 specific consultancies: value chains, financial studies for forest credits, design of methodologies for

place to attract and keep forestry operations committed to sustainable forestry and BD management practices				training in business management; effective negotiation training expert; consultancy for identification of local markets for wood; Output 3.2 a) 48 months expert in associative marketing: US$ 96,000, b) consultancy for the survey of local timber and non-timber markets: US$ 10,000 c) consultancy to identify value chains for the six products: US$ 20,000. Output 3.3 a) 6 consultancies to improve products according to market demand: US$ 46,000 b) 4 consultancies to support participation in trade events: US$ 17,000 c) 24 months certification specialist: US$ 48,000 d) 3 forestry audits: US$ 18,000 d) 3 consultancies for updating alternative markets: US$ 15,000. Output 3.4 a) consultancy for financial studies and credit evaluations for the forestry sector of the AMC: US$ 4,000
	28	Travel	71600	Travel cost for project staff to participate in national and international trade fairs and business rounds in order to position value-added products developed from NTFP in national or international markets and fully analyze market demand for different products (output 3.2). - Travel costs and per-diems - Added value of forestry products from forests under management: mailing/sending of sample items for commercialization; travel costs and per-diems - CFOs with certification: Product transportation - Technical support team established for forestry certification (Municipal technicians: Travel costs and per-diem).
	29	Contractual services	72100	Contracting of trained technical service provider firms for characterization of semi-hardwoods, costs of timber and non-timber forest certification and deliver corresponding trainings and workshops with CFEs. - CFOs with FSC/simplified FSC certification: Studies of the composition of semi-hard woods; costs of forestry certification; costs of implementing adjustments resulting from forestry audits (Improvement of infrastructure, construction of canals, etc.); saw-mill and pre-dimensioning service costs. - CFOs certified under other certification schemes (solidarity market, bird-watchers, organic) increase the value of their products in the market: certification costs Contractual services to determine the governance mechanisms of the financial mechanism in a participatory manner and define the all the details of the financial mechanism to support forestry related activities in the CAM (US$85,000).
	30	Materials &	72300	Various packing material, labels

		Goods		
	31	Communications	72400	National courier services and communications
	32	Grants	72600	Financing mechanisms for community forestry operations and in association with other financial institutions and/or financial agents. These grants will be released upon evaluation and approval by the Project Board of the detailed financial mechanism proposed to support forestry related activities in the CAM. Greater investment for local forestry operations to improve management practices that contribute to biodiversity conservation in the CFOs: leveraging funds with PROMABOSQUE and financial entities.
	33	Rental, maintenance - premises	73100	Rental of stands at national and international fairs to promote products and test effectiveness of the increased community capacities for sustainable forestry management and value added of this and forestry products Increase in the percentage of the final sales price received by the primary producer: participation in international events and fairs to promote products (renting a stand); Renting and maintenance of office equipment
	34	Rent & maintenance of other equipment	73400	Rental of other equipments needed to achieve outputs of this outcome, e.g. preparation of items for marketing and fairs. A technical support team established for forestry certification (Municipal technicians): vehicle rental; fuel and maintenance.
	35	Audiovisual & Print Prod. Costs	74200	Translation of training documents prepared in Spanish to be adapted to local languages, and of commercial and marketing document to English to facilitate the trading of the timber and non-timber products during the international trading fairs.
	36	Training, workshops and conferences	75700	Training, workshops for municipal authorities and staff
	37	Miscellaneous	74500	Costs of support for initial commercialization of NTFP
4. Project management, monitoring and evaluation	38	Local consultants	71300	192 months (832 weeks) of long-term consultants a) 48 months Project Coordinator: US$ 96,000 b) 48 months Project Administrator: US$ 72,000 c) 48 months specialist in M&E: US$ 48,000 d) 19 months legal advisor: US$ 19,000 e) 48 months administrative assistant: US$ 40,000 f) 4 consultancies for M&E: US$ 24,000 g) consultancy for project systematization: US$ 15,000.
	39	Travel	71600	Domestic travel by staff and consultants to project sites, local project staff and attendance at workshops and meetings
	40	Contractual services	72100	Contracting to finalize and or detail the baseline analysis as needed, and recruit the international and national consultants to conduct the

