PROJECT IDENTIFICATION FORM (PIF) [1]

PROJECT TYPE: Full-sized Project
TYPE OF TRUST FUND:GEF Trust Fund

PART I: PROJECT IDENTIFICATION

Project Title:	Marine and Coastal Protected Areas (GEF MAR)		
Country(ies):	Brazil	GEF Project ID:[2]	4637
GEF Agency(ies):	WB (select) (select)	GEF Agency Project ID:	TBD
Other Executing Partner(s):	Ministry of Environment (MMA), Instituto Chico Mendes de Conservação da Biodiversidade (ICMBio), Fundo Brasileiro para a Biodiversidade (FUNBIO), Petrobras	Submission Date:	September 15, 2011
GEF Focal Area (s):	Biodiversity	Project Duration (Months)	60
Name of parent program (if applicable): ➢ For SFM/REDD+ ☐		Agency Fee ($):	1,820,000

A. FOCAL AREA STRATEGY FRAMEWORK[3]:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Indicative Grant Amount ($)	Indicative Co-financing ($)
(select) BD-1	Outcome 1.1: Improved management effectiveness of existing and new protected areas.	Output 1. New protected areas (number) and coverage (hectares) of unprotected ecosystems. Output 2. New protected areas (number) and coverage (hectares) of unprotected threatened species (number).	GEFTF	11,600,000	74,200,000
(select) BD-1	Outcome 1.2: Increased revenue for protected area systems to meet total expenditures required for management.	Output 1. Sustainable financing plans (number).	GEFTF	2,500,000	0
(select) BD-2	Outcome 2.1 Marine biodiverstiy conservation and sustaibale use measures are integrated in the policy/institutional framework;	Output 1. Institutions and stakeholders trained on conservation and sustainable use of marine ecosystem; Output 2. Sectoral policy frameworks incorporate conservation measures;	GEFTF	1,000,000	4,000,000
(select) BD-2	Outcome 2.2 Instituional and stakeholder capacity strengthened for the conservation and sustainable use of marine ecosystems.	Output 1. Monitoring and evaluation capacity strenghtened; Output 2. Stakeholder awareness raised through	GEFTF	2,190,000	12,160,000

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[1] It is very important to consult the PIF preparation guidelines when completing this template.
[2]   Project ID number will be assigned by GEFSEC.
[3] Refer to the reference attached on the Focal Area Results Framework when filling up the table in item A.

					Indicative Grant Amount ($)	Indicative Cofinancing ($)
		workshops and other activities (Number).				
(select)	(select)			(select)		
(select)	(select)			(select)		
(select)	(select)			(select)		
(select)	(select)			(select)		
(select)	(select)			(select)		
(select)	(select)			(select)		
(select)	(select)	Others		(select)		
			Sub-Total		17,290,000	90,360,000
			Project Management Cost[4]	GEFTF	**910,000**	8,040,000
			Total Project Cost		18,200,000	98,400,000

B.   PROJECT FRAMEWORK

Project Objective:						
Project Component	**Grant Type**	**Expected Outcomes**	**Expected Outputs**	**Trust Fund**	**Indicative Grant Amount ($)**	**Indicative Cofinancing ($)**
Component 1: Creation and Implementation of Marine and Coastal Protected Areas	Inv	Representative and effective systems of marine and coastal protected areas established and managed; Increase the marine areas under protection to at least 5% of the Brazilian marine territory (x ha).	Priority areas on an ecosystem approach identified; Proposals for new Marine and Coastal Protected Areas system prepared and submitted for formalisation; Management plan for PAs elaborated; Necessary infrastructure implemented; Mechanisms of acceptance and community participation implemented; Community alternative projects executed.	GEFTF	12,290,000	51,360,000
Component 2: Design of financial mechanisms to support MCPAs system	TA	Financial mechanisms to ensure the long-term sustainability of MCPAs designed.	Technical studies carried out; Fund raising strategies elaborated and implemented	GEFTF	2,500,000	0
Component 3: Monitoring and Evaluation	Inv	Biodiversity monitoring system developed; Managerial effectiveness monitoring system developed;	Marine biodiversity monitoring systems developed and integrated; Managerial effectiveness monitoring systems adapted and integrated.	GEFTF	2,500,000	39,000,000

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[4]   GEF will finance management cost that is solely linked to GEF financing of the project.

