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PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: AB1948

Project Name	Venezuela-Expanding Partnerships for the National Park System
Region	LATIN AMERICA AND CARIBBEAN
Sector	Forestry (100%)
Project ID	P085458
GEF Focal Area	Biodiversity
Borrower(s)	BOLIVARIAN REPUBLIC OF VENEZUELA
Implementing Agency	
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Environment Category	[ ] A [X] B [ ] C [ ] FI [ ] TBD (to be determined)
Date PID Prepared	November 30, 2006
Date of Appraisal Authorization	December 8, 2006
Date of Board Approval	February 27, 2007

1. Country and Sector Background

The Bolivarian Republic of Venezuela ("Venezuela") boasts among the highest levels of biodiversity in the world, ranking between 4th and 10th according to various taxa. Canaima National Park (CNP), located in southeastern Bolivar State and spanning 3 million hectares, is particularly important, harboring nearly 120 endemic genera, 2 endemic families and 117 endangered species (Huber, 1997). CNP's massive table-top mountains, known as *tepuis*[1], were classified by Dinerstein *et. al* (1995) as one of two Globally Outstanding and Relatively Intact ecoregions in Latin America.[1] CNP was declared a Natural World Heritage Site in 1994 for its scenery and endemic species.

CNP and its surrounding Areas under Special Administration Regimes (ABRAE) constitute 18.3 million hectares of continuous natural habitats acting as a major biological corridor for genetic flow in the Guyana Shield (spanning parts of Colombia, Venezuela, Brazil, Guyana, Suriname and French Guyana). Additionally, CNP's well-conserved watersheds supply 45% of the hydric resources of the Caroní River, the most important hydroelectric resource in the country.

Although 85% of CNP is comprised of pristine natural habitats with relatively intact vegetation, the park faces many threats to its unique biodiversity and fragile ecosystems, including roads, growing tourism, deforestation, mining and colonization (see Annexes 1 and 19). The national parks institute (INPARQUES) manages an area 50% larger than El Salvador and equal to Belgium with scarce financial resources and a poor institutional presence. An effective management model is essential to integrate two key stakeholders (the Indigenous Federation of Bolivar State, or FIEB, and state-owned hydroelectricity company CVG EDELCA), leverage substantial financial and institutional resources and counteract degradation of CNP's outstanding biodiversity.

The project area ("CNP project area"), to include CNP and 2.6 million hectares of buffer zones[1], is located in the ancestral lands of the Pemon and other smaller indigenous groups. Indigenous inhabitants in CNP are estimated at 28,000 to 30,000, 95% of which belong to the Pemon culture. Key priorities for these communities, included in an Indigenous Life Plan drafted during project preparation, are to conserve their lands' natural resources, support environmentally-friendly production and obtain land titles. Recent land demarcation and titling efforts have been supported by provisions in the 1999 National Constitution, laws regulating collective territorial ownership (including the Guaicaipuro Mission), and support from NGOs such as The Nature Conservancy (TNC).

CVG EDELCA produces over 70% of the country's energy. The Guri hydroelectric facility, the second largest in the world, is sourced by the Caroní River. In recent years, CVG EDELCA has undertaken an ambitious environmental and social investment program (the Mayú program), supporting the long-term hydric resources supplied by CNP's well-preserved watersheds.

In a landmark inter-institutional agreement signed between INPARQUES, CVG EDELCA and FIEB, the three stakeholders formally agreed to cooperate around common objectives of preserving CNP's biodiversity, ensuring its environmental services and supporting indigenous communities' quality of life improvements. The project will build upon this historical achievement and develop a participatory co-management model for the CNP project area based on four fundamental criteria: (i) threat prevention and mitigation, (ii) sustainable development of local communities, (iii) implementation of long-term financial mechanisms to support PA management, and (iv) involvement of all stakeholders, including indigenous peoples, in CNP's Co-Management Plan design and implementation. The project would pilot such a model in CNP, support this unique partnership, and replicate the co-management scheme to other parks in Venezuela.