				mid-term evaluation and final evaluation. Project systematization, inception workshop and meetings of the project board
	41	Non-expendable equipment	72200	Furniture and appliances for the PCU office.
	42	Communications	72400	Courier service, telephone and Internet
	43	Supplies	72500	Desk material and stationary
	44	Information technology equipment	72800	3 laptops and 1 printer
	45	Rental, maintenance - premises	73100	Rental and maintenance of office equipment
	46	Rental and maintenance of other equipment	73400	Equipment maintenance and operation, fuels and leasing of vehicle for the office based in La Paz. The leasing of vehicle in La Paz is possible and less expensive than purchasing a new 4x4; and facilitate oversight and management of the project by management based La Paz. There are not always enough Government vehicles available and in conditions for field missions and reliance of these would reduce the quality of project management. Vehicle leasing for PCU field missions (planning, M&E and supervision activities)
	47	Audits	74100	Annual audits
	48	Audiovisual & Print Prod. Costs	74200	Preparation of project information materials
	49	Miscellaneous	74500	Bank commissions and expenses, insurance

Part III: CO-FINANCING BUDGET

		Outcome 1	Outcome 2	Outcome 3	Project Management	Total
GEF		1,013,400	2,324,100	1,612,500	550,000	5,500,000
ABT	In kind	350,000				350,000
	Cash	10,000			40,000	50,000
INIAF	In-kind	659,000	1,041,000			1,700,000
	Cash		69,000		231,000	300,000
Forest Protection Program	In-kind	1,500,000				1,500,000
	Cash	200,000				200,000
PNCC	In-kind	3,343,963		209,000	97,037	3,650,000
	Cash				750,000	750,000
FONABOSQUE	In-kind		1,000,000			1,000,000
	Cash			791,000	209,000	1,000,000
SUSTENTAR	In-kind		300,000			300,000
	Cash		25,000		60,000	85,000
Total		**6,062,963**	**2,435,000**	**1,000,000**	**1,387,037**	**10,885,000**
	In-kind	5,852,963	2,341,000	209,000	97,037	8,500,000
	Cash	210,000	94,000	791,000	1,290,000	2,385,000

SECTION IV: ADDITIONAL INFORMATION

PART I: Other agreements.

235. The Letters of Co-financing (**Please refer to separate file)**

PART II: Terms of References for key project staff and main sub-contracts

Project Coordinator

The Project Coordinator will head the Project Coordinating Unit, acting as liaison between the Project Board and implementing teams in the two regions, and the departments involved, as well as being the principal focal point for private companies and government and nongovernment agencies implementing project activities.

Main duties and responsibilities:

- Within the Project Board, in charge of informing about the advance of activities, and presenting progress reports and work plans (AOP). Maintain fluid communication with UNDP, VMABDCCGDF, and the vice-ministerial departments related to the project.
- Prepare annual work plans and budgets, as well as reports and M&E in accordance with UNDP-GEF requirements.
- Ensure effective and efficient use of available human resources as well as materials and financing under the supervision and participation of the Project Board.
- Supervise and coordinate the implementation of activities aimed at reaching the stated goals in the two project implementation regions in accordance with the approved project logical framework.
- Lead the definition and operation of the project strategy by facilitating local, regional and national workshops resulting in the preparation of the long-term work plan.
- Establish strong cooperative ties with the regional coordinators in Guanay and Ixiamas and other partners to define the AOP and to produce, review and evaluate periodic progress reports. The annual plans will be reviewed and approved by the Project Board with the technical assistance of the Coordinator.
- Facilitate synergies with other sustainable forest management and certification projects in Bolivia and the macro region in general, especially those financed by the GEF.
- Develop a communication strategy within the project as well as with other partners, civil society and organizations in order to strengthen the effectiveness of actions and achievement of objectives.

Qualifications and Experience: Professional with Masters Degree (preferably) in Environmental Economics, Natural Resource Management, Public Administration or similar; at least 10 years of experience in design, implementation and evaluation of programs or projects in sustainable natural resource management (preferably in sustainable management and organizational development)

Project Administrator

The project will be implemented through VMMACCBDyGDF, therefore a full-time administrator with knowledge of UNDP financial rules and regulations as well as National procedures and accounting will be recruited. The Administrator reports to the Project Coordinator and supervises the work of the Administrative Assistant and of the Administrators stationed in the Regional Offices and he/she will coordinate with the co-financing agencies to ensure the correct administrative management.