		Brazilian marine and coastal biodiversity tracked and assessed to provide critical information to policymakers and to monitor the achievement of CBD targets; The effectiveness of the biodiversity conservation and the maintenance of the ecological integrity of the ecosystems are assessed, allowing for an adaptive approach to the establishment of the MCPAs systems.				
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
			Sub-Total		17,290,000	90,360,000
			Project Management Cost[5]	GEFTF	910,000	8,040,000
			Total Project Costs		18,200,000	98,400,000

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

Sources of Cofinancing	Name of Cofinancier	Type of Cofinancing	Amount ($)
National Government	MMA	In-kind	3,400,000
National Government	ICMBio	In-kind	5,000,000
Others	Petrobras	Grant	20,000,000
Others	Petrobras	In-kind	70,000,000
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
Total Cofinancing			98,400,000

D. GEF/LDCF/SCCF RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY[1]

GEF Agency	Type of Trust Fund	Focal Area	Country Name/Global	Grant Amount (a)	Agency Fee (b)[2]	Total c=a+b
WB	GEF TF	Biodiversity	Brazil	18,200,000	1,820,000	20,020,000

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[5] Same as footnote #3.

(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
Total Grant Resources				18,200,000	1,820,000	20,020,000

[1] In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table

[2] Please indicate fees related to this project.

PART II: PROJECT JUSTIFICATION

A. **DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:**

A.1.1   the <u>GEF focal area</u>/<u>LDCF/SCCF</u> strategies:

- The Brazil Marine and Coastal Protected Areas program supports the GEF's Global Operational Strategy by contributing to the long-term protection of Brazil's globally important ecosystems. Specifically, the project targets three GEF priorities: (a) in situ conservation of globally unique biodiversity; (b) sustainable use of biodiversity; and (c) local participation in the benefits of conservation activities. The project is fully consistent with Brazil's first report to the Conference of Parties (COP) IV. By supporting all three levels of biodiversity (ecosystems, species, and genes), the project is also fully consistent with the principles of the Convention on Biological Diversity (CBD), and will contribute to GEF Focal Area Objectives as follows: a) Improve sustainability of protected area system (BD-1); (b) Generate access and use of information and knowledge (CD-2); and, (c) Strengthened capacities for policy and legislation development for achieving global benefits (CD-3).

A.1.2. For projects funded from LDCF/SCCF: the LDCF/SCCF eligibility criteria and priorities:

   Not applicable.

A.2.   national strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NIPs, PRSPs, NPFE, etc.:

Brazil signed the Convention on Biological Diversity (CBD) in 1992 and Congress ratified it on February 28, 1994. Since then, the Brazilian Federal Government has taken, with the support of the Global Environment Facility (GEF) and other international organizations, decisive measures to implement the three objectives of the CBD. These include: enhancement of the legal framework; institutional capacity building of the Ministry of the Environment; and establishment of national policies, programs, and major projects. The proposed project meets the Brazilian eligibility criteria for GEF funding according to criteria and guidelines set by the National Commission on Biodiversity (CONABIO) - National Biodiversity Policy Decree No. 4.339, of August 22, 2002, outlined in document "Brazilian Strategy for the GEF". The country also ratified the RAMSAR Convention on wetlands in May 1996.

Brazil is a world leader in biodiversity conservation. In addition to being a signatory of the above-mentioned key environmental agreements, Brazil has developed and is implementing a National Biodiversity Strategy (NBS) under which a national policy and a legal framework for biodiversity protection and management were developed. One of the first important initiatives was the National Biodiversity Program (PRONABIO), conceived as an intergovernmental and multi-institutional program. A second was the Conservation and Sustainable Use of Brazilian Biodiversity Project (PROBIO), with the main objective of assisting the Government to initiate a program for the conservation and sustainable use of biodiversity by identifying priority actions, stimulating the development of demonstration subprojects, and disseminating biodiversity information.

In addition, the Brazilian government established the National Protected Areas Strategic Plan (PNAP), as a blueprint for implementing commitments made by the

country upon signing the CBD. The PNAP is based on the recommendations contained in the Ad Hoc Technical Expert Group on Marine and Coastal Protected Areas. These call for a representative marine and coastal protected areas system including a primary representative network of no-take zones, inserted within a secondary Marine and Coastal Protected Areas (MCPAs) network and associated to a system of sustainable management practices. Although the PNAP did not include national targets, CONABIO approved the target of 10% of protected areas in the marine and coastal zones, plus 10% protected areas for biological protection and/or no fishing zones. Indeed, the PNAP argues the final percentage of each coastal and marine ecosystem to be protected should be defined based on studies into ecological representativeness.

Brazil had also made significant advances in biodiversity conservation through the National System of Conservation Units (SNUC in Portuguese). It defines management categories and objectives of protected areas and provides, for the first time, a framework for coordination between federal, state, municipal and the private sector on this matter. The present proposal is clearly in line with this action as it seeks to strengthen the SNUC to provide effective conservation for national marine and coastal ecosystems. Brazil's interest and effort to conserve coastal areas is clearly indicated by the second National Environmental Program (PNMA II). This GEF-funded project has coastal zone management as one of its focal areas under the institutional development component.

