



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: FULL-SIZED PROJECT

TYPE OF TRUST FUND: GEF TRUST FUND

PART I: PROJECT INFORMATION

Project Title:	Mainstreaming sustainable use of biodiversity in production practices of small producers to protect the biodiversity of high value conservation forests in the Atlantic Forest, Yungas and Chaco		
Country:	Argentina	GEF Project ID:	TBD
GEF Agency:	UNDP	GEF Agency Project ID:	4829
Other Executing Partner:	Secretariat for Environment and Sustainable Development (SAyDS)	Submission Date:	March 22nd, 2013
GEF Focal Area:	Biodiversity	Project Duration (Months)	60
Name of parent program:	N/A	Agency Fee (\$):	438,900

A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK:

Focal Area Objectives	Trust Fund	Indicative Grant Amount	Indicative Co-financing
BD-2 Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes, Seascapes and Sectors	GEFTF	4,620,000	21,687,400
Total Project Cost		4,620,000	21,687,400

B. INDICATIVE PROJECT FRAMEWORK

Project Goal: Strengthening the management framework for sustainable use of biodiversity ¹ to increase the protection of high conservation-value forests in Argentina						
Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Grant Amount\$	Indicative Co-Financing \$
1. Sustainable use models of native forest biodiversity in areas of high conservation-value in 3 ecosystems	TA	<p>Management plans for native NTFPs promote sustainable use of BD in 200,000 ha [40,000 (Atlantic Forest) 60,000 (Yungas) + 100,000 (Chaco)]</p> <p>Reduction of threats over 1 million hectares, as a result the 3 components, and measured by:</p> <ul style="list-style-type: none"> - No net forest loss in farms receiving project support - Deforestation rates in the Project landscapes decrease 25% - The ecosystem health index 	<p>1.1 Technical bases consolidated for sustainable-use of biodiversity in areas of restricted use as defined by the Forest Law (Category II – yellow areas) in selected forest landscapes of 3 ecosystems and 4 Provinces:</p> <ul style="list-style-type: none"> - Technical limits for NTFP harvesting/carrying capacity, and harvesting seasons (systematization of information and traditional knowledge on species currently used; bio-ecological studies and development of harvesting models for potential species) - Geo-referenced data-base of native species and NTFP potential as an input for the approval/oversight/evaluation system of new management plans (under output 3.2). <p>1.2 Replicable and sustainable production models at farm level for different biodiversity-based products. This includes:</p> <ul style="list-style-type: none"> - Comparative studies of land use alternatives existing in target landscapes and in terms of socio-economic and biodiversity benefits - Assessment of the cost-benefit of different small farmers biodiversity based production - Validated proposals for diversified production models at farm level (NTFP, agro-forestry systems, fauna etc) 	GEFTF	2,100,000	6,877,634

¹ The project will emphasize non timber forest products (NTFP) defined as *all the goods of biological origin (other than timber, fuelwood and charcoal) and the services provided by forests, other forest areas and trees outside forests.*

		<p>applied to the Project landscapes is maintained or improved (index to be developed during the PPG stage)</p>	<p>1.3 Small farmers technical information and capacities improved for developing and implementing management plans for sustainable use of biodiversity under the Forest Law:</p> <ul style="list-style-type: none"> - Small farmers (2,000 producers/users) trained on the environmental /social/economic benefits and best production practices for NTFP sustainable-use (best practice manuals; dissemination/ awareness building; training) - Management plans developed that incorporate biodiversity based production models alongside sustainable agroforestry & implemented under the forest law - Technical assistance for implementation of the management plans. 			
<p>2. Markets and financing mechanisms to ensure economic and social sustainability of Sustainable Management of NTFPs of the native forest</p>	TA	<p>Improved access to markets increases the viability of use of 60 species by 1,400 producers [350 (Yungas) + 450 (Chaco) + 600 (Atlantic Forest)]</p> <p>Increased financial flow for sustainable use measured by an increase of 100% in approved management plans that mainstream NTFP sustainable use.</p> <p>The share of producer incomes from NTFP sustainable use increases from the current 25% of total income to 40% of total income.</p>	<p>2.1 Value chains improved for 7 biodiversity based product-categories (jams, syrups, honey, preserves, medicines, crafts and dyes).</p> <ul style="list-style-type: none"> - Supply-chain gaps identified and constraints removed to increase efficiencies and equity; - Increased access to markets by improved links of producers with buyers; expanded information on market potentials and requirements (eg sanitary restrictions) to improve the supply/demand equation; - Consumers aware and informed on sustainable use of biodiversity (products; values; additional benefits, etc.) <p>2.2. Access to financing increased for commercialization and technical assistance of biodiversity products</p> <ul style="list-style-type: none"> - Capacity building of small producers to access existing sources including Forest Law subsidies and credit for agroforestry; - Mainstreaming of technical knowledge and best practices in existing agricultural grant programs and rural credits. <p>2.3. Community-organization improved for biodiversity based products and marketing</p> <ul style="list-style-type: none"> - Targeted capacity program for community organizations and cooperatives in target landscapes for biodiversity based production and organizational skills (management, negotiation, marketing training; access improved to market information and needs) 	GEF TF	1,300,000	6,877,633
<p>3. Governance framework at national and provincial levels for Sustainable Management of NTFP of native</p>	TA	<p>Strengthening of the legal framework at provincial level and capacity building for development of management plans up-scales sustainable use of native NTFPs in</p>	<p>3.1 Regulatory framework and safeguards optimize sustainable use management to conserve BD at landscape level:</p> <ul style="list-style-type: none"> - Proposals for regulations on harvesting limits, best practices, and oversight mechanisms that take into account forests of high value for conservation of BD; - Proposal for a minimum standards law on sustainable-use of biodiversity in production landscapes (complementary to Forest Law) - Proposals for formal agreements between 	GEF TF	1,000,000	6,877,633

forests landscapes	4.4 million ha. Improved institutional capacities of Civil Society Organizations and 3 Provincial governments (Salta, Jujuy, Misiones) to implement and monitor sustainable use of BD in the landscape (as measured by the Capacity Scorecard to be developed during the PPG stage)	owners of lands with BD conservation value and small producers to guarantee access to lands for harvesting of NTFP; - Strengthening of inter-institutional coordination mechanisms (CONADIBIO) for development of regulations and coordination of policies regarding sustainable use of BD 3.2 Strengthened oversight of Forest Law management plans at farm level to monitor biodiversity based products in pilot provinces: - Traceability system for selected products developed and strengthened; - Mechanisms for M&E of sustainable use plans (including staff training; improved and follow up procedures of individual plans) 3.3. Landscape level implementation of sustainable-use management through: - Management plan approval systems that links numbers and location of existing plans with species and harvesting limits at landscape level (data-base, training of technicians and decision makers); - Guidelines for updating Provincial Native Forest Land Zoning based on potentials and limitation of sustainable use of biodiversity; - Forest Law Provincial enforcement authorities of other provinces in 3 ecosystems strengthened through capacity building program for replication of Project results.			
Subtotal				4,400,000	20,632,900
Project Management Cost (PMC)				220,000	1,054,500
Total Project Cost				4,620,000	21,687,400