The success of this project hinges on the long-term sustainability of the incentives offered to each of the three stakeholders. INPARQUES would fulfill its institutional mandate to ensure the park's adequate management and conservation; FIEB and indigenous beneficiaries would strengthen their institutional capabilities for effective co-management and undertake productive sub-projects, and CVG EDELCA would ensure the conservation of the park's long-term ability to supply hydropower.

2. Objectives

The **Project Development Objective** is to implement an effective co-management model in the CNP project area supporting natural resource risk prevention, sustainable natural resource use practices and preservation of cultural and biological diversity. The **Global Environmental Objective** is to ensure conservation and sustainable use of the CNP project area's globally important biodiversity. Effective co-management and compensation for environmental services would serve as a model for PA administration around the world.

The "CNP project area" includes CNP's 3 million hectares and 2.6 million hectares of selected buffer zones adjacent to the northern, southern and eastern sectors of the park. This area was selected based on the following criteria: the presence of indigenous communities who participated in Life Plan elaboration, zones containing pressures to the Caroní watershed's conservation and hydroelectric potential, and activities posing threats to the park's biodiversity.

Keeping in mind that this project's emphasis is on prevention rather than restoration, the envisioned project outcome indicators are:

- 3 million hectares of CNP with improved management effectiveness (from 50% to 75% by EOP using the GEF SP1 Tracking Tool)
- 50% of CNP project area's Co-Management Plan implemented by EOP
- 12,000 hectares in areas under threat in CNP under improved habitat preservation management (as measured by reduced incidence of fire and slash and burn practices)
- Activities underway in the CNP project area addressing at least 30% of the Indigenous Life Plan's cultural preservation objectives
- Rate of deforestation in areas under threat reduced to 0.5%/annum (from baseline 0.7%)

3. Rationale for Bank Involvement

The World Bank (WB), through a GEF grant, would support the project through its capacity to leverage significant financial resources available in government and non-government sectors and capitalize on previous and ongoing Bank operations. The WB has a long history of direct involvement with INPARQUES and with Venezuela's PA system. Specifically, a US$55 million loan to INPARQUES (1993 – 2004) was designed to support the institution's capacity to administer PAs. Lessons learned during the execution of this loan have been incorporated into project design.

In addition to its long involvement in the sector, the WB offers strong technical strengths and added value in the following three themes: its PA management expertise and ability to integrate indigenous communities into the project, to support financial sustainability through PA funds, payments for environmental services (PES) and environmentally sustainable production systems, and to promote accountability and governance among the three main stakeholders.

In the area of *PA management and modernization of national protected area systems*, the Bank has considerable experience in the design and implementation of such projects (see Section B.4), with projects in every eligible country in the region. Overall, the WB is the single largest external financier of biodiversity conservation and protected area projects in the region. The WB was also the first multilateral institution to introduce an *indigenous peoples* policy and has over two decades of experience implementing this and newer versions of this policy. Such programs have continued to evolve, reflecting an ongoing learning process in relation to indigenous needs for greater participation in decision-making and development[1]. A rich array of initiatives addresses complex issues arising when indigenous territories are located in state-declared PAs.

Additionally, the project will support CNP's long-term *financial sustainability*. The Bank has considerable expertise in developing local private-public sector alliances, promoting benefit-sharing and designing and execution payments for environmental services (PES) schemes. Projects under preparation and implementation develop PA financial sustainability, along with PES schemes and sustainable production systems, in Peru, Bolivia, Colombia, Costa Rica, El Salvador, Mexico, Honduras, Nicaragua and other countries.

4. Description

Consolidating CNP and effectively integrating indigenous communities into the Park's decision making and benefit-sharing processes is a priority to the Bolivarian Republic of Venezuela (BRoV) and a strategic objective to be used in the consolidation of Venezuela's National Park System. Long-term conservation of the National Park System and its associated ES requires a

[1] Davis, S., Uquillas, J.E., Eltz, M. *et.al* (2004). *Lessons of Indigenous Development in Latin America: The Proceedings of a World Bank Workshop on Indigenous Peoples Development*, The World Bank, Washington, D.C.

new integrated management model that effectively mitigates threats and prevents future natural resource degradation.