B. PROJECT OVERVIEW:

B.1. Describe the baseline project and the problem that it seeks to address:

The marine and coastal area in Brazil covers 3.5 million km^2, an area equivalent to 41 percent of the Brazilian terrestrial territory (8.5 million km^2) and comparable in size to the Brazilian Amazon (4.1 million $km^{2)}$. Despite its vastness, only 1.57% of this area is currently protected within the MCPA network.

Brazil has one of the most extensive coastlines in the world, measuring over 9,000 km including the bays and promontories. Along this coastline there is an immense variety of environments and wildlife. The Brazilian marine and coastal zones shelter the greatest continuous stretch of mangrove ecosystems, which are important as nursery sites and biological filters and include the only coral reefs in the South Atlantic, ecosystems with high biodiversity and ecological relevance. They also shelter many endemic species and distinct ecosystems, such as dune fields, lagoon complexes, islands, restingas (sandy-coastal plain vegetation), flood plains, estuaries, etc. Also, five out of seven marine turtle species found around the world reside along the Brazilian coast and many migratory mammals come to this region for feeding and reproduction. Furthermore, 15 seabird species use Brazilian oceanic islands as nesting sites.

Unfortunately, these environments have been subjected to intense human pressure. In Brazil, 43 million inhabitants live in the coastal zone, concentrating 18% of the national population, and 16 of the 28 metropolitan regions (MMA, 2008). Coastal

economic activities account for roughly 70% of the Brazilian GDP (MMA, 2007). Coastal zones can be considered one of the most environmentally threatened regions in the country. Coastal zones are the main geographic area for economic growth for many industries, including the oil and gas industry which engages in significant off-shore drilling. As well, the waters off the Brazilian coast have traditionally been rich with fisheries. Significant fish populations have been decimated and in some cases have become extinct. The creation of protected areas is considered an important measure to protect and maintain the productivity of fish stocks.

Marine and coastal protected areas (MCPAs) include protected areas which are adjacent to the ocean, but which may or may not include intertidal or subtidal areas. According to the CBD these are areas inserted in or adjacent to the marine environment, including its water, flora, fauna and historical and cultural features that have been reserved by law or other effective means, so that the biodiversity and marine life therein is under a greater level of protection than the adjacent areas. Both the CBD and IUCN (International Union for Conservation of Nature) definitions consider that these areas should be established with the a priori objective of conservation, although they may have additional or consequential objectives such as improved quality of life, education, etc. Therefore the definition of MCPAs for this project includes: protected areas, governed by the SNUC act; permanent protected areas, set forth in the Forestry Code; no-take zones, established by the National Strategic Plan for Protected Areas (PNAP, according to Decree 5758/2006), where fishing is completely prohibited; and other fishing management instruments such as limited access rights and establishment of refugia to protect breeding or nursery areas which provide for the sustainable use of coastal and marine areas in a permanent or seasonal manner.

The MCPAs of the proposed project will be established in a mosaic fashion, integrating different protected area categories and multiple management strategies. By establishing protected area mosaics the definitions of MCPA systems will require that elements of governance and managerial integration are met. The integration of MCPAs into networks and systems is a necessary but not sufficient condition for long-term sustainable protection of the marine and coastal environment. Due to the fluid nature of the marine environment, MCPAs are affected by what happens outside of their boundaries, such as coastal developments, which alter the ecosystems and can have an impact on fish stocks and species biodiversity through unsustainable fishing practice, and on water quality through the discharge of pollutants, nutrients, sediments, etc. Therefore, the establishment of MCPAs should be addressed from the view of Integrated Marine and Coastal Area Management (IMCAM), which is in essence an ecosystems approach. Their definition--adopted here--is that of the CBD, which defines IMCAM as, "a participative decision-making process to prevent, control or mitigate the impact of human activities on coastal and marine environments and to contribute to the restoration of degraded coastal areas[6]".

Brazil's National Coastal Management Plan dates back to 1988, and its main actions

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[6] AID Environment, National Institute for Coastal and Marine Management/Rijksinstituut voor Kust en Zee (RIKZ), Coastal Zone Management Centre, the Netherlands(2004). Integrated Marine and Coastal Area Management (IMCAM) approaches for implementing the Convention on Biological Diversity. Montreal, Canada: Secretariat of the Convention on Biological Diversity. (CBD Technical Series no. 14).

are the Projeto Orla (Shore Project), the Economic Ecological Zoning, Maps of Sensitivity to oil spills and the Macro Diagnosis of the Marine and Coastal Zone (MMA, 2008). Despite these actions, very little progress has been made in the management of the country's coastal areas. The MCPA system with integrated management will be able to act as a catalyst, particularly if the mosaic management becomes a forum where other actors and instruments work synergistically on coastal management.