C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, (\$)

Sources of Co-financing	Name of Cofinancier	Type of Cofinancing	Amount (\$)
National Government	SAyDS. Forest Law (national & provincial); and credit plans	Cash	16,865,400
National Government	SAyDS. Forest Directorate and BD Work Group	In kind	200,000
National Government	MAGyP	Cash	2,472,000
Local Government	Provinces of Jujuy, Salta, Misiones	Cash	1,200,000
Local Government	Provinces of Jujuy, Salta, Misiones	In kind	450,000
GEF Agency	UNDP	Cash	500,000
Total Co-financing			21,687,400

D. INDICATIVE TRUST FUND RESOURCES (\$) REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY : NA

E. PROJECT PREPARATION GRANT (PPG)

• (up to)\$150k for projects up to & including \$6 million	<u>Amount Requested (\$)</u>	<u>Agency Fee for PPG (\$)</u>
	(\$)150,000	\$14,250

PART II: PROJECT JUSTIFICATION

Project Overview:

A.1. Project Description.

1. **Overview:** This project will protect high-biodiversity value forest in three globally significant forest ecosystems (Upper Parana Atlantic -UPAF, Yungas and Chaco) in Argentina. It will build on an existing land-use planning and incentive framework that restricts land-use in forested areas (the Native Forest Law). It will overcome current governance and market constraints to optimize the Law's contribution to reduce conversion and degradation of native forests, increase restoration and foster connectivity. It will mainstream sustainable-use of biodiversity, principally non-timber forest products (NTFP), in management plans developed under the Forest Law, and build capacities of small-scale farmers for biodiversity-based production combined with low impact agroforestry systems near high conservation value forest. It will facilitate access to existing finance mechanisms and subsidies for NTFP and improve supply chains and access to markets for biodiversity friendly products. To maintain production within ecosystem limits it will strengthen the regulatory and enforcement of sustainable-use of forest biodiversity at the provincial and national level. In doing so the project will address threats to biodiversity from existing small-holder production practices while increasing the viability of biodiversity-based land-uses, preventing migration of farmers and providing a buffer to forest areas under strict conservation. As such this project is fully in line with BD2 mainstreaming objectives and the priorities of the Government of Argentina for poverty reduction and social inclusion and is highly complementary to the existing GEF portfolio in the country (see relevant sections below).

2. **Global significance:** Argentina's 3.7 million km² hosts a variety of ecosystems (18), seven of which have been classified as the highest priority for terrestrial conservation in LAC (Dinerstein et al 1999): Pampas, Chaco, Yungas, Upper Parana Atlantic Forest (UPAF), Valdivian Forests, Puna and Patagonia Steppe. Amongst these the UPAF, Yungas and Chaco forests are of particular importance. The UPAF is a priority for conservation globally due to its high biodiversity, number of endemic species and degree of threat. It spans 2.7 million hectares (ha) and hosts the country's highest plant diversity with more than 2,800 species, 116 mammal species, 550 bird species (50% of total), 75 reptile species, 49 of amphibians, and 222 of fish. The Yungas sub-tropical humid forest covers 5.2 million ha comprised of 3 distinct altitudinal levels: pre-montane forest, lower montane forest and upper montane forest. These host 2,100 plant species, 583 bird species (60% of national total), 173 mammal species (including 8 of 10 neo-tropical felines); 45 amphibian species and 53 reptile species; 17 species are vulnerable or endangered. Argentina contains 46% of the Gran Chaco, with the Dry Chaco covering 49 million ha and hosting 800 plant species (200 of which are endemic), 365 bird species, 100 mammal species, 42 amphibian species and 39 reptile species.

3. In addition to the global biodiversity significance, these ecosystems provide services and goods for a variety of production sectors, mainly agriculture and livestock, which play an important role in the country's economy. In recognition of this, Argentina has taken measures to protect key areas for conservation. Protected areas cover 18.4% of the UPAF, 6.4% of the Dry Chaco and 32.5% of the Yungas. However, large portions of these ecosystems still exist within the production landscape, where non-sustainable anthropogenic activities represent a threat to biodiversity.

4. **Threats:** The main threats to biodiversity have been the removal, fragmentation and degradation of forest driven by land-use changes associated with the advance of the agricultural frontier, mainly soybean monocultures, in regions previously used for livestock and forestry. This has resulted in deforestation of well conserved native forest as well as forest already degraded by timber extraction and livestock production. Non-sustainable timber extraction, over-grazing, invasive species; infrastructure and pollution also threaten this forest biodiversity. Native forest cover in the UPAF has been reduced 56% and habitat blocks are fragmented across landscapes dominated by agricultural production (soybean, sugarcane, tobacco and livestock) and non-native forest plantations (pine and eucalyptus). In the Yungas 32% of forest has been converted mainly for agricultural purposes. In the Chaco, 69% of forested areas have been converted to pastures and soybean crops. In the transition areas connecting the Yungas and Chaco, only 16% of forest-cover remains. From 2006-2011 the annual deforestation rate for the three ecosystems was 1.22%.

5. **Socio-economic aspects:** Although a significant amount of deforestation has been due to large scale farmers and forest clearing, small scale producers also have a significant role both as part of the problem and the solution. Small producers are important in Argentina with approximately 250,000 land-holdings occupying 31 million ha (18% of area under production). Fifty-eight percent of these are in the North and Northeast of Argentina covering 13 million hectares and coinciding with the UPAF; Yungas and Chaco forest ecosystems (7). Differences exist in land use

between the ecosystems, but in general, the economy of small producers has habitually been based on diversified production of subsistence crops using traditional practices and the collection of biodiversity based product principally NTFP. In recent decades this has been replaced by agro-business production models increasingly based on a few primary products and using high level of agrochemicals and aggressive land clearing including the use of fire. The result is increasing soil loss, degradation of forests, fragmentation of habitats and decreased connectivity across forest landscapes with concomitant loss of biodiversity, ecosystem services, and ecosystem resilience.

Table 1: Land-uses per ecosystem and producer-type.

