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APPRAISAL STAGE

Report No.: AB2812

Project Name	Sustainable Forestry Development
Region	LATIN AMERICA AND CARIBBEAN
Sector	Forestry (75%);General agriculture, fishing and forestry sector (25%)
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Implementing Agency	
Environment Category	[ ] A [X] B [ ] C [ ] FI [ ] TBD (to be determined)
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1. Country and Sector Background

Argentina has a competitive advantage in plantation forestry. It has outstanding growing conditions, expanses of good quality land with low opportunity cost, a reliable system of land titling, and good infrastructure. Capitalizing on these assets, the sector has advanced significantly in the past decade, with many signs pointing to plantation forestry's growing importance in the Argentine economy. Since 1995, more than 0.5 million ha of plantations have been established; in 2002, Argentina reversed a ten-year trade imbalance in wood products when imports fell and exports increased dramatically; and in 2004, the sector's contribution to the GDP rose to a record 4.5%. While such growth is positive, a balanced approach is vital – one that promotes economic growth, yet preserves and protects Argentina's natural resources, including its rich and abundant biodiversity.

The globally important ecosystems of Argentina that overlap with tree plantations include both forests and grasslands. Plantations extend to 1.2 million ha, and are mostly composed of exotic pines and eucalypts. Although this is only a small fraction compared to the country's 34 million ha of native forests, plantations now provide 80 to 90% of the domestic wood supply, and virtually all of wood exports. In the past, planting with pines replaced significant areas of the endangered Atlantic Forests in Misiones, but today most new planting occurs on grassland sites in Corrientes, Entre Rios, and Buenos Aires – areas traditionally used for grazing livestock. Smaller-scale planting is also occurring in the Andean valleys of northern Patagonia.

Eight of the 18 ecoregions identified in Argentina have been classified as among the highest priorities for conservation in the Neotropics by a World Bank-World Wildlife Fund priority setting exercise. The high levels of biodiversity and urgent threats to the Atlantic Forest and the Valdivian Forests also led Conservation International to include these ecoregions among the 5 "hotspots" of South America, placing them among the highest global conservation priorities.

These forest ecoregions include the Alto Parana Atlantic Forest and Valdivian Forests, both of which contain vulnerable, threatened and endangered species.

Many of Argentina's extensive grassland ecosystems provide excellent conditions for the cultivation of trees. At the same time, they are also important for protecting resident and migratory species of global concern. The wet grasslands of Entre Rios and Corrientes of the Mesopotamia ecoregion are considered part of an Endemic Bird Area by Birdlife International and provide a safe haven for globally threatened or range-restricted species of birds. The threatened grassland birds make up 41% of endangered species of the country. Argentina is second only to Brazil in total number of threatened Neotropical grassland species.[1]

While the growing importance of plantation forestry in the Argentine economy and the potential for expansion can be viewed positively, there are drawbacks. The main risk stems from the low or nonexistent priority that private investors, seeking to maximize returns, assign to environmental values, while profit margins sit at the top rung of the ladder. Little government capacity is currently present for systematic planning that incorporates biodiversity conservation into productive landscapes. Furthermore, professionals are not trained in appropriate techniques, and the regulatory framework is inadequate for ensuring biodiversity conservation outside of protected areas. Some growing corporate interest in minimizing the environmental impacts of plantations is evident by the recent certification of several corporations in northeastern Argentina. However, these efforts are still relatively isolated and limited in scope. What is needed is an institutionalized and systematic approach that promotes economic development while preserving Argentina's rich heritage of natural resources, including biodiversity, which have historically fostered the country's growth.

Properly managed, plantation forests do not have to compromise biodiversity and can provide multiple values: restoring degraded and fragmented landscapes; creating conditions in soils and the understory favorable to biodiversity; and providing critical ecosystem services, such as watershed protection and carbon secuestration. Plantations (both native and exotic) can even serve as important habitats and biological corridors for animal populations. Furthermore, plantations reduce deforestation, because they—rather than native forests—have become the primary source of the country's wood supply and provide virtually all of wood for exports.

The proposed GEF Sustainable Forestry Development Project has been carefully designed to help achieve an economic-environmental balance by mainstreaming biodiversity conservation into plantation forestry practices. This will not only help strengthen capacities within the expanding plantation sector, but will also ensure that future economic contributions go hand in hand with the protection of globally and regionally important biodiversity. By integrating and institutionalizing conservation into plantation development and providing the tools, knowledge, and incentives to land owners and policy makers, this project will contribute to Argentina's national development, while fostering environmental sustainability and biodiversity conservation.