Total project cost is US$26.0 million, US$6.0 million of which is being requested from the GEF (see Table 1 in Annex 4). The project will have four components: (i) Implementation of Co-Management Model; (ii) Biodiversity Conservation and Sustainable Use Programs; (iii) Indigenous Life Plan Implementation; and (iv) Project Management and Replicability. The first component of the project is primarily concerned with developing the institutionality and tools for moving forward with a new co-management scheme in the CNP project area, including long-term financial sustainability, and effective participation. The second and third components finance on-the-ground investments, including those focused on biodiversity conservation/sustainable NRM, and those proposed and executed by indigenous groups and contained within their own "Life Plan".

Component 1. Implementation of Co-Management Model (US$4.31M Total; US$0.91M GEF)

This component, implemented by the Co-Management Committee created by the project, has the following objectives : (i) constitute an effective co-governance structure in the CNP project area that would initially include INPARQUES, CVG EDELCA and FIEB; (ii) strengthen key stakeholders' institutional capabilities for project execution; (iii) design a participatory Co-Management Plan (MP) for the CNP project area (including a zoning and use plan, taking into account the indigenous peoples' traditional zoning and use plan), and (iv) strengthen CNP's financial sustainability. The MP will include three key areas for implementation: biodiversity conservation and sustainable use programs, indigenous strengthening and productive sub-projects, and a financial sustainability strategy. The execution of the first two of these aspects will be addressed by Components 2 and 3 of this project. The financial strategy will be designed under Component 1 of this project, while some elements of its implementation will be fully developed beyond the project.

The purpose of the financial sustainability strategy is to establish long-term, sustainable financing mechanisms to be replicated throughout the national park system. In fulfillment of this subcomponent, the project will support a comprehensive analysis of CNP's financial situation and the design of various mechanisms, including: (i) tools to enhance CNP's self-generated resources, such as ecotourism and a re-indexation of entry fees; (ii) inter-institutional agreements compensating CNP's environmental services[1], and (iii) a conservation trust fund (CTF) as a long-term mechanism to be developed fully beyond the project.

Principal activities in fulfillment of this component include; (i) establishing a participatory Co-Management Committee for CNP; (ii) designing a Co-Management Plan in coordination with the indigenous communities' Life Plan; (iii) reaching stakeholder agreements to execute conservation and natural resource use actions in accordance with the Co-Management Plan; (iv) capacity-building; and (vi) design and execution of a financial sustainability strategy for CNP.

Key outputs of this component include: (i) an operational CNP Co-Management Committee; (ii) a Co-Management Plan for the CNP project area with input from indigenous communities; (iii) 6 co-management agreements signed; (iv) 20 training programs for CNP stakeholders and personnel; (v) 5 studies financed on various themes supporting MP elaboration; (vi) a financial sustainability strategy designed and under execution, and (vii) a project website and 5 video productions.

Component 2. Biodiversity Conservation and Sustainable Use Programs (US$9.15M Total; US$1.76M GEF)

The objective of this component is to implement biodiversity conservation and sustainable use programs outlined in the Co-Management Plan. This component will be implemented by the Co-Management Committee, but activities will be executed by the technical team hired for project execution and by INPARQUES' regional office in Bolivar state. Biodiversity conservation and sustainable natural use programs will address Focal Management Targets (FMTs) identified for CNP in a related project under execution entitled Enhancing our Heritage (Heritage Project[2]).

Principal activities in fulfillment of this component include: (i) undertaking a comprehensive threat prevention and mitigation program, including support to sustainable production systems with indigenous communities and restoration of selected sites; (ii) designing and executing a CNP biodiversity and management effectiveness monitoring system; (iii) designing and implementing a participatory land use surveillance program to deter illegal mining and other activities; (iv) executing an environmental education program, and (v) refurbishing essential infrastructure and park ranger equipment. The GEF will finance the first three activities, while the remainder will be provided by counterpart donors.

Key outputs of this component include: (i) 9,000 hectares under threat prevention programs and 8 pilot restoration programs of 10 to 50 hectares each, (ii) a CNP monitoring system, providing key inputs related to biodiversity, socio-economic indicators and management effectiveness; (iii) an operational community surveillance program; (iv) an environmental education program, with 1,000 beneficiaries trained, and (v) essential infrastructure provided for the Park.