UPAF	<u>Large producers</u> (>500 ha): commercial forestry in non-native plantations; agriculture- <i>yerba mate</i> , tea and tobacco. <u>Small producers</u> (< 500 ha tobacco and staple crops (maize, sorghum, sunflower, manioc, pumpkin), small animals livestock; and some beef/dairy cattle rearing; some NTFPs.
Yungas	<u>Commercial logging</u> : Pre-montane forest small-scale and larger companies (6) in Upper montane forest. In both afforestation/reforestation with non-native species: <u>Cattle rearing</u> between the upper montane forests and cloud grasslands. In mountainous areas <u>subsistence agriculture</u> (tubers, maize, wheat, legumes, vegetables, pumpkins, garlic, onions and fruits) with <u>migratory agriculture</u> and livestock production, more recently selective logging.
Chaco	<u>Large producers</u> (> 2,500ha) cultivate soybean, wheat and other crops and pastures for cattle. <u>Small producers</u> (100-2,500ha) and indigenous communities (Wichí with 50-15,000ha) some logging; firewood collection and charcoal production Small producer raise cattle on natural grasslands and indigenous communities small animals. Local trading of cheese and honey and some meat and hides. Horticulture; fishing and hunting for subsistence.

6. *Sustainable use of Biodiversity*: Biodiversity-based (BD) products already play a part in the subsistence and economic benefit of small producers and local communities and if managed sustainable could provide important conservation and socio economic benefits. This is increasingly important as large scale monocultures replace cattle rearing in deforested or degraded areas and push this into still largely forested areas. In turn this is displacing small-scale producers that are willing to release land because of low incomes due to the spiraling costs of newer, high-input production models; or unstable incomes from NTFP. In these localities it is of paramount important to secure stable incomes from sustainable uses for improved livelihoods and as a buffer to the shifting large scale cattle-rearing frontier and ensuing degradation and eventual loss of forest cover. Biodiversity-based products thus represent an important potential for conservation of forests and for the development of local and regional economies alongside social benefits- e.g. by providing a source of employment for unskilled labor reducing migration rates toward large urban centers. Furthermore multiple-use of forest products is particularly suited to small and medium sized properties as: i) exclusive reliance on timber generate discontinuous incomes obtained only in the long term and is thus not financially viable or attractive for the small producer; indeed some research indicates profitability of NTFP is higher than that of timber due to shorter harvesting cycles; ii) multiple uses requires availability of labor and operational flexibility commonly found in small producers that rely on family labor throughout the year facilitating diversified production and harvesting of products in different seasons; whereas large properties are generally highly mechanized and make use of minimum labor; iii) the diversity of products generally do not compete in the same space, and are complementary providing a higher aggregated income/hectare for the small scale farmer.

7. The UPAF, Yungas and Chaco forest in particular provide possibilities for multiple-use of forests including BD based products. The SAYDS NTFP database registers a significant number of species with current and potential non-timber uses in these ecosystems -578 in UPAF, 515 in the Yungas and 660 in the Chaco. Of these 1 species is endemic to the UPAF, 10 to the Yungas and 20 to the Chaco. Currently NTFP are manually collected and commercialized through informal channels such as fairs, craft shops, street vending, and local markets; or commissioned by flower shops, pharmacies, herbalists and collection centers specialize in only one NTFP or product. As such they are not registered in national statistics and the exact production level is still unknown. Nonetheless although the major uses of NTFP are still domestic, harvesting for commercial purposes is increasing due to an increasing demand in local, national and even international markets. There is growing evidence that production of certain NTFP is economically viable in native forests in good conservation status (see species in Table 2 below). Different types of NTFP are brought to market in the three selected ecosystems. For instance, natural dyes from the Yungas are used in manufacturing of several products such as wool blankets and ponchos with prices between US\$32-50; pillows US\$16-20, and bags US\$70-110. Likewise NTFP from the UPAF are used in foods, e.g. native fruit jams (US\$4-7/jar) and preserves (US\$11/jar), liquors (US\$6/bottle of 187c.c.) and honey (US\$9/kg). In the Chaco BD products are used by small producers and indigenous communities although the latter and occasional

hunters sell animals for pets, mainly birds Psittaciformes -parrots; and Passeriformes (perching birds) with prices ranging from US\$2-50 depending on the species, the latter price set in a government sustainable-use plan²³.

8. The sustained production of BD based products depends on the integrity and stability of forests at scale but current harvesting levels are not always sustainable and can result in over-exploitation of forest resource. Thus whilst BD products show the potential to generate conservation and livelihood benefits, their mainstreaming into the formal economy without the necessary safeguards to ensure sustainable management could eventually pose a risk to BD due to overharvesting or returning to other land uses if BD products fail to provide sustained incomes, in both cases leading to habitat degradation.

9. **Regulatory and institutional issues.** Federal management of environmental policies in Argentina falls under the responsibility of the Secretariat of the Environment and Sustainable Development (SAyDS). This includes promotion of sustainable use of resources at national level in conjunction with the Ministry of Agriculture, Livestock and Fisheries (MAGyP). However provinces are mandated to promote environmental sustainability through their environmental and agricultural bodies and are responsible for the administration, management and conservation of their natural resources. This includes land use planning and oversight. Nonetheless, the Nation has the right to dictate the norms for minimum requirements for environment protection and has passed a number of Minimum Standard Laws that Provinces are required to incorporate into their legal frameworks and apply within their territories. Of particular relevance to this proposal is the 2007 National Law on Minimum Standards for Environmental Protection of Native Forests (Forest Law). This promotes the enrichment, restoration, conservation and rational and sustainable use of native forests and their ecosystem services.

10. The law establishes a temporary moratorium of land-clearing until Provinces develop land-use zoning plans to be approved by SAyDS. Three categories of forests have been established: high, medium and low conservation value, each with permitted land uses. These are classified as Category I – red (for strict conservation), II – yellow (for, tourism, selective timber extraction; sustainable use of biodiversity and research) and III – green (for partial or total conversion). These areas are interspersed across the landscape but generally red areas are surrounded by yellow areas acting as buffers. The Law provides monetary compensations to private landowners for conservation of forests of high (I) and medium (II) conservation value. This is released based on management plans for each land holding that outline the production to be undertaken over 4-6 years in line with land-uses permitted for that Category and are authorized by the Provincial Enforcement Authority and cleared by SAyDS. Resources are provided to the farmers as a subsidy to compensate for potential reductions in income resultant from the restrictions and for developing management plans to change the production to permitted land-uses. In the yellow area new deforestation is not allowed however if some land is already cleared this can be used for sustainable production such as agro-forestry. Depending on the province this may reach to 25 % of the property. If deforested areas are larger than permitted, reforestation and forest restoration is included in the management plan. Subsidies currently run at approximately 3-4 US\$/hectare/year which is significant for small producers as it can represent between 30-50% of income. The Forest Law thus represents an important opportunity to advance sustainable use of BD in Argentina.