Country Eligibility and Country Drivenness

[1] Wege, D. and Long, A. (1995). Key Areas for Threatened Birds of the Neotropics. Cambridge, UK. Birdlife International

Argentina signed the Convention on Biological Diversity on 12 June 1992. It was ratified by National Law 24375 on 22 November 1994. Argentina has also ratified the UN Convention to Combat Desertification on 1 June 1997.

The proposed project is to be partially-blended with the Sustainable Forestry Development which is to be financed by an IBRD loan and which is presently being prepared by Secretariat of Agriculture, Livetock, and Fisheries (SAGPyA, for its acronym in Spanish) with the assistance of the World Bank. The project is consistent with national priorities in both the conservation and the forestry sectors, complements other GEF supported initiatives in Argentina and builds on successful experiences and lessons learned over the last decade in the forestry sector.

The GoA's commitment to sustainable and equitable development of plantation forestry has been demonstrated during the implementation of LN 3948 AR. Despite difficult country conditions, the project succeeded in improving the policy and legal frameworks, carrying out a national plantation inventory, generating important applied research information, creating the nucleus of a forestry extension system, improving the quality of planting seed, establishing a certified seed service, testing the viability of developing small holder agro-forestry systems, and in strengthening institutions. In addition, the project stimulated interest in the SAGPyA in forestry related poverty alleviation initiatives and has laid the foundations of a solid forestry research capacity in Argentina.

The proposal is also consistent with the National Biodversity Strategy adopted in 2003 by the Secretary of Environment and Sustainable Development (Resolution 91/03). This document provides the policy framework and priority setting for biodiversity conservation in Argentina in its many possible forms under the CBD. Sections I (institutional and policy framework), II (objective 1.2 on sustainable use of biological resources) and III (biological diversity and agroecosystems) have been considered and duly incorporated in the project design.

Several aspects of the proposal are consistent with the NAP prepared by Argentina within the context of the UNCCD. In particular the proposal supports priority activities highlighted for the Patagonian ecoregion, including sections 1 through 5 and section 9, regarding environmental education, monitoring systems, environmental information gathering and dissemination, sustainable land management, and civil society strengthening.

2. Objectives

The project's Global Environment Objective (GEO) is to mainstream biodiversity conservation into plantation forestry practices in order to conserve globally and regionally significant biodiversity in production landscapes located in critical ecosystems.

Intermediate results for each component have been included in Section 4 of this document.

The proposed GEF Sustainable Forestry Development Project will promote the mainstreaming of biodiversity conservation into plantation forestry practices, thus creating productive options that are both economically and ecologically viable. The project will show that, when properly managed, plantation forests do not compromise biodiversity and do provide multiple values:

restoring degraded and fragmented landscapes; creating conditions in soils and the understory favorable to biodiversity; and providing critical ecosystem services, such as watershed protection and carbon secuestration. Plantations can even serve as important habitats and biological corridors for animal populations. By piloting innovative planning and management techniques and supporting their inorporation into both government regulations and private sector practices, the project will help ensure that the future economic contributions of the forestry sector go hand in hand with the protection of globally and regionally important biodiversity in Argentina. By integrating and institutionalizing conservation into plantation development and providing the tools, knowledge, and incentives to land owners and policy makers, this project will contribute to Argentina's national development, while fostering environmental sustainability and biodiversity conservation

Associated Project

The GEF Project is partially-blended with an US$ 25 million IBRD loan for the Sustainable Forestry Development Project that has a Project Development Objective to improve plantation production and management, foster rural development, and enhance the environmental values of plantation forestry in Argentina. It will this do by updating the policy framework, strengthening institutional capacity at provincial level, improving public and private information delivery services, improving the efficiency of research, facilitating the involvement of small and medium-scale farmers in plantation forestry and agro forestry, and institutionalizing environmental safeguards and best practice into plantation management. Project efforts would focus on (i) improving the institutional and policy frameworks for sustainable and equitable plantation development (ii) improving the efficiency of information generation and delivery systems to users; and (iii) lowering barriers for medium- and small-scale producers who wish to either invest in plantation forestry and agroforestry or improve the efficiency of existing output. The design of the IBRD project mirrors the GEF project components. The GEF project's objectives, strategy, and activities have been closely coordinated with the IBRD project, and the two initiatives are highly integrated. Because of this blended relationship, the proposed GEF project will be able to leverage far greater resources, and have a much larger institutional impact, than it would have been able to do alone.