Main duties and responsibilities:

- Ensure adequate administrative and financial management in accordance with UNDP-GEF procedures.
- Hold regular meetings with the Project Coordinator regarding management issues and maintain regular contact with the Regional Officers and Executing Agency on administrative and financial issues.
- Draft correspondence related to administrative and financial issues.
- Provide assistance in preparing annual work plans and budgets.
- Provide support to the Project Coordinator for preparation of project progress reports as required by UNDP/GEF.
- Monthly accounts and financial reports, and bookkeeping.
- Prepare disbursement requests and keep track of project disbursements.
- Record project co-funding.
- Procurement of goods and services, including preparation of bidding documents, specifications and contracts.
- Management of administrative, accounting and financial files
- Provide support to project audits and external evaluations.
- Prepare monthly work plans and activity reports and submit them for approval of the Project Coordinator.

Qualifications and Experience: At least 5 years of experience in accounting and financial matters; experience in project administrative and financial management; previous experience with UNDP accounting is desirable; Knowledge of SAABs Norms and Law Nº1178; computer skills; initiative and responsibility; teamwork ability, high flexibility and capacity to work under pressure.

Communications Assistant

The application of reforms and regulations, as well as the change in attitude of the persons who live in communities and the rural authorities depend on arriving with timely information and support awareness-raising activities on the relevance of forests, biodiversity and sustainable management of natural resources. The project's Communications Assistant will work under the direction of the Project Coordinator and, he/she will coordinate with other project staff responsible for marketing, regional officers and counterparts.

Main duties and responsibilities:

- Elaborate and implement the project's communication strategy. The discussion on the utility of the forest based on its goods and environmental services must be positioned at local regional level. The importance of preserving the biodiversity in the country must be emphasized as a strategic resource.

- Prepare terms of reference for specific consultants related to the implementation of the communication strategy (lay-out, graphics, etc.) and related services (printing-press, editorials, publishers, etc.)
- Prepare a plan for media and mini-media adequate for the intervention regions.
- Hold regular coordination meetings with the Project Coordinator and participate in meetings of working groups established within the project framework as well as those of the local steering committees.
- Provide support to the Project Coordinator and Executing Agencies for preparation of the annual work plans and budgets.
- Provide support to the Project Coordinator for preparation of project progress reports as required by UNDP/GEF.
- Provide inputs and support to implementation of the project's visibility plan and dissemination of project results and lessons learned.
- Prepare and/or update the project dissemination material (bulletins, website, brochures, among others)
- Coordinate the elaboration of training materials and any other communication and information materials as needed.
- Elaborate promotion materials for certified products in coordination with the concerned staff and consultants.
- Prepare monthly work plans and activity reports and submit them for approval of the Project Coordinator.

Qualifications and Experience: Professional degree in Communications Sciences and post-graduate degree in communications for the development of communication strategies. At least four years of experience in conservation or development projects; skills in communications related to biodiversity; computer skills including publication software; experience in marketing desirable.

Legal Assistant

Implementation of project activities will require the development of agreements with relevant institutions and community organizations, among others, procurement under Government rules and regulations, and contracting of individuals and organizations. Therefore the support of a Legal Assistant will be required intensively during project year 1 and more sporadically during years 2 and 3. The Legal Assistant reports to the Project Coordinator and he/she must maintain strong communication links with the Administrator.

Main duties and responsibilities:

- Responsible for ensuring that all operations, contracts and procurements under this Project are made with full respect to the rules and regulations in force.
- Ensure that all personnel contracts and contracts with consulting firms comply with legal requirements.
- Review and suggest the best means to transfer responsibilities and funds to operational counterparts.
- Review and suggest the best practices for accounting operations within the legal framework of the national finances.
- In coordination with the Administrator and Project Coordinator elaborate drafts for agreements with Municipalities, associations, indigenous organizations and community forest organizations.
- Review the background and suggest legal guidelines for the establishment and operation of the forest financial fund in coordination with the technical staff in charge and community organization representatives.
- Prepare monthly work plans and activity reports and submit them for approval of the Project Coordinator.