11. **Baseline programs:** The GoA has placed high priority on poverty alleviation and sustainable production and has developed several programs that represent a robust baseline for this project, which has been estimated at US\$ 243.2 million over 5 years for the project area. The Forest Law is a key part of the baseline providing resources for the provinces to strengthening capacities to oversee and implement the law in their jurisdictions in addition to monetary compensation for land holders. The MAGyP supports various rural development programs of which three are important to this project - Inclusive Rural Development (PRODERI); Rural Areas Development (PRODEAR) and Family Agriculture Development (PRODAF). Collectively these support small producers through improving productivity and income generation to reduce pressure on agricultural expansion and forestland. An Agricultural Services Program (PROSAP) focuses on improving rural infrastructure of small and medium farmers, improved irrigation and drainage infrastructure, rural electricity and small and medium agribusinesses.

² Law N°22421 on Conservation of Fauna regulates hunting, capturing or destruction of offspring, eggs and nests, ownership, transit, use, commercialization and transformation of wild fauna and its products or sub-products. It also stipulates that subject to the national and provincial regulations, a landowner may make use of wild fauna inhabiting the land temporarily or permanently, and is obliged to protect it and rationally limit its use to ensure its conservation.

³ The Ele Project for conservation and sustainable use of the Blue-fronted Amazon Parrot (*Amazona aestiva*) has supported a sustainable use model within protected areas since 1989 as an effective approach for conservation of the species and its habitat and avoid loss of the Chaco forest in the mid-term.

12. Of the total baseline, US\$ 27.2 million will advance information and know-how on sustainable production (SP) and sustainable forest management (SFM) models. Of this, US\$ 4.4m (Forest Law) will build capacities of small farmers but will focus mainly on agroforestry systems and selective timber extraction as information on NTFP is scarce or poorly developed. US\$3.3m will be invested in universities and technical centers on NTFP and fauna research producing important but dispersed information with no mechanisms for transfer to decision makers and production extension services. The SAyDS will invest US\$ 2m on a biodiversity “observatory” with information to generate data for sound decision-making and offers a vehicle for inclusion of sustainable use of BD data including NTFP. The SAyDS through a World Bank loan will set up training centers for SFM and presents an opportunity to upscale and replicate information on NTFP and other BD uses. It will also develop community skills for participatory SFM for small scale producers with no legal land tenure and indigenous peoples. This will provide a foundation for landscape level approaches needed to ensure sustainable use of biodiversity within ecological limits.

13. Financial support for rural production activities is estimated at US\$177.8m of which US\$100m is from the Forest Law with 90% for large and medium farmers and 10% key-marked for small-scale farmers. To date the allocation for small scale farmers has been under-subscribed but could be levered for NTFP and other sustainable-use with high BD benefits particularly in small holdings located near the larger remaining forest blocks in the yellow zone. US\$ 77.8 million will be available from the MAGyP programs for on-the-ground investment to small-scale producers that could potentially have a decisive role in supporting the uptake of techniques and practices for NTFP and guiding more sustainable production practices in areas already cleared. For governance, US\$ 38.2m baseline investment will support Provinces for Forest Law oversight. In the first years of the Law these resources have been spent on infrastructure; equipment; staffing and building capacity to review and approve management plans for large and medium farmers. The Provinces are now looking to expand capacities to support small-scale farmers and include new approaches and this presents an opportunity for advancing sustainable-use of biodiversity including NTFP.

14. **Baseline scenario:** The GoA has made highly significant efforts to halt deforestation through the Forest Law that restricts land-uses that degrade forests. However, in the baseline for a number reasons it will fall short of its potential as a vehicle for introducing biodiversity-based production at scales needed to generate global environment benefits. Without the GEF investment Forest Law subsidies are likely to be used by landowners for permitted land uses on the areas already cleared on their farms and also will be supported by agricultural programs that promote more traditional agriculture. Restrictions on deforestation will limit production to the small areas previously cleared, reducing revenue and increasing the likelihood of illegal encroachment into forested areas. When small producers do use subsidies for NTFP production this will have a site-specific focus without considering cumulative effects across the landscape and potential negative effects on species viability in the long term. Forest Law subsidies will provide initial incentives for a shift to NTFP but profitability and income generation will be limited by market constraints increasing the possibility of abandoning farms and immigration to cities. Also Forest Law subsidies will continue to be under-subscribed by small producers limiting their overall effect on conservation of forests. An opportunity to increase the value of the remaining forest through biodiversity based production such as NTFP would be lost and with it the chance to contribute to the conservation of the Upper Parana Atlantic forest whilst it still has viable fragments and the Yungas whilst it is still in good conservation status.

15. **The long term solution** is thus to strengthen the management framework for sustainable-use of biodiversity, principally sustainable harvesting of NTFPs combined with agroforestry systems in Category II forest focusing on small holdings located in areas with high-conservation value for connectivity between larger Category I forest habitats. This framework would count with a suite of NTFP practices, products and markets for each ecosystem and would be nested in a strengthened governance structure with institutions providing oversight of land-use and regulatory systems for safeguarding harvesting to sustainable levels. This solution is impeded by 3 **main barriers:**

Barrier #1: Technical and operational barriers to mainstream sustainable use of BD in native forest management plans:

(i) Information needed for production (harvesting rates, volumes, and harvesting seasons) is limited to a few species at site and local levels with a risk of overharvesting at landscape levels. Studies largely focus on biological and ecological aspects and do not including social, cultural, economic and political aspects or sustainable use practices. (ii) Local populations have knowledge on where, when and what to collect certain species but do not know how to combine harvesting of different NTFP and different parts (e.g. leaves, flowers, fruits, roots, barks, etc.) or combined with traditional low impact agricultural practices that allow maintaining forest quality and sustainability of NTFP. Likewise, information needed for post-harvesting treatment, local primary processing and storage to reduce losses and avoid resource depletion are limited and their cost-benefit has not been determined as part of a farm production model. (iii) Capacity of small producers for sustainable management of

NTFP practices is weak both for collection and improved post-harvest practices. Also there are capacity deficiencies for developing Forest Law management plans for BD based production and technical support for implementing these is scarce.

Barrier #2: Market and financial barriers for implementation of commercial operations:

(i) The supply of BD products is unstable both in terms of quantity and quality constraining establishment of supply chains. Local populations often receive very low pay for collection of NTFP and generally have a low or no share in the profits as value is aggregated up the supply chain. Low levels of consumer awareness of BD products and their benefits further constrain market opportunities. This result in limited interest for protecting NTFP as the benefits that sustainable-use may generate are unfulfilled. Financing and infrastructure constraints further hinder small producers from bringing products to the market. (ii) Financing for production and trade is available but small producer access is limited. The Forest Law stipulates that management plans need to foresee direct generation of employment and training for elaboration of NTFP, crafts and/or industries. However, the percentage of plans currently financed by the law that include NTFP is low due to above mentioned capacities deficiencies for including NTFP in the plans. Existing credit lines and programs supporting small producers address traditional production activities but do not specifically include biodiversity-based products. (iii) Small producers and their organizations have difficulties to access market information to improve availability of products and knowledge on the scope of markets and lack contacts with potential buyers. Cooperatives and associations could facilitate commercialization in different markets but management and negotiation capacities are weak.