Project Area

The project sites have been selected based on two key criteria: a) plantation forestry is important or potentially important; and b) presence of globally significant biodiversity of conservation importance. In addition, the baseline biodiversity studies looked at endangered and endemic species distribution as well as critical habitat within globally important ecosystems. Specifically, the project will work in Misiones, Corrientes, Entre Rios, and Buenos Aires provinces, and will include clearly focused target activities in the Patagonian provinces of Neuquen, Rio Negro, and Chubut. Among the ecosystems represented within the project area are the Interior Atlantic Forest, Humid Chaco, Humid Pampas, Parana Flooded Savannas, and Southern Cone Mesopotamian Savannahs. Further details are provided on the selection criteria in Annex 17.

The Government of Argentina (GoA), through the Ministry of Economy and Production has confirmed its interest in a new forestry project during the CAS discussions, which is included in the 2004 CAS (approved by the Board on 15 April 2004). The GEF-funded project is included in the CAS under *The Global Financing of Environment Investments in Argentina*.

The proposal is also consistent with the National Biodversity Strategy adopted in 2003 by the Secretary of Environment and Sustainable Development (Resolution 91/03). This provides the policy framework and priority setting for biodiversity conservation in Argentina in its many possible forms under the CBD. Sections I (institutional and policy framework), II (objective 1.2 on sustainable use of biological resources) and III (biological diversity and agroecosystems) have been considered and duly incorporated in the project design.

The proposed project is consistent with the GEF Operational Programs for Forest Ecosystems (OP3) and Semi-Arid Ecosystems (OP1). The project responds specifically to the second objectives of OP3 and OP1, which specify that the sustainable use of forest and other natural resources will be sought by combining production, socio-economic, and biodiversity goals. The Operational Strategy calls for a range of uses from strict protection on reserves through various forms of multiple use with conservation easements to full scale use.

The project also contributes directly to the GEF's Biodiversity Strategic Priority 2 - Mainstreaming Biodiversity in Production Landscapes and Sectors. Specifically in regard to priority areas for GEF intervention[2], component 1 will address strengthening capacity at the systemic level including establishment of policies that favor biodiversity conservation. In regard to sector planning, component 1 will provide incremental funding for preparing the tools to guide producers and decision-makers regarding globally important habitat, endangered species, corridors, and other information relevant to biodiversity conservation. Component 2 will look at developing best management practice guidelines specifically for the plantation forestry sector and disseminating the practices (under the strengthening capacities and improving production practice priority areas of mainstreaming). Component 3 will address priorities of improving production practice and advancing supply chain initiatives through adaption of production with small and medium producers[3] while supporting voluntary measures and partnerships for biodiversity conservation and best practices with larger producers.

In addition, the project is consistent with the guidance of the Convention on Biological Diversity, in particular the guidance of the CBD COP 7 (decision VII/11) in regard to sustainable forest management under the ecosystem approach and the associated 12 principles delineated in that decision (UNEP/CBD/COP/7/21 Decision VII/11 annex II). In addition, the Convention on Biological Diversity, in its technical document "*Assessment, Conservation and Sustainable Use of Forest Biodiversity* (2001), highlights the potential for corridors as a "win-win" solution for biodiversity in plantation landscapes, a measure which is also contemplated in the proposed GEF increment.

The GEF Sustainable Forestry Development Project is fully compatible with the Bank's new forestry strategy, *Sustaining Forests: A Development Strategy* (2002), as well as with Bank's recently issued rural strategy for Latin America and the Caribbean (LAC) *Reaching the Rural Poor: A Rural Development Strategy for the Latin America and Caribbean Region* (2002). In

[2] STAP. 2004. Mainstreaming Biodiversity in Production Landscapes and Sectors (Interim) Report. GEF.
[3] Small producers are defined as those with less than 50 hectares, medium producers have 50 to 1000 hectares, and large producers have planted areas greater than 1000 hectares (Argentina, National Inventory of Forest Plantations, SAGPyA, 2001).

addition, the project is also compatible with the World Bank LAC Region's environment strategy (2002), *Making Sustainable Commitments – An Environment Strategy for the World Bank.* Finally, the project will aim to tie in with the recently initiated World Bank initiative Forest Law Enforcement and Governance (FLEG). This effort will provide fora for countries to discuss governance and enforcement issues with other country representatives in the region, and to share experiences and lessons learned that might be useful in Argentina's own efforts to take action to address forest-associated crimes. The FLEG emphasizes partnership between governments, civil society and the private sector for improved governance of the forest sector.