The Federal Government agencies responsible for Protected Ares creation and maintenance are the Ministry of Environment (MMA), the Brazilian Institute of Environment (IBAMA) and the Chico Mendes Institute of Biodiversity (ICMBio – body responsible for protected areas and threatened species in Brazil). Within MMA the Secretariat of Biodiversity and Forests (SBF) is responsible for the institutional coordination through the Directorate of Protected Areas (DAP). It is important to highlight that there are no state nor municipal protected MPAs, since the coastal and marine areas are all under federal jurisdiction. Recently, MMA and ICMBIO have been building capacity to manage MPAs, but this has been done at a much lower pace when compared to the land PAs.

The project will also work with Petróleo Brasileiro S.A. (Petrobras – leader in the Brazilian oil and gas industry). Founded in 1953 and the leader of the Brazilian oil sector, Petrobras is a publicly traded corporation ranked as the world's fourth biggest energy company in market value by a PFC Energy ranking. In alignment with management challenges regarding environmental and social responsibility and climate change, in 2008, Petrobras reformulated its Environmental Program and expanded its scope. The program includes three strategic actions: investments in environmental projects; reinforcing environmental organizations and their networks; and disseminating information on sustainable development. Petrobras has incorporated the findings of the priority setting exercise for biodiversity conservation, done under previoud GEF investment (PROBIO - National Biodiversity) into its long term strategic planning and, in partnership with private sector, universities and governmental agencies, undertakes several habitat recovery and protection actions.

Project Objectives

The global environment objective (GEO) of the proposed project is to reduce the loss of marine and coastal biodiversity in Brazil, conserving globally significant ecosystems and key environmental services important for national development and the well being of coastal communities.

The project's development objective (PDO) is to support the creation and implementation of a representative and effective marine and coastal protected areas (MCPAs) system in Brazil to reduce the loss of coastal and marine biodiversity. Protected ecosystems will maintain their capacity to produce food, good water quality, and increase their capacity to recover from disturbances, bringing far-reaching social benefits.

The specific objectives of the proposed project are to:

- Increase the area under protection to at least 5% of the total Brazilian marine area

- Implement and consolidate the already existing marine and coastal protected areas;

- Design financial mechanisms to ensure the long-term sustainability of the MCPA system;

The main expected project outputs are:

- Increase the marine areas under protection to at least 5% of the Brazilian marine territory;

- High priority Brazilian marine and coastal protected areas created and implemented, which involves elaborating and implementing the management plan, building the necessary infrastructure, establishing the mechanisms of acceptance and community participation, developing community alternative projects and starting enforcement actions;

- Representative systems of marine and coastal protected areas established and managed;

- Biodiversity and managerial effectiveness monitoring system developed. The effectiveness of the biodiversity conservation and the maintenance of the ecological integrity of the ecosystems are assessed, allowing for an adaptive approach to the establishment of the MCPAs systems and providing critical information to policymakers on the achievement of CBD targets; and

- Financial mechanisms to ensure the long-term sustainability of MCPAs designed.

Project Area

In 2007 Priority Areas for Biodiversity Conservation in Marine and Coastal Areas was updated (MMA, 2007), and now serves as the benchmark for the MCPA creation. In the final assessment document, conservation targets were established for each region, split into four different threat classifications ranging from extremely high to insufficiently known. The priority conservation actions were subsequently defined for the geographic subdivision of the priority areas. Annex 1 presents a map with the existing protected areas and recommended areas for protected, mosaics, corridors and no-fishing or fishing management areas creation.

According to the Ministry of Environment, the selection of protected areas should take into account the most recent scientific information, with special consideration for the geographical aspects, habitat connectivity, location of traditional communities as well as on distribution of industries, intensity of threats and gaps of conservation effort. Consistent with Ecosystem Based Management principles, sites will be selected where compatibility and integration with other coastal activities and their management is feasible or where supporting measures such as fish access limits can be effectively implemented. Potential to offset climate change and generate revenues through carbon

market (Blue Carbon), establishment of community or individual access privileges (such as fish quotas) within MCPA and surrounding areas, or payment for ecosystem services mechanisms could also be considered. This project will help mainstream biodiversity concerns in coastal zone planning, in particular for the fishing, tourism and petro-chemical industries. The partnership with Petrobras is especially encouraging.