Component 3. Indigenous Life Plan Implementation (US$9.27M Total; US$1.87M GEF)

The Indigenous Life Plan, designed during the preparation phase (Annex 20), establishes programs related to: (i) demarcation and titling of indigenous communal lands; (ii) education, culture and territorial management; (iii) health and territorial management infrastructure; (iv) organizational strengthening, and (v) sustainable production systems. The project will finance specific biodiversity conservation and sustainable use activities selected in coordination with indigenous leaders.

This component's objective is to obtain active participation from indigenous communities in CNP management, benefit-sharing and decision-making, incorporating their ancestral vision regarding conservation and sustainable natural resource use. Subprojects within this component will be executed by FIEB or local indigenous organizations, while capacity-building and training activities will be supervised by the Co-Management Committee.

For sub-project execution, the project will support the elaboration of feasibility and sustainability studies, to include an evaluation of ongoing sustainable production projects, financial analysis and an assessment of potential environmental and social impacts of new activities. Projects may be developed in ecotourism, agroforestry and handicrafts. Implementation arrangements and procedures for subprojects will be detailed in a Subprojects Operational Manual, including size and scope of grants, eligibility criteria, grant selection, a technical assistance program to assist project preparation and implementation, disbursement and financial arrangements.

[2] This project is being implemented by INPARQUES and VITALIS and is financed by UNESCO, IUCN and has received support from NGOs, including The Nature Conservancy (TNC).

Principal activities and outputs in fulfillment of Component 3 include; (i) designing an indigenous territorial ordering and zoning plan and associated map; (ii) undertaking 10 cultural strengthening, scientific and traditional education projects; (iii) supporting studies for indigenous land demarcation and titling; (iv) training 800 indigenous people in business administration, natural resource management, ecotourism, monitoring, and related themes; (v) executing 12 sub-projects meeting social, ecological and economic sustainability criteria, and (vi) elaborating a guide on traditional fire use and control.

Component 4. Project Management and Replicability (US$3.26M Total; US$1.45M GEF)

The objectives of this component are: (i) project management; (ii) operation of the project's Monitoring and Evaluation (M&E) System; and (iii) replication of project lessons learned. This component will finance project personnel in SAMARN, as defined in the Grant Agreement, to effectively coordinate financial management and administrative procedures, including: (i) procurement; (ii) disbursement and financial execution; (iii) FMRs and POAs; (iv) annual execution reports and requests for information by the Bank, and (v) consolidating technical information from the Co-Management Committee on project activity execution. This component will hire a technical team to support the Co-Management Committee, which is the project's technical coordinator.

To support the application of lessons learned in at least 2 National Parks, INPARQUES will select 4 parks in which to: (i) conduct workshops with key stakeholders; (ii) organize 6 visits of park representatives to CNP to view project advances; (iii) establish 4 regional coordination committees; (iv) organize bi-annual committee meetings; (v) design working plans for two parks, and (vi) conduct local workshops to disseminate project experiences.

Key outputs related to this component will include: (i) relevant software developed for producing relevant reports, (ii) annual PMRs and POAs submitted to the Bank; (iii) Baseline, Mid-term and End-of-project monitoring of management effectiveness in CNP using the GEF SP1 Tracking Tool; (iv) M&E indicators for the project monitored, as well as the project's intermediate outcome indicators listed in the project's Results Framework; (v) inputs for Bank mid-term and final project evaluations; (vi) a project website and 5 media productions; (vii) 7 workshops with key stakeholders and (viii) 6 exchange visits of NP representatives to CNP.

5. Financing

Source:	($m.)
BORROWER/RECIPIENT	19.30
GLOBAL ENVIRONMENT FACILITY	6.00
FOREIGN PRIVATE COMMERCIAL SOURCES (IDENTIFIED)	0.70
Total	26.00

6. Implementation

SAMARN will act as the project's financial and administrative coordinator given its robust track record in financial management and disbursement. A ***Grant Agreement*** will be signed between the World Bank as representative of the GEF and INPARQUES. SAMARN will be delegated by INPARQUES to undertake FM functions and will assign an adequate administrative and financial team to: submit POAs approved by the Co-Management committee, submit budgets, disbursement records, procurement plans, TORs, counterpart financing, and periodic reports.