3. Rationale for Bank Involvement

In order to address the challenges of integrating environmental concerns into plantation forestry, and recognizing the key role the Bank has played in the environment and natural resource sectors in Argentina, the GoA has requested the Bank to finance a new forestry project beginning in 2007. Both the proposed loan project and the proposed GEF project are included in the 2004 CAS. The World Bank's extensive experience in implementing biodiversity, forestry, and natural resource management projects in Argentina, and its strong relationships with national and provincial authorities, give it strong comparative advantages as an implementing agency.

The Bank's Forestry Development Project, which, as the first ever forestry project financed by the Bank in Argentina, focused among other things on improving the sustainable growth of plantations, provided numerous lessons learned which have been incorporated into the project. The Bank is also implementing the Native Forests and Protected Areas Project, which focuses on policy, norms, research and information. Both projects have provided useful inputs into the next phase of project development. The World Bank has also implemented numerous GEF biodiversity projects in Argentina and the rest of the Southern Cone, including the Biodiversity Conservation Project (BCP), Biodiversity Conservation Mid-Sized Project in Chile in the Valdivian Region of Chile, and the Environmental Protection and Sustainable Development of the Guarani Aquifer regional project. These projects have allowed the Bank to build the knowledge base and relationships which are critical to the preparation and implementation of a successful project which will integrate the biodiversity and forestry sectors in Argentina for the first time.

Finally, to build on the successes of the ongoing Forestry Development Project, the Bank is preparing a follow on operation – the Sustainable Forestry Development Project, with which the proposed GEF project is partially blended. By having one Bank team responsible for preparing and supervising both projects, a high degree of synergy and complementarity will be assured. The blending of these two projects also allows the proposed GEF project to leverage a far greater degree of resources than it would have been able to do alone.

4. Description

1. of the GEF project

To address the need to integrate biodiversity into plantations development, the project has four components (see Annex 4 for detailed component and subcomponent descriptions, and Annex 5 for a table of component costs, including cofinancing):

1) Institutional Strengthening and Capacity Building: This component aims to create the required capacity at federal and provincial levels of government within environmental and forestry agencies to spearhead the biodiversity mainstreaming process. Specialized in-depth training on biodiversity and ecosystem integrity and management, enrichment planting, environmental impact assessments, and best practices for forest plantations will be provided for senior federal and provincial officials, as well as for researchers and extension agents. Financing will support the development and extension of biodiversity-conservation techniques to be integrated into production practices. The component will also seek to improve and update the legal and policy frameworks needed to improve sustainable plantation planning and establishment, and invest in tools critical to biodiversity-friendly plantation location and design. This includes contributing to the dialog on the legislation which will replace Law 25.080, which expires in 2009. Through broad stakeholder participation and technical analysis, maps and ecoregional planning tools will be produced and disseminated for guiding government plantation promotion as well as for orienting ongoing private sector investments. Strategic Environmental Impact Assessments also will be carried out in the project ecoregions to ascertain the broader impacts of forestry activities on the ecosystem.

Key activities include:

- Capacity Building for plantation related Biodiversity Conservation
- Planning processes, maps and tools developed for plantation related Biodiversity Conservation
- Policies and Forest Sector Studies for Biodiversity Mainstreaming in plantations
- Provision of information systems and integration of native forests and plantations databases for monitoring habitat changes.
- Study tours of national and provincial forestry officials to observe best practices and ecoregional planning and management.

2) Improved Plantation Practices and Technology Transfer for Biodiversity Conservation: This component will document and disseminate improved forestry practices that integrate conservation with production. A special focus will be placed on practices for establishing native and mixed species plantations (within forest ecosystem settings), opening up the understory to the surrounding ecosystem, and creating set asides among approaches that maintain or enhance native ecosystem biodiversity. The economic and biodiversity conservation implications of these practices will be monitored through Component 4. Native seed banks and nurseries will be supported, and field trials carried out to analyze different management approaches. Multisectoral roundtable workshops that bring together the private and public sectors, as well as academia and NGOs, will be held to discuss the establishment of standards for biodiversity-friendly practices in the forestry sector and to disseminate best practices drawn from studies and field trials. The dialog on best practices will be continued and expanded at a major international workshop linked to the World Forestry Congress to be held in Argentina in 2009, which will disseminate the mainstreaming approaches advanced with the GEF supported project. Key activities include:

- Development of standards and best practices for biodiversity in plantation settings
- Technology Transfer and extension systems for producers that incorporate biodiversity conservation
- Development and strengthening of program for forestry schools and universities

3) Biodiversity Conservation and Plantation Forestry: Under this subcomponent, SAGPyA and its counterpart institutions will undertake activities designed to identify and test biodiversity-responsible land use practices in high priority areas, or targeting threatened biodiversity, in the production landscape. Specifically, resources will be made available to support activities intended to promote changes in the production landscape in target areas, leading to maintenance or enhancing biodiversity of global importance and sustained economic development that is compatible with conservation objectives. The subcomponent will support improved community and land-holder practices through targeted interventions that revolve around plantation forestry concerns, and will seek to ameliorate threats to globally important biodiversity through environmental education and field extension. As the project will engage small-, medium- and large-scale producers, each of which has very different needs and resources, the project includes two sets of complementary approaches. For small- and medium-scale producers, a demand-driven program of grant-supported subprojects will be included, complemented by environmental education and monitoring of the biodiversity impacts of the subprojects and generating lessons-learned from the approaches taken. The objective of these subprojects is support owners who are piloting the inclusion of biodiversity-responsible practices in production landscapes. The component will also facilitate dialog with large producers on conservation practices, standards, and certification, and provide technical assistance (though not financing) needed to promote the inclusion of biodiversity-responsible techniques.

Pilot activities will consist of financing a variety of interventions aimed at catalyzing or directly improving biodiversity conservation in or near the high-priority conservation areas identified in preparation, or later on during the detailed land-capability zoning exercise. For small- and medium-scale land holders, broad lines of interventions eligible for financing include biodiversity-responsible planting, silviculture and establishment of agro-forestry systems. Funding for this sub-component would be made available through competitive, cost-sharing basis to NGOs, universities, and government agencies working in collaboration with local land owners or rural communities. Key activities include:

- Grants and TA to small and medium-sized producers to provide incremental costs of, *inter alia*, establishing and developing native and mixed species plantations, implementing biodiversity-enhancing management, establishing corridors, and agroforestry systems in forest ecosystems.
- Environmental education campaigns and outreach programs
- Dialogue with large producers to encourage them to incorporate adjustments to field practice to conserve or restore globally important habitat and threatened species.
- Fostering establishment of public and private protected areas within the plantation forestry landscape

4) Project Implementation, Monitoring and Evaluation: The incremental costs associated with the project implementation, as well as with setting up a system of monitoring and evaluation of outcomes, will be supported through this component. The GEF will also provide support to SAGPyA these incremental costs. This component will also cover baseline information collection, mid-term evaluation, and final evaluation under the Monitoring and Evaluation program for the project (see also annex 3 Results Framework and Monitoring). With regard to globally significant biodiversity and benefits from the project, several components of the monitoring program included in annex 3 will support this effort and designed to support the

tracking process of the GEF at a global level. The indicators include hectares under biodiversity-friendly or mainstreamed management, increase in protected areas in the production landscape, while the demand-driven projects and best practices may look at specific globally important species or taxa to monitor biodiversity effects at a smaller scale.

Key activities include:

- Grant Administration
- Monitoring and Evaluation

Following is a table detailing costs per component and subcomponent:

Components/ subcomponents	Total		GEF		IBRD		Government		Beneficiaries	
	$	%	$	%	$	%	$	%	$	%
1. Institutional Strengthening and Capacity Building	2.99	100	1.94	65	0.48	16	0.57	19		
1.1 Capacity building for biodiversity	1.88	100	1.22	65	0.30	16	0.36	19		
1.2 Organization and planning for biodiversity conservation	0.63	100	0.41	65	0.10	16	0.12	19		
1.3 Policies & forest sector studies for biodiversity mainstreaming	0.48	100	0.31	65	0.08	16	0.09	19		
2. Improved Forestry Practice & Technology Transfer for Biodiversity	2.01	100	1.09	55	0.65	32	0.27	13		
2.1 Forest Practices for Biodiversity	1.85	100	1.01	55	0.59	32	0.25	13		
2.2 Technology transfer for biodiversity	0.16	100	0.08	55	0.06	32	0.02	13		
3. Biodiversity-conservation & forestry	8.42	100	0.34	4	1.25	15	3.83	45	3.00	36
3.1 Pilot projects for mainstreaming biodiversity in plantation landscapes	7.68	100	.04	4	1.14	15	3.50	45	3.00	36
3.2 Environmental management of forest production	0.74	100	0.30	40	0.11	15	0.33	45		
4. Project implementation, M&E	0.71	100	0.57	77			0.14	23		
4.1 Grant administration	0.61	100	0.49	77			0.12	23		
4.2 M&E	.10	100	0.08	77			0.02	23		
Unallocated	0.08	100	0.06	75			0.02	25		