The specific areas to be created under this project will be more precisely defined during project preparation. Further studies and analysis will be carried out, and the additional specialized and categorized information gathered will contribute to the planning and designing of the networks. The ecological criteria for the MCPA network creation proposed for this project is to include the entire range of biodiversity present within the bio-geographical region and also consider the principles of representativeness, inter-connectivity, replicability, feasibility, and precaution. In addition, specific studies on existence of conflicts, level of available information about biodiversity, and opportunities for each area may be necessary, as well as the identification of relevant actors, and the status of the existing legal instruments in the area (such as closed fishing seasons for species, determination of minimum sizes for extraction, etc).

Project Design

This project is expected to be funded by a $US 18.2 million GEF grant and $US 98.4 million in co-financing. The partnership between the GEF, the Government of Brazil, Petrobras and potentially other private sector players is an innovative and exciting approach to coastal zone management and mainstreaming of biodiversity in Brazil. The proposed project design includes four components:

Component 1 - Creation and Implementation of Marine and Coastal Protected Areas: Activities under this component will support the implementation of different categories of MCPAs in the Brazilian marine and coastal zones. These areas will be divided between strict protection and sustainable use MCPAs[7.] The selection of MCPAs will be based on the document, "Priority Areas for the Conservation, Sustainable Use and Distribution of Benefits in Brazilian Biomes and in the Coastal and Marine Area" (SBF/MMA, 2007). An enormous amount of analytical work at the regional and biome-level is available in Brazil, undertaken over the past 15 years by research and government agencies, universities and NGOs. This project will use this regional and macro-level information—not only biodiversity data but socio-economic information as well-- and refine it at the local level.

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The procedures for establishing protected areas are determined by the National System of Protected Areas (SNUC), and are detailed in Brazilian federal law No. 9.985, June 18, 2000, and Decree no 4.340, August 22, 2002. The SNUC Law provides a sound legal basis for establishment and consolidation of protected areas. This project will contribute to improve institutional capacity for implementing this legislation for marine

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[7] Protected areas for biological protection (UCs de proteção integral – IUCN Categories I-II) or zones within the boundaries of protected areas for sustainable use (UCs de uso sustentável – IUCN Category VI) where extractive activities of any kind are prohibited. This may also include no-fishing zones established by ministerial directive (MPA and MMA) and fishing agreements, as long as they determine total and permanent prohibition of extraction in marine and coastal environments.

areas. Public consultation will be carried out for each new protected area to be created, with studies on the environment, land rights, and socioeconomic indicators informing the final decisions about the location of new protected areas. Additionally, the implementing agencies will undertake public consultations and circulation of the draft decrees for protected area creation. The partnership with Petrobras is especially important here in that the recommendations made regarding which coastal areas are particularly vulnerable or have high value biodiversity will help inform Petrobras' investment decisions.

Main activities include: decree for protected area creation, land demarcation and installation of physical signs indicating the area to be protected, land tenure regularization, formulation of the provision of basic equipment for enforcement, and staffing in protected areas. This component will also carry out community integration actions to promote better coordination among the local communities and organizations, fostering their participation in PA management and access to public and private policies, allocation of access privileges, as well as programs and financing for the sustainable use of resources inside the PAs. New management plans will focus on the impacts of biodiversity conservation, community-based management, and protecting threatened species. Actions taken in the consolidation of already existing MCPAs will depend on the type of protected area and the current level of management capacity. PA management councils will be created to foster increased participatory management. Institutional capacities at ICMBio and FUNBIO will be strengthened and consolidated for improved conservation and management of Marine Protected Areas.

Component 2 - Design of financial mechanisms to support MCPAs system: The main activity is an assessment of the financing needs identification of potential funding sources.

The successful experience of the GEF project Amazon Region Protected Areas project will be considered but alternatives other than an endowment fund will also be explored which complement existing government mechanisms to ensure the necessary financial sustainability of the protected areas system. As part of this work, studies on potential returns of income generating activities will be carried out and financial sustainability plans will be generated, taking into account different costs for different types of protected areas. GEF resources will specifically finance studies for potential revenue generating mechanisms for protected areas focusing especially on climate change related mechanisms (Blue Carbon) and payment for environmental services and support the Brazilian Government in the development of fundraising strategies.

Component 3 - **Monitoring end Evaluation -** Project monitoring and evaluation will be carried out in three broad areas: (i) financial monitoring, (ii) monitoring of implementation and management of the protected areas, and (iii) environmental/biodiversity monitoring. Financial monitoring will be carried out by FUNBIO, who is responsible for approving and tracking the distribution of funds. The monitoring of project progress in the protected areas will be carried out by FUNBIO in close coordination with the Project Coordination Unit (UCP) and the Ministry of Environment. . The UCP will be responsible at the strategic level, evaluate and update, as needed, project objectives and targets in the project results matrix; and at the management level, to further develop and implement the GEF Management

Effectiveness Tracking Tool to project management, and monitor performance against project goals. MMA and ICMBio will be responsible for the implementation of biodiversity and environmental monitoring. Partnerships with research institutions will be critical given the lack of capacity within these institutions.