Qualifications and experience: Experience of 8 years or more in Public Administration at different levels (national, municipal); knowledge of Law Nº1178 and working experience in preparation of contracts between Government institutions and Civil Society Organizations; critical mind and propositional attitude. Experience in donor funded projects.

Administrative Assistant

Given the volume of project activities in La Paz as well as in the Regional Offices, and Administrative Assistant will be required to support processing a high number of vouchers, procurement, remittances of goods, documents, files and disbursements. The Administrative Assistant reports to the Project Administrator.

Main duties and responsibilities:

- Provide support in the management of administrative and accounting documents.
- Provide logistics support for the remittance of goods and materials to Regional Offices and to the counterparts.
- By the delegation of the Administrator, provide support in the quotation of goods and services and in contracting processes.
- Provide support in the preparation of annual work plans and budgets, and progress reports.
- Responsibility for the correct order of files, personnel files, inventories, etc.
- Support in the performance and follow-up of procedures generated in the project.
- Carries out the conciliation of invoices for basic services (photocopies, payment of electricity, water and phone bills, etc.)

Qualifications and Experience: Professional in the administrative-financial area; knowledge of SAABS rules and regulations; experience in procurement of goods and services; knowledge of Law Nº1178; computer skills and demonstrated experience with accounting software; experience in management of physical files is desirable; capacity for team work, initiative and capacity to work under pressure.

Monitoring and Evaluation Expert

The M&E Specialist will be responsible for design, coordination and implementation of the project M&E plan. The specialist will work under the supervision of the Project Coordinator and will coordinate with the Executing Agency as well as other concerned stakeholders to ensure adequate implementation of the M&E plan.

Main duties and responsibilities:

- Establish (collect) baseline information (complete the information in the database).
- Design the project's internal M&E systems, taking into account the M&E instruments (logical framework, work plan and timetable, etc.), in liaison with the M&E unit of the regional service center of UNDP-GEF
- Implement the M&E plan.
- Work together with field coordinators in the collection of information on indicators at community level.

- Hold regular coordination meetings with the Project Coordinator and participate in meetings of working groups established within the project framework as well as those of the project board.
- Provide support to the Project Coordinator and Executing Agency for preparation of the annual work plans and budgets.
- Provide support to the Project Coordinator for preparation of project progress reports as required by UNDP/GEF.
- Provide support to Mid-Term and Final External Evaluations.
- Provide support to implementation of the project's visibility plan and dissemination of project results and lessons learned.
- Prepare monthly work plans and activity reports and submit them for approval of the Project Coordinator.

Qualifications and Experience: At least 5 years of working experience with significant direct experience related to M&E; experience in project cycle management is highly desirable; computer skills; initiative and responsibility; teamwork ability, high flexibility and capacity to work under pressure.

Trading Expert

Selling of products is one of the most important bottlenecks in community forest management. This restriction is more important in the case of NTFPs with value added, sold beyond the local markets. The Trading Expert will work under the supervision of the Project Coordinator and will coordinate with Executing Agencies and community organizations to develop and promote commercialization of timber and non-timber products.

Main duties and responsibilities:

- Establish commercial contacts and support the successful marketing of timber and non-timber products with value added.
- Lead and support negotiation processes and the community commercialization of the Community Forest Organizations (CFO) in the case of timber products.
- Prepare terms of reference for specific consultancies in value adding for NTFPs in accordance with the selected market.
- Support the participation of the CFOs in national and international trade fairs.
- Establish and update a database with market information and purchase-sale links for the timber and non-timber products.
- Coordinate with the project consultants the formulation of the training program for the CFOs.
- Coordinate with the M&E specialist the definition of indicators and follow-up methodologies to keep track of progress and evaluate project outcome 3 indicators.

Qualifications and Experience: Knowledge of conditions and requirements of foreign trade. Work experience with timber and non-timber forest products (any of the two); experience in commercialization of products assembled in national markets; working experience with rural organizations in the areas of strengthening and commercialization; ability to communicate with inter-cultural groups.

