PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: FSP
TYPE OF TRUST FUND: GEF TF

PART I: PROJECT INFORMATION

Project Title:	Mainstreaming biodiversity conservation into the tourism sector in synergy with a further strengthened protected areas system in Cape Verde		
Country:	Cape Verde	GEF Project ID:	5524
GEF Agency:	UNDP	GEF Agency Project ID:	4526
Executing Partner(s):	Ministry of Environment, Housing and Land Planning (MAHOT); in collaboration with Ministry of Tourism, Industry and Energy (MTIE)	Submission Date:	12 August 2013
		Resubmission dates:	26 August 2013 28 August 2013
GEF Focal Area:	Biodiversity	Project Duration (Months):	48
Name of parent program	N/A	Agency Fee ($):	348,141

A. FOCAL AREA STRATEGY FRAMEWORK

Focal Area Objectives	Expected FA Outcomes	Trust Fund	Indicative Grant Amount ($)	Indicative Co-financing ($)
BD-2: Mainstream biodiversity conservation and sustainable use into production landscapes, seascapes and sectors	BD 2.2: Measures to conserve and sustainably use biodiversity incorporated in policy and regulatory frameworks	GEF	1,207,502	9,716,358
BD-1: Improve sustainability of protected area systems	BD 1.1: Improved management effectiveness of existing and new protected areas.	GEF	2,282,631	5,066,063
Subtotal			3,490,133	14,782,421
Project management cost			174,507	739,121
Total project cost			**3,664,640**	**15,521,542**

B. PROJECT FRAMEWORK

Project Objective: To safeguard globally significant biodiversity in Cape Verde from current and emerging threats, by enhancing the enabling and regulatory frameworks in the tourism sector and activating a critical further subset of the national protected areas system.

Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Grant Amount ($)	Indicative Co-financing ($)
1. Mainstream biodiversity into tourism planning and operations at national level and on priority islands	TA	**1.1** Direct adverse impacts of tourism infrastructure development on biodiversity and land/sea-scapes (primarily loss, degradation and severe disturbance of critical habitats) are avoided, reduced or compensated in at least the 137,255 ha of national terrestrial and marine PAs[1] and all Tourism Protected and Reserve Areas (ZRPT) areas: (a) at least 80% of new tourism-related infrastructural developments and hotels are consistent with SEA recommendations and apply rigorous EIAs whose conclusions are respected in the permitting process; (b) at least a 50% reduction in	**1.1** Enabling frameworks (legal, policy, regulatory and institutional) in place for multi-sectoral land-use planning, focusing on the tourism and associated real estate/construction sectors: (a) policy mainstreaming committees overseeing coherence between tourism development and environmental/ biodiversity management, at the national level and on the targeted islands; (b) strengthened capacity at MAHOT/ DGA and MTIE/ DGT/ CVI/ SDITBM for integrating biodiversity into the tourism sector, including for compliance monitoring and enforcement; (c) land-use planning regulations (SEA, EIA, ZTE/ ZDTI/ ZRPT, etc.) to fully integrate biodiversity needs/ concerns; (d) SEAs conducted to inform tourism development plans (incl. ZTE/ ZDTI/	GEF	1,207,502	9,716,358

[1] 49,897 ha of terrestrial and coastal and 87,358 ha of marine PA area

		environmental infractions during the construction and operational phases achieved through monitoring and enforcement; (c) harmful new infrastructure development in critical habitats inside and immediately adjacent to protected areas is prevented. (baselines and targets to be defined during PPG) In the targeted islands Santiago, Sal, Boavista and Maio: **1.2** Adoption of and compliance with the selected sustainable and biodiversity-friendly tourism certification systems by: (i) at least 30% of new tourism-related infrastructural developments, hotels and tourism service providers and (ii) at least 80% of NB/BFT operators, reducing the biodiversity impacts caused by inappropriate practices from tourists and tourism establishments, most notably disturbance effects affecting sensitive animal and plant species, habitat degradation and over-exploitation of resources (e.g. from quad biking or boat anchoring; baselines and targets to be defined during PPG). **1.3** Maintenance of good conservation status and limited disturbance of globally unique coastal habitats and of Humpback whales and sea turtles in foraging and breeding areas. Specific indicators (e.g. # turtle nests, # surviving hatchlings, # whale sightings - baselines and targets to be defined during PPG).	ZRPT) on areas where tourism development and/or operations are desirable/acceptable from the biodiversity standpoint, where they should be avoided and where management-mitigation-offsetting can apply; (e) regulatory, institutional and financial arrangements for a tourism-related biodiversity offset mechanism established; and biodiversity offsetting integrated in tourism-related landscape and project planning; (f) a monitoring mechanism assessing biodiversity impacts from tourism and related pressures and providing management recommendations; **1.2** Frameworks, tools and means for fostering adoption by tourism operators of best-practice standards for sustainable tourism and nature-based/biodiversity-friendly tourism (NB/BFT): (a) new national certification and verification systems for hotels and tourism operators created, or existing international certification and verification systems selected, and operationalised; (b) economic/fiscal and other incentives (e.g. subsidies, tax deductions) and penalties (e.g. special taxes), to advance the adherence of private sector and local community businesses to best-practice standards and related certification systems; (c) guidelines and mechanisms for joint management of biodiversity in ecologically sensitive areas and PAs involving tourism operators.			
2. Expanding and strengthening the coastal and marine PA estate in priority islands	TA/ INV	In the targeted islands Santiago, Sal, Boavista and Maio[2]: **2.1** Enhanced protection of endemic and globally threatened species and key habitats through: (a) full operationalisation of at least 7 further already-designated priority PAs[3] with a total of 12,310 ha; (b) enhanced control and reduction of pressures from tourism activities in the total c. 60,313 ha of terrestrial and marine PAs; (c) reduction of adverse impacts by artisanal fisheries across at least 41,896 ha of MPAs, through the adoption of	**2.1** Ecological and PA network gap analysis focused on the marine shelf around Sal, Boavista and Maio, leading to the identification of potential new priority MPA sites for inclusion in the national PA system, and contributing to the development of key missing marine species/ habitat management plans. **2.2** Emplacement of PA management for 7 still inoperational PAs to address existing and emerging threats, including through: (a) delimitation and gazettement[4] (b) demarcation of boundaries; (c) PA governance, including co-management and conflict resolution mechanisms; (d) regulation, management	GEF	2,282,631	5,066,063