Barrier #3: Weak institutional capacities and regulatory framework for sustainable use of BD at landscape level.

(i) Provinces have issued regulations regarding land zoning, conservation, and forest management but these do not specifically include limitations on amounts and types of sustainable-use of NTFP or safeguards to avoid overexploitation (in part due to information deficiencies explained in barrier#1). The also applies to regulations at national level. Although the Forest Law does not require land titles to grant subsidies to small producers, conflicts arise when new settlements are established in public lands and access to forests by local communities is restricted eg by new fences. Indigenous peoples in particular are vulnerable as they usually harvest NTFP in public lands or in private properties where the owners have granted permission but only through informal agreements that can change. (ii) Provincial Enforcement Authorities of the Forest Law expertise is still incipient for biodiversity based production constraining approval of management plans within sustainable limits and with appropriate harvesting and processing practices. Similarly this impedes effective oversight and monitoring of implementation and there is a risk of approvals exceeding the number of management plans that would be sustainable at the landscape level. (iii) National, provincial, municipal and local authorities have responsibilities over native forests and at each level there are different sectoral institutions involved (e.g. environment, agriculture, defense, security, etc.). This wide array of government stakeholders have difficulties in coordinating interventions, which in turn weakens the control and oversight systems increasing their fragility since each systems usually involve only a sectoral approach for one or few species.

The GEF Alternative:

16. The GEF’s incremental funding and co-funding resources will be used to overcome the above mentioned barriers and influence and optimize the trajectory of the baseline investment. It will contribute to promote the long term solution by making use of the following strategies: i) development and implementation of NTFP production models with small producers as a viable option for incomes and to reduce threats to BD from the current traditional models; ii) strengthening of the policy and regulatory frameworks to provide safeguards for ecological sustainability of production; and iii) promotion of market initiatives that seek the development of value chains and preferential markets for sustainably harvested products, thereby contributing to up-scaling at landscape level.

17. The Project will intervene in the Provinces of Misiones (UPAF), Salta and Jujuy (Yungas) and Salta (Chaco) where there are more than 7 million ha of Category II forests (yellow areas), equivalent to 65% of the total forest cover of such provinces. Small producers in these provinces occupy more than 2 million hectares and many of them are located in yellow areas. Preliminary selection of landscapes for intervention with greater potential for success and global benefits has taken into account criteria such as presence of protected areas, producer organizations, and opportunities to change production practices of small producers that currently impact negatively on BD (table 2 below). Moreover, an important number of species have been identified, some of which are currently in use for production of jams, syrups, preserves, honey, medicinal products, crafts and dyes, while others have potential uses and their feasibility will be studied (table 2 below).

Table 2. Intervention areas and selection criteria

Intervention area	Selection criteria and potential species
UPAF Province: Misiones Area:40,000 ha	Misiones Province contains the largest and best preserved fragments of the UPAF and the greatest opportunity for long-term conservation. The suggested area is the ecological corridor Urugua-i-Foerster located between the Urugua-i (84,000ha) and Horacio Foerster (5,000ha) provincial parks. Small producers in the corridor implement non-

Beneficiaries: 600 small producers	sustainable practices associated with tobacco monoculture (deforestation and contamination by agrochemicals) that affect remaining fragments BD and could be substituted for agroforestry systems and NTFP. Potential species are: Palmito (<i>Euterpe edulis</i>), yacaratiá (<i>Jacaratia spinosa</i>), ubajay (<i>Hexachlamys edulis</i>), pindó (<i>Syagrus romanzoffiana</i>), araticú/arachichú (<i>Rollinia emarginata</i>), cerella (<i>Eugenia involucreta</i>), ñangapirí/pitanga (<i>Eugenia uniflora</i>), guavirá (<i>Campomanesia xanthocarpa</i>) and pacurí (<i>Rheedia brasiliensis</i>)
<u>Yungas</u> Provinces: Salta / Jujuy Area: 60,000 ha Beneficiaries: 350 small producers	The Yungas Corridor is one of the most biodiverse areas of the country and of key significance due to its high degree of conservation. In Argentina it spans more than 300,000 ha of lands suitable for agriculture but that still conserve forest cover. There are small producers with traditional production systems as well as local organizations for production and commercialization. There is technical information on sustainable use of BD. Potential products dyes from <i>Senecio bomanii</i> , <i>Rumex cuneifolius</i> , <i>Piper aduncum</i> , <i>Baccharis dracunculifolia</i> , <i>B. microdonta</i> , <i>B. salicifolia</i> , <i>Usnea angulata</i> , <i>Bidens pilosa</i> , <i>Salvia meyeri</i> , <i>Alnus acuminata</i> , <i>Achyrocline spp</i> , <i>Amaranthus spp</i> , <i>Nicandra physalodes</i> , <i>Tecoma stans</i> , <i>Bocconia integrifolia</i> , <i>Berberis lilloana</i> , <i>Fagara coco</i> , <i>Tagetes ternifolia</i> , <i>blepharocalyx salicifolius</i> , <i>Cissus striata</i> , <i>Juglans Australis</i> , <i>Podocarpus parlatorei</i> , <i>Mysine coriacea</i> , <i>Phytolacca rivinoides</i> , <i>Vassobia breviflora</i> , <i>Anadenanthera colubrina</i> , <i>Xylosma longipetiolata</i> , <i>Parapiptadenia excelsa</i> , <i>Sambucus nigra</i>
<u>Chaco</u> Province: Salta Area: 100,000 ha Beneficiaries: 450 small producers and indigenous communities	The Chaco is the largest continuous forest ecosystem in Argentina and has high pressure for land use change. A number of interventions focus on BD conservation and sustainable production in the Chaco that will provide a strong foundation on which NTFP practices can be inserted at low costs and achieving landscape scales. This work will also provide lessons to the Yungas and UPAF work (see para 23). Small to large properties and the presence of indigenous communities with traditional knowledge on the use of wild resources. There are animal species of high conservation value in farms; a diversity of wild resources for sustainable use and previous experience sustainable use of fauna by the SAyDS. Possibility of work with Brea (<i>Parkinsonia praecox</i>), algarrobo (<i>Prosopis sp</i>), caraguatá (<i>Bromelia balansae</i>), guayacan (<i>Caesalpinia paraguariensis</i>), palo santo (<i>Bulnesia sarmientoi</i>), brea (<i>Cercidium australe</i>), caranday (<i>Copernicia alba</i>), sombra de toro (<i>Jodina rhombifolia</i>), pichana (<i>Senna aphylla</i>), carandillo (<i>Trithrinax biflabelata</i>), caranda-i (<i>Trithrinax campestris</i>)