TOTAL	14.21	100	7.00	49	2.47	17	1.74	13	3.00	21

Key indicators for the GEO include

- Federal and provincial forestry policies, regulatory frameworks and promotion programs incorporate biodiversity conservation and sustainable use concepts in project area;
- Biodiversity mainstreamed into the plantation forestry landscape through dissemination, adoption and use of ecoregional planning tools, best practices, and improved extension programs;
- Fifty percent of plantation owners in key areas adjust their field practice to incorporate biodiversity considerations.

Key intermediate results expected under each component, and the associated key indicators, are:

Component 1: Strengthened federal, provincial and local forestry institutions integrate and promote biodiversity conservation in forestry plantations through:

- Biodiversity planning maps and tools developed with stakeholders and adopted at Federal and Provincial levels for planning and evaluating plantation projects in selected ecosystems of global importance;
- Improved institutional capacities of national and provincial environmental and forestry agencies in place to evaluate and supervise environmental impact assessments for biodiversity, and to ensure that conservation measures are incorporated into plantation management plans and practice in project area.

Component 2: Improved development, validation, and dissemination of practices that conserve and restore biodiversity in target areas

- Roundtables established in all Provinces and have incorporated biodiversity conservation into discussions for policy development.
- Best practices, standards, and biodiversity-friendly methods developed and accepted broadly by Federal and Provincial governments in project area, as well as private sector associations;
- At least 6 pilot projects for improving biodiversity in plantation landscapes have been finalized and evaluated as beneficial for the ecosystem.
- At least 1 regional school in each of Mesopotamia and Patagonia has incorporated biodiversity effectively into curriculum on a long-term basis.

Component 3: Small, medium and large producers adopting best practices for biodiversity-friendly plantations;

- At least 20,000 hectares of small plantations and agro forestry systems have been supported to implement conservation friendly practices or best management practices for biodiversity in the project area;
- At least 50,000 hectares of large plantations (>1000 ha) are incorporating biodiversity friendly practices and planning within ecoregions of global importance.

- At least 3 pilot project areas have incorporated environmental education within communities in the project area and have generated changes in levels of awareness as surveyed in targeted areas;

Component 4: Mainstreaming program is effectively managed, with strengthened institutional monitoring and evaluation capacities.

- Project management system working efficiently, according to World Bank rules and federal law. To be measured by output indicators such as audits, disbursement reports, reports, etc.;
- SAGPyA's monitoring system up and running, monitoring and evaluation findings incorporated into ongoing programs, and partnership arrangements exist in at least one participating province.

5. Financing

Source:		($m.)
BORROWER/RECIPIENT		10
GLOBAL ENVIRONMENT FACILITY		7
GLOBAL ENVIRONMENT - ASSOCIATED IBRD FUND		25
	Total	42

6. Implementation

The most important partnerships that the GEF project will establish will be with its counterpart IBRD loan operation for the Sustainable Forestry Development Project. These projects have been jointly prepared and will be implemented in close coordination, ensuring a strong integration of activities and objectives, and leveraging far greater resources than the GEF project could access alone.

The proposed project will also create formal and informal partnerships with private plantation owners and land holders, both large and small. These partnerships will create synergies that will hopefully generate a multiplier effect which will greatly increase the impact of the GEF intervention, and will help ensure that project objectives are fully integrated into the plantation forestry sector.

The project will also establish partnerships with important research institutes, as well as relevant departments within SAGPyA, provincial governments, universities, NGOs, and private producers. These relationships will allow the project to stimulate new techniques and methodologies, promote technical assistance and extension, and effectively implement project activities while helping guarantee the future sustainability of project achievements.

2.

The proposed GEF project will be implemented by the Direccion de Forestacion of the SAGPyA. The same mechanisms will be used for implementation of the proposed IBRD loan. By utilizing established human capacity, systems, and procedures, these arrangements will greatly reduce the initial training and costs required to correctly implement the project and will assure much higher

quality administration and management. In order to ensure sustainability at closure, and in keeping with the CAS objectives of transferring responsibility to line agencies, financing and staffing of the unit would be split between GEF and IBRD-financed consultants and SAGPyA staff and consultants.