Component 4 - **Project Coordination and Management:** Coordination among and between the two investment components and the various actors involved in all aspects of project implementation will require an efficient and well-trained coordination unit. Funds under this component will be used for the improved operation of the Project Coordination Unit (UCP) within the Ministry of Environment (MMA) and the Project Implementation Unit at FUNBIO. Also included is the strengthening and coordination of the project's Technical Commission which is responsible for defining action strategies and technical guidance, identifying and prioritizing relevant actors and approving operative plans. It will be composed of representatives from governmental, academic and non-governmental sectors.

B. 2. Incremental /Additional cost reasoning: describe the incremental (GEF Trust Fund) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF financing and the associated global environmental benefits (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project:

GEF financing is necessary to support the Brazilian Government in protecting globally significant biodiversity through the protection of key sites in the coastal and marine ecosystem. Given the complexity involved in the management of marine ecosystems, without GEF's support Brazil would likely continue to prioritize and focus on the management of terrestrial protected areas, not making a concerted effort to invest resources in conservation actions for PAs in the Brazilian Coastal and Marine Region. Conservation of globally important and highly endangered marine species would continue to be a second-order priority.

GEF financing, along with the sizeable cofinancing secured for this project will provide the conditions to develop the necessary institutional capabilities, set up the legal and policy framework for the sustainable management of the country's marine ecosystems, and develop mechanisms for the participatory management through adequate institutional arrangements, active management committees, and direct involvement of the private actors.

Regarding long-term social and financial sustainability, the already existing financial instruments, such as tourism entrance fees and environmental compensation, might develop in a few MCPAs, but additional income generating activities (based on international experiences) would likely not take place without the project. Without the project, the budget forecast to be allocated for MCPAs conservation by the Brazilian Government (the baseline scenario) is about US$ 8.m over the life of project. The $18.2m GEF investment would an additional US$90m from other donors over the same period.

In summary, the GEF incremental support would assist the Government of Brazil in

effectively expanding the representation of marine protected areas, creating sustainable financing for these areas, and involving new actors at the national and sub-national levels in the management of MCPAs. While all of this might happen over the next 10 years in Brazil without this project, GEF financing would accelerate the implementation of critically and urgently needed actions to save at-risk coastal and marine resources.

B.3. Describe the socioeconomic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCF/SCCF). As a background information, read <u>Mainstreaming Gender at the GEF.</u>":

The project will directly benefit local populations living inside MCPAs and in the surrounding areas. Local stakeholders include fishers, fishing communities including some indigenous communities and the tourism industry. Building on the experience of other successful experiences in Brazil, such as ARPA, the project will finance (i) targeted support for sustainable action plans for communities inside or near MCPAs, and (ii) the formation and maintenance of PA management councils[8], which will allow for structured, local participation in decision making related to protected areas. Sustainable use MCPAs created and implemented under the project will benefit the traditional communities living inside them by providing secure resource access in a form that is the most appropriate for traditional management systems (a combination of individual and communal management). The project will also benefit local populations by contributing to the formalization land tenure with a special focus on indigenous people's interests, and provide opportunities for income generation associated with the protected areas.

The project will also strengthen the SNUC to deliver effective biodiversity conservation and will contribute to developing the capacities of local, state, and federal stakeholders. Another aspect of sustainability will be addressed by capacity building and the consolidation of national organizations involved with integrated marine and coastal ecosystems management. By investing in awareness-raising, the project will also create new constituencies for conservation and proper valuation of coastal and marine biodiversity within Brazil.

B.4 Indicate risks, including climate change risks that might prevent the project objectives from being achieved, and if possible, propose measures that address these risks to be further developed during the project design:

The overall level of risk for the financed activities is expected to be moderate. Consistent with all Bank projects, this project will complete an "Overall Risk Assessment Framework" which will be reviewed and endorsed by Bank management. At this stage of project development, the main risks identified are the following:

- Brazilian economic and population growth, especially in the coastal area cities, will

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[8] Institution created by the National Protected Areas Law, either consultative or deliberative, management councils are the official forums for local stakeholder participation in PA management, and have generally been composed of 50% representatives of civil society and 50% from the government.

increase pressure on natural resources. As a mitigation measure, the MAR will be implemented in close coordination with other governmental policies and sectors and will also seek the engagement of different actors to ensure political support for the conservation actions and adequate financing for timely implementation.[9]

- There is a moderate risk that project approval delays may occur owing to the many steps in the negotiation process. To mitigate this risk to the project, the task team will remain in close contact with the federal government, its partners and other interested stakeholders who could affect the project outcomes to obtain all approvals in a timely manner.