Component 1: Sustainable-use Management Models in three ecosystems: This component will develop knowledge and capacities for sustainable-use in selected landscapes, and generate information for the regulatory framework (Component 3). It will be implemented in the UPAF and Yungas (Misiones, Salta and Jujuy). In the Chaco, intervention will mainly focus on access to markets and strengthening the regulatory/safeguards framework (Components 2 and 3) taking advantage of other field projects in the region with which synergies will be sought (see A4). Harvesting seasons and limits/carrying capacity will be identified through systematization of traditional knowledge and information on species currently in use; bio-ecological technical studies will be carried out; harvesting models will be developed for species that have potential but are not being fully used due to collection problems. This will provide the basis to determine guidelines for the use of the different species without risking long-term viability of their populations and will serve to develop sustainable multiple use models for conservation of BD at farm level. This will include comparative studies on land use alternatives; proposals for diversification of production based on NTFP, agro-forestry systems, timber and fauna; and cost-benefit analysis of these practices. A geo-referenced database on the production potential and number of approved management plans will be developed and will serve as an input to the procedures for approval and oversight/monitoring of plans under Component 3. The models and best practice manuals will serve to implement sustainable use practices at farm level. To this end, 2,000 producers will be briefed on the environmental, social and economic benefits of sustainable use of BD and will be trained for development and implementation of management plans. Producers will receive technical assistance to implement best practices, technical standards and appropriate technologies to guarantee the sustainable use of BD.

Component 2: Markets and financing mechanisms for ensure economic and social sustainability: This component will be implemented in the three ecosystems (UPAF, Yungas and Chaco) and will foster access to markets and financing. The project will promote a greater access to markets as well as a greater equality in the distribution of resources across the value chain. This will be done by identifying commercialization channels with private companies, identifying gaps in the existing value chain and assisting in filling such gaps for example by connecting producers to buyers; assessing market requirements and linking these to support for improved production practices (eg sanitary restrictions). The project will also identify potential new markets for existing and/or potential products; and promoting BD products that use the best practices developed. The project will work with some 60 species grouped around 7 product-categories (jams, syrups, honey, preserves, medicinal products, crafts and dyes) to ensure sufficient options for the producers. The project also will raise awareness and provide information to consumers on the benefits of products obtained through sustainable use of forest resources. Likewise, the project will identify and foster mainstreaming of technical instruments (harvesting limits and best practices) in current agricultural grant programs and rural credit, hence increasing access of producers to financial resources. The project will also build the capacities of small producers and their organizations to better access biodiversity-product markets

through training on management and negotiation; improving access to information on different market needs; developing mechanisms to improve communication with buyers.

Component 3: Governance framework at national and provincial levels for Sustainable-use Management:

This component will contribute to establish a framework that guarantees sustainable use of BD in the Provinces of intervention and eventually to export the experience to other provinces. The project will develop a series of proposals to strengthen the governance framework, namely regulations on harvesting limits and safeguards; a proposal for a national law on sustainable use harmonized with the Forest Law and the Law of Flora; and proposal for formal agreements between owners of lands with high conservation value and small producers to guarantee access to the properties for sustainable collection of NTFP. Institutional capacity building will target the existing inter-institutional coordination mechanisms and the Forest Law enforcement authorities of the provinces involved in project implementation. The National Advisory Committee for Conservation and Sustainable Use of BD (CONADIBIO) will be strengthened through sharing of knowledge and lessons learned and training programs for specialists and decision makers. Provincial enforcement authorities will be strengthened to implement their mandates at field and landscape levels. The project will develop mechanisms for oversight of management plans at farm level, including traceability systems for selected products, and monitoring and evaluation systems. Moreover, a system for approval of management plans at landscape level based on species and harvesting limits will be developed (including a database, training of technicians and decision makers); as well as guides for updating of the provincial land zonings based on sustainable use of NTFP. These in turn will serve to develop to a training program targeting enforcement authorities of other provinces to promote up-scaling.

18. **Global benefits:** Sustainable use of NTFP will contribute to economic development, generation of employment and income for forest-dependent communities while conserving the native forests, through: i) production, which will be more favorable to forest use compared to other land uses, and ii) commercialization of NTFP by small producers, which will incentivize conservation of forests as well as improvement of their livelihoods. This will ensure not only the conservation of the native forest but also the permanence of the communities in their places of origin reducing migration to urban centers and poverty belts. GEB include: i) 200,000 ha of high value conservation forests under Category II (yellow areas) in the UPAF, Yungas and Chaco under direct sustainable management of BD (Provinces of Misiones, Jujuy, Salta and Chaco) with models for sustainable use of NTFP that promote shifting of current unsustainable agricultural and forestry practices that pressure BD; and ii) increase in connectivity, reduction of threats and deforestation rates in 1 million additional ha from the adoption of sustainable management practices, increased access to markets and financing and strengthening the governance framework. Through capacity development at national and provincial levels up-scaling of experiences and lessons learned is expected to 20,000 reach small producers and 4.4 million ha throughout the selected ecosystems and in the long term dissemination of sustainable use of NTFP to yellow zones of other provinces of the country.