[2] Islands and exact PAs will be confirmed during PPG, subject to the criteria specified on biodiversity significance, threat from tourism or fisheries, co-finance, social feasibility, etc. (see §19).

[3] Santiago: Serra do Pico de Antónia (3,723 ha terrestrial), Boavista: Ponta do Sol (457 ha terrestrial/coastal), Boa Esperança (3,968 ha terrestrial/coastal), Morro de Areia (2,100 ha terrestrial/coastal), Ilhéu de Sal-Rei (90 ha coastal). Sal: Rabo de Junco (151 ha terrestrial/coastal), Marinha Baía da Murdeira (2,066 ha marine).

[4] Serra do Pico de Antónia, Santiago

		biodiversity-friendly fishing practices and gear by at least 50% of fishermen in two pilot sites. To be reflected in increases in METT scores (baseline and target to be set during PPG) demonstrating satisfactory improvements. **2.2** By project end, sustainably generate at least $350,000 of annual net revenue for PA management from the tourism sector. **2.3** Maintenance of good local conservation status of unique terrestrial and marine habitats such as non-reef-building coral assemblages, and of globally significant species such as *Globularia amygdalifolia*, *Sideroxylon marginata*, *Acrocephalus brevipennis*, *Conus* molluscs, of Cape Verde Spiny Lobster *Palinurus charlestoni* NT, of the 13 endemic fish species such as Lubbock's Chromis *Chromis lubbocki* and the Cape Verde Skate *Raja herwigi*; and of Smalltooth Sawfish *Pristis pectinata* CR (trends assessed through targeted monitoring of fisheries as a proxy).	and enforcement of the use of land and natural resources by local communities/ resource users; (e) biodiversity-friendly and sustainable artisanal fishing in two pilot sites (best practices and gear, designation of community-enforced no-take zones and seasonal fishing bans, etc.); (f) management and servicing of tourism flows, to minimise adverse impacts on biodiversity and maximise positive opportunities for PA and biodiversity management; (g) 10-year PA business plans. **2.3** Island-specific, cost-effective PA revenue generation mechanisms developed and piloted in conjunction with tourism sector stakeholders, potentially including gate fees, tourism operator concession fees, ecotourism taxes, and biodiversity offset and reinvestment schemes.			
Subtotal					3,490,133	14,782,421
Project Management Cost (PMC)					174,507	739,121
Total Project Cost					**3,664,640**	**15,521,542**

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

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount ($)
National Government	Government of Cape Verde (GoCV)	Grant	10,071,542
GEF Agency	UNDP	Grant	450,000*
Other Multilateral Agency	World Bank	Grant	5,000,000
Total Co-financing			**15,521,542**

* A further $50,000 will be provided for the PPG.

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

GEF Agency	Type of Trust Fund	Focal Area	Country Name/ Global	Grant Amount ($) (a)	Agency Fee ($) (b)[2]	Total ($) c=a+b
UNDP	GEF-TF	Biodiversity*	Cape Verde	3,664,640	348,141	4,012,781
Total Grant Resources				**3,664,640**	**348,141**	**4,012,781**

* The Government of Cape Verde wishes to apply the STAR flexibility mechanism and use all resources **(**including funds remaining under the LD focal area**)** for BD objectives.