- The project involves activities that trigger safeguard measures that may be challenging, but participatory mechanisms adopted are likely to ensure that local and traditional communities' rights are respected.

- Successful project implementation will require close collaboration between federal, state and municipal levels of government, the Ministry of Environment, FUNBIO, the private sector partners, the scientific community and the stakeholders in the project areas. The project includes cross-sectoral and multi-stakeholder committees (the project coordinating unit and the scientific advisory panel) to help coordinate activities and ensure a smooth integration of the marine areas into the country's national protected areas system.
- There is a risk that some stakeholders will resist the creation of additional protected areas due to perceived potential economic losses, poor past experiences with land tenure regularization or resettlement. To mitigate these risks, consultations on traditional communities' issues, resettlement, and the complete environmental assessment will be carried out. The project will utilize a highly participatory approach during the process of MCPA creation that emphasizes consensus and community participation in MCPA management, improving MCPA design to create mosaics of protection that avoid conflict with local people while maximizing conservation benefits.

B.5. Identify key stakeholders involved in the project including the private sector, civil society organizations, local and indigenous communities, and their respective roles, as applicable:

The major stakeholders involved within the project are: communities living within the protected areas, people involved with fishing industry (artisanal and commercial), and tourism activities. It is estimated that fishery activities account for 800,000 jobs, involving about 4 million people direct and indirectly.

The project is an exceptional partnership between Government agencies, NGOs and the private sector. Petrobras' interest in partnering on biodiversity conservation issues and its interest in mainstreaming biodiversity within its investment decisions is a positive step in mainstreaming in the entire oil and gas industry. Other private sector groups, attracted by the importance of the issue and the already significant resources expected to

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[9] The Macro Diagnosis of the Marine and Coastal Zone (MMA, 2008) presented 16 coastal management charts, as a way of demonstrating the set coordinated at a municipal and state level with federal governmental policies and actions geared towards the promotion of marine and coastal management in Brazil. These include, as well as protected areas, initiatives such as the Projeto Orla, Agenda 21, municipal urban master plans, local environmental councils, coastal economic ecological zoning, temporary oil and gas exclusion areas, mapping of the sensitivity of the coast to oil and population estimates by the IBGE. These charts define the stressors in the territories and the integrated management instruments of the protected areas system matrix representing a good tool for territorial analysis.

flow into coastal zone conservation have expressed an interest in joining the effort. These new commitments will be incorporated as and if they materialize.

The project will work with Ministry of Environment (MMA), the Brazilian Biodiversity Funbio (FUNBIO), the Brazilian Institute of Environment (IBAMA), the Chico Mendes Institute of Biodiversity (ICMBio – body responsible for protected areas and threatened species in Brazil), Petróleo Brasileiro S.A. (Petrobras – leader in the Brazilian oil and gas industry), the academic sector and NGOs. These stakeholders will be represented in the Project Coordination Unit. In addition, the Government is contemplating establishing a high-level technical advisory panel to advise the project management team on technical and scientific issues.

B.6. Outline the coordination with other related initiatives:

The project will coordinate actions with the following on-going projects: (i) National Biodiversity Mainstreaming and Institutional Consolidation Project which works on providing new models for dealing with biodiversity conservation in marine and coastal zones; (ii) National Environmental Programme (PNMA II) which works at the policy level to define more effective protected areas legal instruments, particularly on the consolidation of coastal land-use zoning; and (iii) Amazon Region Protected Areas (ARPA II) to explore, in addition to the endowment/sinking funds, other financial mechanisms to assure the necessary financial sustainability of the protected areas system. This will include testing of appropriate revenue-generating mechanisms for MCPA sustainability and income-generating activities for surrounding communities to complement existing government mechanisms and fully meet protected areas management needs. The project will also liaise with the Bank's regular investment operations in the area, in particular large water resources management projects such as the Espirito Santo Biodiversity and Watershed Conservation and Restoration Project, and Rio Grande do Norte Integrated Water Resources Management.

C. **DESCRIBE THE GEF AGENCY'S COMPARATIVE ADVANTAGE TO IMPLEMENT THIS PROJECT:**

The initial design of the proposed project parallels in many ways other large Bank initiatives in Brazil which combine investment, design and adoption of new policy frameworks, and bringing together significant financing from external donors. Based on the successes thus far, and the significant on -the -ground investments in this project, the Government has requested Bank support to blaze new territory on coastal zone issues over the next few years.