Inter-Institutional Liaison

In the current structure of the Bolivian State the forest as such is related to different Ministries and Directorates. For this reason, the Inter-institutional Liaison will monitor, guide and ensure coordination of the different activities under Outcome 1, which will be implemented by personnel of the Forestry Directorate, DGB, SERNAP, Viceministry of the Environment, PNCC and specialized consultants.

Main duties and responsibilities:

- Achieve compliance with products under Outcome 1, supporting the Government agencies/units in implementing the tasks assigned by the project.
- Facilitate and lead the implementation of workshops, including lists of participants, coordinate the sites, premises, elaboration of aide memoires of such workshops and dissemination of conclusions (only for Outcome 1)
- Prepare terms of reference of consultancies related to the elaboration of NTFP regulations, and the construction of the proposal for simplified FSC forestry certification.
- Coordinate with the Forestry Directorate the elaboration of NTFP regulations and the construction of a comprehensive forest management model.
- Prepare the critical path for the elaboration of the plan for monitoring the biodiversity in coordination with DGB and the consultants hired to this end.
- Support the Project Coordinator with technical inputs for the formulation of agreements with ABT and with the Municipalities.
- Prepare specific annual work plans with each Municipality.
- Support the Project Coordinator with technical inputs for the formulation of agreements and the work plan with PILCOL and CIPTA.

Qualifications and Experience: Professional with knowledge of forestry regulations. Good level of relationship with national authorities; capacity to coordinate and facilitate reaching consensus. Experience in project implementation, inter-institutional coordination, and organization of workshops, meetings, conferences and drafting of conclusions. Capacities required: Ability to coordinate different agendas, strategic thinking, fluency: has a way with words, drafting of documents.

Local Technical Support (Indigenous Technicians)

Local Technicians will be stationed in the parent institutions of PILCOL and CIPTA. They will work under the supervision of the Regional Coordinators, issue work reports for TCO leaders, as well as for the Regional Coordinator.

Main duties and responsibilities:

- Support the elaboration of management plans in the interior of the TCO.
- Plan monthly activities and report about them to the Regional Coordinators and to the indigenous leaders for the implementation of the project.
- Support the forest certification process. Participate in training workshops and accompany the inspections of auditors.
- Participate in support tasks of the technical team for internal certification.
- Support in the dissemination of the scope of the Project in the interior of the TCO.

- Support the organization of workshops with external consultants in relation to the biodiversity monitoring system.

Qualifications and Experience: High School Graduate or mid-level technician with three or more years of experience, experience in forest management for the management of timber and/or non-timber products; fluency in Spanish and Tacana in the zone of San Buenaventura, Spanish in Guanay.

Local Administrators

Local Administrators work under the supervision of the Project Administrator and coordinate with the staff of the Regional Offices; they will be stationed in the Regional Offices with regular trips to La Paz.

Main duties and responsibilities:

- Support the administrative management of the project in the Regional Offices.
- Coordinate with the Regional Coordinators in the elaboration of work plans and disbursement requests, making sure there will not be financial impediments in the implementation of activities at the level of the Regional Office.
- Carries out the reception and remittance of goods and resources from the PCU.
- Supervises and facilitates rendering of accounts of the counterparts (Municipalities, TCOs, CFOs, on the basis of the entries of UNDP and of the Government.
- Provide logistics support in the organization of workshops with local communities and facilitates the rendering of accounts.
- Prepares inventories of Project goods in the region of his competence.
- Schedules the implementation and renders petty-cash accounts of the Regional Office.
- Supports training of CFOs in entrepreneurial management.
- Responsibility for procurement processes of local services.

Qualifications and Experience: Professional in business administration, economic auditing or related subjects, with three or more years of experience in project administration of donor funded projects, work experience with associates and counterparts; knowledge of SAABS regulations in accordance with the governmental accounts; availability to live in the rural area.

PART III: Stakeholder Involvement Plan

236. During project formulation several coordination meetings were held with the SF (later ABT) and the PNCC. Regular meetings were held with the staff of the Forest Department of the Viceministry of Environment for consultation and review of the project proposal. Two field trips were carried out to present and discuss project ideas with CIPTA, PILCOL, the Municipalities of the region, NGOs and programmes in the intervention area. Likewise, regular consultations were carried out with relevant organizations in forest certification, local economic development, conservation and development, and organizations of the Moceten ethnic group.