Project execution and coordination will build upon arrangements defined during the project's PDF-B stage, whereby the three partners (INPARQUES, CVG EDELCA and FIEB) signed an inter-institutional agreement defining functions and responsibilities. This agreement provides the basis for a Co-Management Committee, which will administer CNP and act as technical project coordinator.

A ***Cooperation Agreement*** will be signed between INPARQUES and the Co-Management Committee. This agreement will establish the relationship between the two entities and will clarify that the Co-Management Committee, as technical coordinator of the project, must oversee: (i) elaboration of the project's annual operational plans (POAs) and approval of sub-projects; (ii) coordination and supervision of project activities; (iii) monitoring of biodiversity and socio-economic conditions in CNP and fulfillment of the project's indicators, and (iv) leveraging counterpart resources. Coordination procedures between the two entities in relation to project execution will be defined in the Operational Manual.

Subsidiary Agreements for sub-project execution may be signed between INPARQUES and: FIEB, and/or other stakeholder groups. Subsidiary agreements would be undertaken for the execution of subprojects exclusively, not for the design of the Co-Management Plan or to promote inter-institutional coordination. Execution agreements will indicate specific activities, their financial and technical responsibilities, timelines and execution plans. A model subsidiary agreement will be included in the project's Operational Manual where detailed procedures for selection, disbursement and evaluation will be described.

Prior to Negotiations, official co-financing letters specifying activities to be financed by each donor will be submitted to the WB. Co-financing commitments include: CVG EDELCA, US$10 million; MINAMB, US$6.35 million; INPARQUES, US$1.95 million; Ministry of Tourism, US$1.0 million and other donors, US$0.7 million.

7. Sustainability

Financial sustainability is central to project design. The project will support various measures to improve CNP's financial sustainability, including a financial sustainability strategy, commitments from various stakeholders to invest long-term sums in CNP's conservation, adjusting entry fees and designing long-term mechanisms. A key outcome of the project is a signed commitment from CVG EDELCA that it will invest 0.6% of its annual operational income (approximately US$2 million annually) in accordance with CNPs Co-Management Plan and subject to the approval of members of the park's Co-Management Committee, during and after the project.

Social sustainability of project activities will be achieved through high community participation in PA conservation and management, capacity-building and environmentally-friendly sub-projects. Specifically, the project will support: (i) active participation in CNP's planning and management; (ii) a co-management governance structure; (iii) sustainable production projects (eco-tourism, handicrafts, agroforestry) and reconversion of existing unsustainable use practices to support socio-economic well-being and reverse inadequate land use, and (iv) participatory Co-Management Plan implementation.

The project will promote **institutional sustainability** through: (i) institutional strengthening of INPARQUES, SAMARN and FIEB; (ii) greater coordination and complementarities achieved via a CNP Co-Management Committee, (iii) public-private partnerships for project activities, and (iv) greater agility, transparency and flexibility in resource investment and management.

The project will support **replicability** by selecting 4 National Parks (listed in Annex 4) to disseminate lessons learned and project outcomes, conducting a series of workshops and exchange visits, so that by project-end at least 2 national parks are applying lessons learned from the proposed project.

8. Lessons Learned from Past Operations in the Country/Sector

The following lessons are drawn from a range of projects in both Venezuela and LAC, where similar projects have contributed to participatory conservation and sustainable natural resource use initiatives.