Forest	Current practices	Alternatives through project	Global Benefits
UPAF	<ul style="list-style-type: none"> - Deforestation for slash and burn agriculture (tobacco) - Indiscriminate use of agrochemicals (insecticides, fertilizers, herbicides) 	<ul style="list-style-type: none"> - Sustainable management of NTFP, market development and financing as an economic alternative to replace tobacco and conserve forests. - Alternative production in cleared areas (agroforestry) 	<ul style="list-style-type: none"> - Recovery of the native forest; increased connectivity in the Uruguay-i-Foerster Ecological Corridor (conservation of jaguar (<i>Panthera onca</i>), tapir (<i>Tapirus terrestres</i>), blue-fronted parrot (<i>Amazona aestiva</i>), anteater (<i>Myrmecophaga tridactyla</i>), - Decrease in the use of agrochemicals leading to e.g. conservation of fish and pollinator species.
Yungas	<ul style="list-style-type: none"> - Conversion of native forests to agriculture, & livestock - Selective timber extraction - Native species extraction methods degrade forests - Substitution of native forest by introduced tree species 	<ul style="list-style-type: none"> - Sustainable management of NTFP, market development and financing, combined with crops for diversification of production as an economic alternative, for reducing unsustainable practices and conserving forests 	<ul style="list-style-type: none"> - Reduced deforestation and degradation from over-exploitation of native forests - Reduced burning of grasslands to promote pasture growth - Maintenance and/or increase of tree cover increases connectivity between different altitudinal belts in Yungas Corridor and conserves species (e.g. jaguar (<i>Panthera onca</i>), tapir (<i>Tapirus terrestres</i>), aguti (<i>Dasyprocta punctata</i>), taruca (<i>Hippocamelus antisensis</i>), Tucuman parrot (<i>Amazona tucumana</i>), oak (<i>Amburana cearensis</i>))
Chaco	<ul style="list-style-type: none"> - Deforestation for agriculture and livestock - Selective extraction - Inadequate use of fires - Overgrazing - Charcoal production 	<ul style="list-style-type: none"> - Increased access to markets and financing improves NTFP economic viability - Regulations provide safeguards for sustainable practices and harvest levels 	<ul style="list-style-type: none"> - Reduced deforestation & over-exploitation of forest resources - Maintenance and/or increase of tree cover increases connectivity in the Yungas-Chaco transition zone and species preservation (e.g. jaguar (<i>Panthera onca</i>), tapir (<i>Tapirus terrestres</i>), giant armadillo (<i>Priodontes maximus</i>), wild peccaries (<i>Tayassu pecari</i>, <i>T. tajacu</i>, <i>Catagonus wagneri</i>))

19. **Sustainability and replicability:** The Project builds on existing land use plans and subsidies related to the Forest Law that compensate landowners for strong restrictions on land-use. It will provide the technical information; capacities, and governance structures to optimize these subsidies for sustainable-use of forest BD which is permitted in Category II zones. These subsidies are delivered annually as long as land-use abides by those approved in the management plan. The project will also strengthen capacities for this oversight. Thus the Forest Law subsidies will be a mechanism to sustain project results in the target landscapes. By improving small producer access to market and optimizing supply chains, incomes are expected to become more stable and increase, in turn contributing to sustainability. Additional finance will be levered by mainstreaming BD based production into baseline sector programs for family and small producers. These programs and the Forest Law covers the entire country and will also provide effective replication of project results to other forest ecosystems in Argentina where small producers and indigenous peoples dwell (UPAF-Misiones; Yungas- Jujuy, Salta, Tucuman, Catamarca; Chaco-Formosa, Salta, Chaco, Santiago del Estero, Tucuman, Catamarca, La Rioja, Cordoba, San Luis). Dissemination of project results will further enhance replication beyond Argentina to other countries with similar development problems that could learn from the innovative Forest Law as a mechanism for forest conservation alongside socioeconomic benefits. The Project will coordinate with existing programs promoting sustainable development, which will increase its efficiency through mutual synergies and promoting the uptake of Project results by these programs (see A4).

A.2. Stakeholders

Stakeholders	Interest / Potential role in project
SAyDS	National level focal point for the Forest Law; responsible for validation of provincial land zoning, preparation of annual budgets and approval of forest management plans and projects presented by provinces. GEF Project Executing Agency
Misiones, Jujuy, Salta, Chaco	Provinces responsible for natural resources and Forest Law implementation in their jurisdiction. Critical for political and operational support for Project implementation and mainstreaming results in the provincial regulatory framework
Municipalities	Will participate in Project implementation at local level, especially in awareness raising and dissemination of sustainable use benefits; will provide support to small producer families and for strengthening of organizational capacities.
Universities	Will collaborate in Project activities, e.g. research, bio-ecological studies, awareness raising and dissemination of environmental, social and economic benefits, and monitoring mechanisms of sustainable use plans.
Small producers and indigenous communities	Beneficiaries of Project activities; Project instruments (harvesting limits, best practices, management plans) will be implemented by small producers. NTFP related activities may be important to promote empowerment of women; therefore women will be included in the different activities of the value chains. During project development a gender assessment will be undertaken and a consultation process particularly with indigenous groups that may be included as beneficiaries.
NGOs	Will collaborate in strengthening of community organizations, awareness raising and dissemination of benefits, as well as monitoring of sustainable use plans.
Civil society	Key in advancing sustainable consumption patterns and increasing demand for NTFP: one target of awareness campaigns
Private sector	Will participate in development of formal agreements between land owners and small producers for access to NTFP; buyers of BD products; value chains.

A.3 Risks

Risks	Mitigation measures
Financing shortfalls and risk associated with potential harvest failures may undermine the uptake and sustainability of biodiversity production models by small producers	The Project will work with the Forest law to increase the flow of funding from existing resources for sustainable-use that are currently undersubscribed. The level of Forest Law subsidies are attractive for small scale producers and will minimize the risk perceived from BD based production. The Law is expected to continue at least at the same level for small producers as a Government priority. The project will also work with an on-going PES project to review potential add-ons for Forest Law subsidies for BD based production in areas of high conservation value. It will also work with existing agriculture subsidies and credit for small farmers to incorporate NTFP production increasing finance availability. Markets and supply chains work is designed to increase revenues from NTFP and complement income which will also mitigate this risk. The sustainable use law to be proposed will identify further financial resources that can be allocated to NTFP.
Local communities and key stakeholders are unwilling to adopt proposed BD based production models and practices; or restrictions of access to private properties interferes with uptake of models in stakeholders with no	The Forest Law restriction of land use in certain forest categories provides the basis on which the project will build. Currently farmers in the yellow zone need to change their production practices by law. For small producers the subsidy from the Law is significant and the project will work to development BD based production options and access these resources which are attractive. This will be complemented by building capacities for implementation and leveraging additional income from improved access to markets and optimizing supply changes to increase producer participation in profit- making BD production still more attractive. Awareness raising, training and dissemination activities will demonstrate the environmental, social, cultural and economic benefits of sustainable use enabling uptake at scale. Strengthening of the regulatory framework will further promote the adoption of best practices. Similarly the project will promote dialogue, consensus and inter-institutional coordination between key stakeholders (e.g. provinces, private owners, indigenous communities,

land tenure	etc.) to facilitate Project interventions in the field.
Lack of political will and weak coordination to mainstream sustainable use in institutional reduces effectiveness of Project results	The Provinces are mandated to implement the Forest Law in their territories and resources in the baseline are available for building their capacities in this arena and resources for compensation to landowners are available. The project will remove current barriers that have constrained the use of these resources for BD based production through developing management instruments (best practices, safeguards, monitoring) and increasing capacities for improving BD- based production through Forest Law resources. It will develop awareness raising and dissemination programs to help mainstream SFM and NTFP into existing support to small scale producers. Different government institutions will be involved in project development and of a participation plan to engage stakeholders. Strengthening of inter-institutional coordination mechanisms will also contribute to risk reduction.
Increased vulnerability of ecosystems due to climate change	Climate change will be introduced as a variable in the development of sustainable use models. The project strategy is based on sustainable management of forests in ecological corridors increasing connectivity between forest remnants, which will contribute to increase resilience to climate change.