This existing administrative unit is under the federal Secretariat of Agriculture, Livestock, Fisheries, and Food (SAGPyA). Forestry Development Project (IBRD LN 3948 AR). The Forestry Directorate of SAGPyA will also be closely involved in the implementation of both projects to ensure that the objectives of long-term mainstreaming and policy work proceed smoothly. At the field level the Regional Forestry Extension Officers of the proposed Sustainable Forestry Development Project will have a key role to play in integrating biodiversity conservation into training courses for private forestry extension workers, and in liaising and in providing feedback to the administrative unit. Applied research and studies on conservation will be funded competitively using the same procedures to be used for the forestry project. The National Institute for Agricultural Technology (INTA), which is a key government research institution for the agriculture and forestry sector, and has a strong field presence will also be involved in the project.

The provincial administrations, through their Forestry Directorates (DB), will be involved in the execution of policy and planning related activities at the provincial and local levels. They will also benefit from biodiversity training and from having their natural resources data bases strengthened with biological information generated by the GEF incremental financing. They will be expected to take the lead in tabling any environmental issue at the provincial level discussion roundtables *(mesas forestales*) supported by the forestry project. In addition, the provincial level governments will also be eligible to present proposals for the small-farmer forestry components in Misiones and biodiversity mainstreaming projects in Patagonia.

Non-governmental organizations at federal and regional levels may take part in components such as environmental education, outreach, biodiversity monitoring, small-farmer initiatives, and other aspects specifically related to their expertise and interest. They will also participate in Provincial Forestry Roundtables to be established under the forestry project.

Academic institutions will participate in activities such as monitoring and evaluation, curricular reform activities, and potentially training efforts. Both regional and national level institutions are eligible although for specific activities that require local presence or longer-term efforts, regional universities may be preferable.

Monitoring and evaluation, and dissemination of results will be undertaken by the administrative unit in SAGPyA. These processes will involve independent experts and possibly academic institutions that may have long-term monitoring efforts in place to maximize benefits and relevance of the data generated and fosters the broad dissemination of lessons-learned. The SAGPyA administrative unit members will also be the counterparts for supervision missions.

7. Sustainability

3. and Replicability

Institutional Sustainability

Project design aims at ensuring sustainability by mainstreaming conservation into day-to-day plantation management, so that over the long-term the conservation of biodiversity is integrated into every day practice. The focus on commercial plantations, economic incentives, partnerships, and win-win situations as the primary means of mainstreaming seeks to create a framework for sustainability. In addition, basic legal, policy, and law enforcement issues that may cause biodiversity loss in plantation forestry will also be analyzed and addressed. Partnerships with small and large producers, federal and provincial governments, and academia will underpin mainstreaming across a wide array af actors, thus strengthening the propects for sustainability beyond the project period. The creation and dissemination of environmental information and the results of monitoring will also help guarantee sustainability by raising biodiversity concerns in society at large.

Capacity building and awareness are an integral part of the project‘s sustainability. Technical specialists, policy makers, planners, producers and communities will be included in training, extension and education activities. An environmental education campaign will reach a larger population as well. By training not only current but also future generations of producers, policy makers, and researchers, the project will secure the adoption and mainstreaming of biodiversity by the wide range of involved stakeholders long into the future.

Project stakeholders, including producers, government officials, and NGO technical specialists, have already expressed an interest in incorporating the information which the proposed project will produce into their planning, and in applying new techniques for the development and management of plantations. To date it has been the lack of knowledge and information, rather than willingness to apply it that has been the primary problem in the sector. This suggests that project results will be well accepted and objectives internalized by the sector, both of which are highly positive for long-term sustainability.

Financial Sustainability

The proposed GEF Sustainable Forestry Project has been developed to foster financial as well as institutional sustainability, with low recurrent costs needed after project end, and a focus on economically-viable practices. The proposed project is designed to support a number of interventions with a high up-front investment that will provide long-term benefits at extremely low recurrent costs. The provision of tools which will support the integration of biodiversity information into the plantation sector, collection of information, and activities such as mapping and zoning represent high initial costs, yet will shape the sector for decades to come with few additional investments. Similarly, by investing in capacity building and extension during the life of the project, the needed knowledge base to support the adoption of biodiversity-friendly techniques will be guaranteed. Once developed, this knowledge can be disseminated and applied indefinitely with little additional cost. Perhaps most importantly, the project will only support techniques and practices which are economically viable, thus allowing producers to make decisions that are both market- and biodiversity-friendly.