INPARQUES' institutional capacity. The WB loan to INPARQUES approved in 1993 and completed in 2004 supported INPARQUES' institutional capacity to administer PAs under its jurisdiction. However, the project's ICR points out challenges faced during project implementation, namely: a lack of continuity and permanence of key staff; the need for ongoing and timely supervision by MINAMB and the Bank; the need for more effective coordination between various governmental entities; the need for a more decentralized organizational structure within INPARQUES to promote agile and effective decisions, and political volatility. These lessons have been taken into account in the proposed project. Based on this experience, the project decided to execute financial and administrative aspects of the project through the Autonomous Service of the Ministry of the Environment (SAMARN). In turn, the Co-Management Committee, which INPARQUES belongs to, will act as technical coordinator of project activities. At the MTR, this committee may take on some or all of the project's fiduciary functions if project stakeholders (INPARQUES, CVG EDELCA, FIEB and WB) consider adequate.

Active stakeholder participation. The principal lesson learned from the Bank's experience working with protected areas throughout Latin America is that where local communities are indigenous, effective dialogue must be established throughout project design and execution. Experience in the Colombia Conservation and Sustainable Development of the Matavén Forest project (Mid-size GEF grant; Project ID 66750) and Naya Biological Corridor in the Munchique-Pinche Sector project (Mid-Size GEF grant; Project ID 53804) made evident the positive relationship between local land governance and biodiversity conservation. The Matavén project was pioneer in creating a community-led conservation area in Colombia, obtaining legal titles to a 900,000 hectare indigenous *resguardo* and designing ecological zoning and environmental management plans with indigenous leaders. The Naya Project supports environmental land use planning with Afro-Colombian groups and indigenous communities. Based on these experiences, the project supported the signature of an inter-institutional agreement between INPARQUES, EDELCA, and FIEB in June 2004, setting the groundwork for active stakeholder participation and co-management principles.

Protected Areas Consolidation. The project's focus on a participatory Co-Management Plan arises from lessons learned in the Mexico Consolidation of Protected Areas project (Project ID 65988) and Colombia Biodiversity in the High Andes Region project (Full-size GEF grant; Project ID 63317), which support the establishment and consolidation of national parks, regional PA systems and civil society reserves. Lessons learned include: (i) participatory MPs are useful tools to promote conservation; (ii) resources executed by the national parks institute demanded supervision but over time led to improved management capabilities; (iii) PAs with strong community participation obtained the most consolidation, and (iv) social participation was fundamental to activity execution.

Conservation Incentives. The Bank has considerable experience in implementing environmental services valuation and payment projects. Two Bank/GEF initiatives underway in Costa Rica contribute valuable lessons to this project: the Ecomarkets Project (P061314), supporting ES markets and private sector providers for privately-owned forests, and the Scaling Up and Mainstreaming Payments for Environmental Services Project (P098838), to pay farmers for ES generation, demonstrating the mainstreaming of PES. The WB/GEF-FSP Regional Integrated Silvopastoral Approaches to Ecosystem Management (Project ID 72979) pays and provides technical assistance to livestock producers who undertake biodiversity-friendly land use changes. Other related projects include the El Salvador Environmental Services Project, Mexico Environmental Services Project, and the Costa Rica Mainstreaming Market-based Instruments for Environmental Management Project. Relevant lessons from these initiatives include: (i) payments for environmental services (PES) lead to biodiversity-friendly land use changes; (ii) biodiversity and carbon sequestration increase upon the transition from degraded pastures to silvopastoral systems; and (iii) PES foster a greater environmental conscience among producers. Key lessons can be derived from this project's institutional arrangements, useful in the proposed project's agreements supporting compensation of CNP's environmental services, and application of conservation incentives.

Productive Sub-projects. The **Sierra Nevada Sustainable Development Project** (IBRD Loan for US$6.3 million; Project ID 57326) was successful in the execution of productive sub-projects with local and indigenous communities. The Subprojects Manual, as well as various execution procedures, are being adopted in the proposed project. The WB **Productive Partnerships** Support Project (IBRD loan for US$52.3 million; Project ID 41642) has as its main objective to generate income, create employment, and promote social cohesion of poor rural communities in an economic and environmentally sustainable manner through the development and implementation of a demand-driven, productive partnership scheme with the private sector. The proposed project will build upon the implementation arrangements model developed in the Productive Partnerships project, which creates decentralized project execution committees that bid for resources using a transparent, accountable and highly participatory system, and design and execute sub-projects taking into account local socio-economic needs.