237. During the entire period of project implementation, work relations and collaboration will be maintained with all concerned stakeholders. The project will adopt a participatory approach encouraging all relevant stakeholders to have a role in project decision making processes, implementation and M&E. Stakeholders will take part in project management and implementation at various levels.

238. The project will be implemented by the Viceministry of Environment. A Project Board will be established and comprised by UNDP and the Viceministry. The project staff will hold bi-annual meetings; nevertheless monthly coordination meetings with Municipalities and organizations will be held at local level with the purpose of coordinating project implementation and workplans. Three meetings have been foreseen with the most relevant counterparts including Civil Society and representatives of the economic organizations.

239. An M&E Specialist will lead the project M&E system with the involvement of the counterparts, especially with ABT field technicians and Municipal technicians. The biodiversity monitoring system will be launched at field level with collection of data in the communities; the data will be processed and grouped in the Regional Offices and registered in the Municipal Offices with copies filed in the General Department of Biodiversity. This method will foster appropriation of methodologies, data and results.

240. Three counterpart levels will be engaged during implementation phase:

i) At national policy level, the most important counterparts are the Viceministry of Environment, Climate Change, Biodiversity and Forest Management and Development, the Forest Department, the Biodiversity Department and the ABT. Staffs of these institutions have been engaged since project formulation. Taking into account staff rotation, workshops will be held to present the scope of the project as well as the roles and responsibilities of each institution. During implementation, the project will coordinate with other relevant institutions such as the Ministry of Productive Development and Plural Economy.

ii) Community organizations and Municipalities are the most important counterparts to implement strengthening of technical and financial capacities of the communities. The Municipalities have been visited during project preparation for introduction of the project scope as well as surveying the availability of staff and resources. Municipalities will implement certain activities through their Forest Technical Offices or Municipal Forest Units. Regional coordinators will coordinate with the GM the workplans and field activities of the consultants, as well as with other relevant stakeholders, namely the organizations of the Tacana (CIPTA) and Lecos (PILCOL). Coordination with the parent organization (CIDOB) will be realized through the project coordinator and will have solely communicational purposes, considering that implementation will be charged to the regional coordinators.

iii) At market level the most relevant counterparts are the community forest organizations, which are technically the operators of the forest resources and the communities themselves, which are the owners of the resource.

241. Other organizations in the intervention area or thematically related to the project which are not beneficiaries of the project but are relevant taking into account data managed, knowledge of the region or expertise will be engaged in accordance with the activities they carry out. Decisions in this sense will be taken by the project coordinator in order to define if their engagement will be of temporary or permanent nature.

242. The engagement of the aforementioned stakeholders and coordination between different initiatives will be ensured through several formal mechanisms, namely:

a) At national level the Forest Technical Committee is an inter-institutional coordination mechanism headed by the National Climate Change Programme (PNCC) and integrated by government institutions, NGOs, donors, universities and other stakeholders. The committee will serve as a forum for technical discussion and debate on instruments and methodologies regarding forest management.

b) At donor level the project will be participate in the Forests, Biodiversity, Protected Areas and Climate Change round table which is convened on a quarterly basis and is integrated by UNDP, The Netherlands, Denmark, Japan, USAID and Sweden.

c) At project management level, the membership of the Project Board will comprise representatives of the Viceministry of Environment (Executing Agency) and UNDP with the participation of representatives of the ABT, the Forest Department, the Biodiversity Department, and TCOs. During project implementation, other key stakeholders (e.g. Municipalities, donors and ongoing projects) will be invited to participate as deemed necessary.

d) At field level, four of the seven Municipalities have coordination mechanisms known as Local Economic and Social Promotion Directorates (DILPES) or Local Economic Development Councils (CODEL) both of which are composed of national and municipal institutions, NGOs, economic and grassroots organizations that intervene within the municipal territory. The project will participate in these mechanisms through the Regional Coordinators to promote synergies and consensus on regional development priorities and strategies, and ensure a bottom-up approach in planning of interventions to guarantee that decisions at project management level duly take into consideration the needs and demands at local level.

SECTION IV, PART IV: Annexes