Replicability

The GEF project is also designed to be replicable, both within and outside of Argentina. The project will work with a diverse group of stakeholders including producers of different sizes, and in a variety of ecosystems, testing techniques for incorporating biodiversity conservation into plantation forestry. The end result is intended to be the generation of best practices for the sustainable management of plantation forests, for global, regional and local benefits. Because best practices will be generated for a variety of plantation sizes and ecosystems, those identified through the project will be appropriate for replication in diverse situations in Argentina and beyond.

Technology transfer will aim to ensure that information on best practices and that from research will be made easily available to a wide audience. Furthermore, training packages developed for both the public sector and other stakeholders will be made available for general use and distribution of information generally will be done through the website being developed and managed under the institutional development component being funded through IBRD loan. Linkages will also be made with universities and other research institutions, so as to disseminate information and results to researchers and teachers. There is also the potential to involve other international organizations such as FAO and CGIAR, who have already expressed their interest. These and other organizations with activities in the region would be instrumental in replicating successful practices and utilizing lessons learned.

Partnerships with producers may also become a portal for dissemination of best practices based on successes that come out of the proposed program

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

The proposed GEF Sustainable Forestry Development Project is considered highly innovative, and at the forefront of a new field. The first international conference on Biodiversity and Conservation Biology in Plantation Forests was held just last year; as of yet there are few examples of projects which seek to integrate biodiversity conservation wholly into the plantation forestry sector. In fact, one of the most attractive aspects of the current proposal is the ability to pilot approaches and techniques in this new field, and to generate lessons learned which can later be applied to the forestry sector in countries throughout the world.

As the proposed project is considered a demonstration project on the cutting edge of its field, there are not yet lessons learned from projects with the similar objectives which can be applied to this project. However, applicable lessons have been drawn from forestry and biodiversity projects and included in the project design.

The design of the proposed GEF project has been based on GEF-related experience from Argentina and on information derived from other relevant GEF and IBRD projects in the region. Key projects considered include the Argentina GEF Biodiversity Conservation Project, the Chile GEF MSP Valdivian Forest Zone Project: Public-Private Mechanisms for Biodiversity Conservation in Region Ten, and the IBRD Argentina Forestry Development Project. In general lessons learned from these include (a) the need to work with private producers, including small- and medium-level producers, as well as NGO sectors in productive activities in order to achieve biodiversity conservation at the landscape level; (b) minimizing or eliminating risks for small producers in the adoption of new techniques; (c) including a strong field presence in the project design and implementation, (d) building on an established organizational base; (e) including, to

the maximum extent possible, local experts, in the preparation; (f) ensuring broad stakeholder involvement from public, private and non-governmental organizations; and (g) strengthening monitoring and evaluation at the project level to provide more near real-time adjustments and feedback to project execution.

In preparing the GEF project, full advantage has been taken of lessons learned and relationships established under a number of successful projects in Argentina and elsewhere. Among these are the recently closed Forestry Development Project, which, as the first ever forestry project financed by the Bank in Argentina, focused among other things on improving the sustainable growth of plantations The Bank is also implementing the Native Forests and Protected Areas Project, which focuses on policy, norms, research and information. Both projects have provided useful inputs into the next phase of project development. The proposed GEF project will also draw on the Global Overlays Program, which supported best practices at the country level, and GEF experiences in conservation in other countries. The proposed GEF project will also incorporate biodiversity "overlays" into national forestry sector programs and investments supported by the Bank.

The World Bank's GEF Portfolio Implementation Review for 2005 supported the need to include mainstreaming into productive landscapes. "Although the global area in official protected areas has increased in recent years, it has become increasingly clear that protected areas in and of themselves will be insufficient to conserve all of the world's biodiversity. Growing population, the expansion in cultivated area, and increasing natural resource use will greatly limit the possibility of strict protection in the future. Even where species are limited to a particular area that can be strictly protected, the ecological processes that support them—fire, flood regimes, migration routes of seed dispersers—require management at a broader landscape scale. Effective biodiversity conservation across all ecological regions will require greater conservation efforts beyond the boundaries of protected area networks, through mainstreaming biodiversity within production landscapes- and water bodies."

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]

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

The safeguard screening category of the project is “S2”. The project is classified as Category “B”, requiring an Environmental Analysis (EA) but not a full-scale Environmental Assessment study. In accordance with OP 4.01, an Environmental Analysis is being carried out. While not required, an environmental management plan is being developed for the project and will be included in the operational manual. Important findings and useful recommendations from the EA are integrated into project design (see Annex 10).

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