9. Safeguard Policies (including public consultation)

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

This Project is expected to have a highly positive environmental impact. If implemented as planned, the Project would have no significant adverse environmental effects. It would also comply with all applicable World Bank safeguard policies, as explained below.

Environmental Assessment (OP/BP/GP 4.01). The Project is classified as Category B, requiring a partial Environmental Analysis. The EA, which was undertaken by INPARQUES, found that as the project will result in improved conservation of 5.6 million ha supporting

globally significant biodiversity, project activities are expected to be environmentally beneficial. While the project could result in minor environmental impacts associated with implementation of subprojects (such as ecotourism, sustainable agriculture, artisan production, construction of small-scale park-related infrastructure, and possibly other activities consistent with the management plan) such impacts will be managed through a process that includes environmental assessment of subprojects, including screening subprojects and sites to minimize potential impacts. Likewise, the project will take efforts to refurbish existing facilities rather than build new ones, where possible, and ensure that Project investments are selected according to established strategies developed by the Co-Management Committee, reflecting lessons learned in related GEF projects.

Natural Habitats (OP 4.04) and Forests (OP 4.36). The project is fully consistent with the Bank's Natural Habitats and Forests policies. It would not cause, nor facilitate, any significant loss or degradation of forests or other natural habitats. On the contrary, the project is intended to arrest current levels of biodiversity and natural vegetation cover degradation by improving the protection and management of natural habitats and forests within the project area. Project activities will include to design a participatory co-management structure and elaborate a Co-Management Plan for CNP, integrating indigenous communities' traditional values and knowledge; support capacity-building and training for key stakeholders; undertake threat mitigation, biodiversity and socio-economic monitoring, conversion of unsustainable use practices and selected restoration, and support environmentally sustainable sub-projects and capacity-building. All subprojects will be screened for potential environmental impacts to natural habitats.

Pest Management (OP 4.09). The project is fully consistent with the Bank's Pest Management Policy. The project will support the use of biological or environmental control methods and reduce reliance on synthetic chemical pesticides within CNP, as part of its biodiversity conservation strategy. When working with indigenous groups, the project will support the use of cultural practices. The project will support controlling pests primarily through environmental methods and will support organic production. When this is not feasible, the project implementation team residing in the Co-Management Committee will finance the use of pesticides for control of disease vectors, following IPM Bank application. Procurement of pesticides will be consistent with a "positive list" included within the project's Operational Manual, and the project includes technical assistance funds to support training in Integrated Pest Management (IPM). The Co-Management Committee will be responsible for the application of the Bank's IPM.

Cultural Property (OPN 11.03). Some of the conservation areas to be supported under the project contain significant archaeological, historical, or other cultural patrimony. The preservation of cultural sites or relics will be considered a crucial element in CNP's Co-Management Plan. All activities financed will be developed under the CNP Co-Management Plan, where the preservation of important cultural sites or archaeological property is considered crucial within CNP. Chance finds or known cultural sites affected by the project will be referred to the appropriate government agency that deals with antiquities and cultural heritage. The project will also protect indigenous peoples' intellectual property when framed as ancestral knowledge of their natural resources. The project will support studies to properly identify cultural sites and indigenous knowledge and design measures to support their protection, which will be included in the project Operational Manual.

Involuntary Resettlement (OP 4.12). According to the information provided (PAD, Social Assessment and Plan de Vida PEMON) and as stated by the document titled " *Mitigacion de*

Impactos Potenciales en las Condiciones de Vida", the preliminary social assessment confirmed that the activities to be included in the Management Plan within the Protected Area do not involve restrictions to natural resource use that could potentially impact local indigenous communities. No physical displacement of any people will take place under the project. The operationalization of the Plan de Vida as part of CNP's Co-Management Plan will assess the magnitude of such restrictions, and will include a Monitoring System for the project's implementation, according to each community's case. The project will put in place capacity building for indigenous organizations and communities, will support land titling studies and sustainable livelihood activities. At the institutional level the project will support participatory project implementation and supervision by legitimate indigenous peoples representatives
(FIEB/ Comite), and will establish a system for monitoring social conflicts.