C.1   Indicate the co-financing amount the GEF agency; is bringing to the project:

There is no direct World Bank financing; co-financing will be provided by other donors and the Government. The co-financing ration is $20m GEF: $90 co-financing.

C.2   How does the project fit into the GEF agency's program (reflected in documents such as UNDAF, CAS, etc.) and staff capacity in the country to follow up project implementation:

The World Bank's Country Partnership Strategy for Brazil for FY 2008-2011 has "sustainable Brazil" as one of its key pillars. Support for protected areas is listed as the first area within the sustainable development pillar where the Bank should focus its development efforts with the Government. The proposed project—and especially its focus on priority ecosystems-- is a major initiative under this pillar

The World Bank country office is one of the largest Bank offices in the world. Technical staff involved in the design and supervision of the proposed project includes specialists in biodiversity, water resources management, land tenure, social issues including gender and indigenous peoples. As well, financial, procurement, legal and disbursement officers are based in the country office. The World Bank would also draw upon specialists working in other regions of the world on issues of coastal zone management and fisheries, thus bringing global knowledge and experience to Brazil. The Bank has sponsored a number of South-South dialogues led by Brazil –mostly in agriculture and water resources. The MAR is an obvious candidate for more of this type of collaboration.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. **RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):** (Please attach the Operational Focal Point endorsement letter(s) with this template. For SGP, use this OFP endorsement letter).
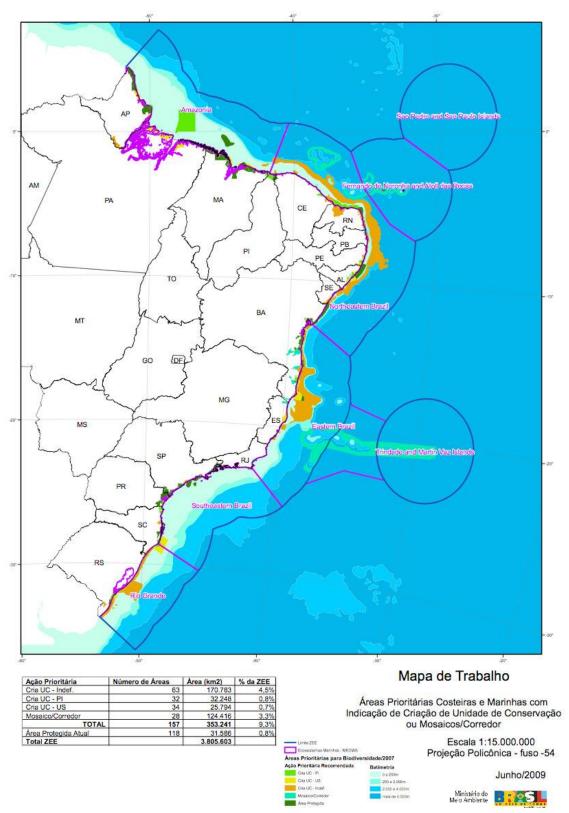
NAME	POSITION	MINISTRY	DATE *(MM/dd/yyyy)*
Mr. Rodrigo Martins Vieira	General Coordinator for External Financing	MINISTRY OF PLANNING, BUDGET AND MANAGEMENT	08/31/2011

B. **GEF AGENCY(IES) CERTIFICATION**

This request has been prepared in accordance with GEF/LDCF/SCCF policies and procedures and meets the GEF/LDCF/SCCF criteria for project identification and preparation.					
Agency Coordinator, Agency name	**Signature**	**DATE** *(MM/dd/yyyy)*	**Project Contact Person**	**Telephone**	**Email Address**
Karin Shepardson The World Bank		09/12/2011	Jocelyne Albert	202 473 4358	jalbert@worldbank.org

ANNEX 1: MAP OF PRIORITY ARES FOR MARINE BIODIVERSITY CONSERVATION

Ação Prioritária	Número de Áreas	Área (km2)	% da ZEE
Cria UC - Indef.	63	170.783	4,5%
Cria UC - PI	32	32.248	0,8%
Cria UC - US	34	25.794	0,7%
Mosaico/Corredor	28	124.416	3,3%
TOTAL	157	353.241	9,3%
Área Protegida Atual	118	31.586	0,8%
Total ZEE		3.805.603	

Mapa de Trabalho

Áreas Prioritárias Costeiras e Marinhas com Indicação de Criação de Unidade de Conservação ou Mosaicos/Corredor

Escala 1:15.000.000
Projeção Policônica - fuso -54

Junho/2009

Ministério do Meio Ambiente

Note: These areas were identified by studies supported by previous GEF investments in Brazil (National Biodiversity Project – PROBIO I).