A.4. Coordination

20. The project will strategically complement three on-going GEF funded projects and will maintain close coordination with them through mechanisms including annual planning meetings; technical meeting for specific issues and for lesson sharing. Two of the three are implemented through UNDP with UNEP thus facilitating coordination. This includes the regional project SFM in the Trans-boundary Ecosystem of the Gran Chaco that has demonstration sites for SLM/SFM in Argentina and will provide useful information on land degradation parameters and deforestation data. The current project will complement the SFM efforts by developing market access for NTFP through optimizing value chains, increasing access to financing for commercialization and technical assistance and strengthening of organizational capacities. It will also complement the Rural Corridors and Conservation of Biodiversity project (WB) with the National Parks Administration (ANP) still in inception that has the Chaco as one of two target ecosystems. This will set up protected areas in the Chaco as anchors in corridors; develop a Chaco Strategic plan for conservation corridors across the 4 Chaco provinces and strengthened ANP and province capacities for to manage PA. Outside PA it will promote private conservation including potentially SFM approaches. Although there is not geographical overlap of intervention sites any SFM on-the ground work in that project will benefit from the proposed project's work on optimizing value chains, increasing access to financing for commercialization BD based products. A third project of relevance is the Establishment of Incentives for Conservation of Globally Important Ecosystem Services. This will pilot payment for ecosystem services to increase forest protection. One of its 4 pilots is in Chaco and will test differential payments under the Forest Law for land uses that maximize global benefits (carbon and BD). The proposed project will synergize with the PES project through development of: i) sustainable multiple use models of forest biodiversity; and ii) markets and financial mechanisms to ensure economic sustainability, increasing total profits obtained from conservation and sustainable use of forests. The presence of these 3 projects in the Chaco means that the current project will restrict its activities in the Chaco largely to Component's 2 and 3 to avoid duplication of efforts and ensure sufficient resources are channeled to the Yungas and UPAF work on-the-ground.

21. As well as the above GEF funded the projects particular care will be taken to coordinate with the upcoming Native Forests and Biodiversity loan through the Work Bank that will promote protection and sustainable management of forests and BD. Both projects will collaborate through an inter-institutional committee at provincial level to coordinate interventions. The project proposed herein will also coordinate with UNDP Support to Implementation of the National Program for Protection of Native Forests that will strengthen the national enforcement authority to implement the national forest program while the proposed project will strengthen the provincial enforcement authorities and small producers to implement sustainable NTFP management.

B.1 Consistency with National strategies and plans or reports and assessments under relevant conventions:

22. The project will support conservation of the biodiversity of Argentina in accordance with the principles of the National Constitution. The project is aligned with the National Biodiversity Strategy and Action Plan (NBSAP) and particularly with: i) Section I (political-institutional structure) regarding the establishment of inter-institutional mechanisms to coordinate policies, regulations and BD conservation and use activities; ii) Section II (sustainable use of BD) in terms of generating, disseminating and promoting sustainable management experiences focusing ecosystems and populations; iii) Section III (BD conservation) regarding the establishment of planning mechanisms at ecosystem level; and iv) Section V (national capacities) in terms of strengthening the governance framework. The project is also aligned with the GoA's National Development Plan, which prioritizes poverty alleviation sustainable

production and environmental sustainability. It will support the implementation of the regulatory framework, namely of the Forest Law N°26331 and the Fauna Conservation Law N°22421 through the development of mechanisms and instruments to facilitate implementation. Moreover, the project will contribute to national programs (e.g. National Program for Management and Sustainable Use of Wild Species, National Program for Conservation of Endangered Species, Program for Protection of Habitats of Wild Fauna, and the National Program for Management of Flora), which are the key instruments of the SAYDS to promote conservation and sustainable use of BD. At regional level, the project is aligned with the MERCOSUR Regional Biodiversity Strategy, which promotes and supports the joint development of instruments and measures for conservation of ecosystems and BD.

B.2. GEF focal area and/or fund(s) strategies, eligibility criteria and priorities:

23. The project will conserve biodiversity and improve the livelihoods of small producers and indigenous communities by removing current risks and uncertainties and leading to the up-scaling of sustainable use of NTFP. Up-scaling of NTFP will provide more environmentally friendly forms of land use in a landscape-level mosaic, increased connectivity of forest fragments and will help maintain ecosystem services. The project is thus consistent with GEF Strategic Objective 2 of GEF 5: *Mainstream biodiversity conservation and sustainable use into production landscapes, seascapes and sectors* and in particular Outcome 2.1: *Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation* and Outcome 2.2 *Measures to conserve and sustainable use biodiversity incorporated in policy and regulatory frameworks*. The project will have a secondary impact on Strategic Objective 1: *Improve Sustainability of Protected Area Systems* as it will also contribute indirectly to increase the sustainability of different protected areas by increasing BD friendly production in adjacent areas, by maintaining original forest cover and increasing connectivity. The project is also consistent with the Aichi Biodiversity Targets, namely Targets 3 as it will “*develop and apply positive incentives for the conservation and sustainable use of biodiversity... taking into account national socio economic conditions*”, 5 as it will contribute to reducing the “*rate of loss of forests...and where feasible brought close to zero*” and 7 it will enable sustainable management of areas under agriculture and forestry in key location on ecological corridors.

B.3 The GEF Agency’s comparative advantage for implementing this project:

24. UNDP has been selected as Implementing Agency considering its ample experience in the establishment of governance frameworks and capacity development. The project is aligned with the focal areas of UNDP/Argentina regarding integrated policies, institutional strengthening and community participation. The project includes strengthening of the governance framework at provincial level and will benefit low income families thereby contributing to poverty reduction, all of these priority goals of UNDP/Argentina. Moreover, UNDP has an important portfolio of GEF projects in Argentina as well as in Latin America on biodiversity conservation, therefore offering an excellent opportunity for dissemination of best practices and up-scaling of project results.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT AND GEF AGENCY

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT ON BEHALF OF THE GOVERNMENT:

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
Graciela Conesa	GEF Operational Focal Point	Secretariat for Environment and Sustainable Development (SAyDS)	March 12, 2013

B. GEF AGENCY CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for project identification and preparation.					
Agency Coordinator, Agency name	Signature	DATE (MM/dd/yy)	Project Contact Person	Telephone	Email Address
Adrian Dinu, Officer-in-Charge and Deputy Executive Coordinator,		March 18, 2013	Helen Negret, EBD RTA	+ (507) 302-4508	helen.negret@undp.org

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