However, in the event that the ways of life of communities inhabiting in or near the project area might be affected through restraints on natural resource use, the Process Framework, to be included in the Operational Manual, describes the procedures that will be followed to ensure that the quality of life of affected persons will not be negatively affected. This will be achieved primarily through the participatory development and implementation of the park's Co-Management Plan through which alternative livelihood mechanisms will be supported (including sustainable production systems and ecotourism).

Indigenous Peoples (O.D. 4.20). The project is being undertaken together with the indigenous communities, comprised mainly by the Pemon culture, and the FIEB. The project will not cause any adverse effects on Indigenous Peoples residing in or near project areas. Project execution would support co-management agreements and their implementation in CNP, conservation activities with indigenous communities, and local welfare improvements through access to training and productive projects. Through the early involvement of indigenous community members and leaders, the project incorporated this framework at project design and defined participatory implementation arrangements. The Indigenous Life Plan developed during the PDF-B stage reflects the consensus reached on project activities and agreements among indigenous communities. An Indigenous Peoples Plan (IPP) was developed and approved by the Bank describing the measures taken to ensure there is no impact on indigenous groups, and outlining potential conflict resolution mechanisms in the unlikely event that conflicts arise.

In accordance with IBRD's policy on Disclosure of Information (BP 17.50), copies of the Environmental Assessment Report and Process Framework are available for public viewing at INPARQUES' office (Caracas, Venezuela).

10. List of Factual Technical Documents

Institutional Publications

1. CVG EDELCA – Corporación Venezolana de Guyana - MIBAM (2006). Energía Vital para la Nueva Venezuela. Caracas: CVG EDELCA.
2. CVG EDELCA- Corporación Venezolana de Guyana. (2004). La Cuenca del Río Caroní. Una visión en cifras. Caracas.
3. CVG EDELCA (2004). Plan Maestro de la cuenca del río Caroní. Vol 2. Tomo 3. Parte 1. Caracas: CVG EDELCA.
4. CVG EDELCA. (2003). Estudio Plan Maestro de la Cuenca del río Caroní. Econatura - Comisión Europea – INPARQUES. 1997. Ciencia y Conservación en el Sistema de Parques Nacionales de Venezuela. Una experiencia de Cooperación Interinstitucional. Caracas.

5. FIEB and the World Bank (2006). *Plan de Vida de los Pueblos Indígenas de 8 Sectores de la FIEB.*
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4. Interinstitutional agreement between FIEB, INPARQUES and CVG EDELCA during PDF-B phase.

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[1] The *tepui* formations are abrupt, rocky mountains reaching heights of between 800 and 3,015 feet above sea level. Given the region's warm and moist climate, these formations harbor unique ecosystems distinct from those of other tropical mountains due to their high number of endemic species. Thus, a *tepui* is a physical and biological unit containing unique species and ecosystems.

[1] Along with the Japura Negro moist forests in Amazonia, cited in Dinerstein et.al, *A Conservation Assessment of the Terrestrial Ecoregions of Latin America and the Caribbean* (1995), The World Bank, p. 24.

[1] This area was selected based on the following criteria: the presence of indigenous communities who participated in Life Plan elaboration, zones containing pressures to the Caroní watershed's conservation and hydroelectric potential, and activities posing threats to the park's biodiversity.

[1] Davis, S., Uquillas, J.E., Eltz, M. *et.al* (2004). *Lessons of Indigenous Development in Latin America: The Proceedings of a World Bank Workshop on Indigenous Peoples Development*, The World Bank, Washington, D.C.

[1] A key outcome of the project, already highly advanced at the time of preparation, will be an agreement between the hydroelectric company CVG EDELCA and the Park's Co-Management Committee (representative of EDELCA, FIEB, and INPARQUES) to invest 0.6% of its reported operational income in accordance with project objectives during PY1-3 and in accordance with the Co-Management Plan, with the approval and supervision of the Co-Management Committee, in PY4-PY5 and beyond the project.
[1] This project is being implemented by INPARQUES and VITALIS and is financed by UNESCO, IUCN and has received support from NGOs, including The Nature Conservancy (TNC).
[*] *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

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