E. PROJECT PREPARATION GRANT (PPG)

Please check on the appropriate box for PPG as needed for the project according to the GEF Project Grant:

PPG allowed by grant amount	Amount Requested ($)	Agency Fee for PPG ($)
(up to) $150k for projects up to & including $6 million	52,123	4,952

F. PPG AMOUNT REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY FOR MFA

Trust Fund	GEF Agency	Focal Area	Country Name/ Global	(in $)		
				PPG (a)	Agency Fee (b)	Total c = a + b

GEF-TF	UNDP	Biodiversity*	Cape Verde	52,123	4,952	35,175
Total PPG Amount				**52,123****		**57,075**

* The Government of Cape Verde wishes to apply the STAR flexibility mechanism and use all resources (including funds remaining under the LD focal area) for BD objectives.
** A further $50,000 will be provided by UNDP.

PART II: PROJECT JUSTIFICATION

A. PROJECT OVERVIEW

A.1. Project Description

1. *Context and global biodiversity significance*: Cape Verde is a small island nation consisting of 10 islands and 8 islets totalling 4,033 km2 of land area and 965 km of coastline. Situated between 600 and 900 km off the West African coast, the archipelago is divided into the northern Windward Islands (Santo Antão, São Vicente, Santa Luzia, São Nicolau, Sal and Boavista) and the southern Leeward Islands (Maio, Santiago, Fogo and Brava). While the majority are rocky and with steep relief, the three easternmost islands Sal, Boavista and Maio are sandy and largely flat with maximum elevations of less than 400 m asl. The population is c. 560,000 and all 10 islands are inhabited with the exception of Santa Luzia. In 2008, Cape Verde's economic status graduated from Least Developed to Middle Income Country, reflecting a decade of stable economic improvement and a doubling of GDP per capita ($4,100 in 2012). The country's Exclusive Economic Zone (EEZ) comprises 796,840 km^2 of ocean area (12nm-territorial waters 25,078 km^2, shelf area 3,768 km^2, inshore fishing area 5,697 km^2).

2. The isolation of the archipelago combined with local species adaptations have resulted in important levels of species richness and endemism: Cape Verde is the south-western outlier of the Mediterranean Biodiversity Hotspot and its terrestrial habitats are linked to the ancient Macaronesian Forests, one of WWF's Global 200 Ecoregions. Terrestrial biodiversity is well distributed throughout the 10 islands; Santo Antão is the most diverse, but all of the islands harbour at least one endemic species. There are 238 vascular plant taxa in Cape Verde, of which 82 are endemic species; and including several indigenous tree species such as *Dracaena draco*, *Phoenix atlantica, Acacia albida* and the endemic *Sideroxylon marginata*. However many are threatened such as the latter species, and 40 of 110 bryophyte species (including 6 of the 15 endemics). The native fauna is characterized by important invertebrate, reptile and avian diversity and equally at great risk. For instance, Cape Verde possessed 28 species of reptile in its history, 25 of which are endemic and 18 of which are still in existence, with 25% of those in existence being threatened. The whole Cape Verde archipelago is considered to be an Endemic Bird Area with 12 Important Bird Areas totalling 11,012 ha; 87 species are recorded from the islands, including 5 endemics; 4 species are listed as globally threatened and three further species near-threatened. Although the country's marine ecosystems have not been studied in great depth, available data indicates that marine biodiversity and resources are concentrated particularly on the marine platform surrounding the islands of Sal and especially Boavista and Maio. A recent study identified Cape Verde as one of the world's top ten coral reef biodiversity hotspots[5], although there are no reef building corals. Marine molluscs endemic to Cape Verde include nearly 50 *Conus* species - 10% of the genus's global species richness. The Cape Verde Spiny Lobster *Palinurus charlestoni* is an endemic near-threatened Crustacean. Cape Verde also harbours 639 species of fish including at least 13 endemics, as well as at least 17 species of whales and dolphins – with Boavista and Sal having been identified as globally important Humpback Whale mating/calving sites. Lastly, the islands are an important breeding and/or foraging ground for five sea turtle species (Leatherback *Dermochelys coriacea* CR, Hawksbill Turtle *Eretmochelys imbricata* CR, Green Turtle *Chelonia mydas* EN, Loggerhead *Caretta caretta* EN and Olive Ridley *Lepidochelys olivacea* VU), harbouring the second-most important Loggerhead nesting sites in the Atlantic on Boavista and Sal.

3. The *overall threats* to Cape Verde's biodiversity are manifold and depend on the particular habitat/species and location. In coastal and marine ecosystems, the key factors are localised pollution as well as habitat loss due to infrastructure developments related to urbanisation and rapid coastal-ribbon tourism and real estate developments, inappropriate tourist activities, as well as unsustainable fishing practices and the direct exploitation of sea turtles in particular. In terrestrial ecosystems, pervasive threats are unsustainable agriculture

[5] Roberts et al. 2002. Marine biodiversity hotspots and conservation priorities for tropical reefs. Science 295:1280-1284.

and grazing regimes leading to habitat loss and degradation, and issues related to drought/desertification and land degradation; these are aggravated by a range of high-impact invasive alien species.

4. *Protected Areas*. The General Directorate of the Environment (DGA) of the Ministry of Environment, Housing and Land Planning (MAHOT) is presently in charge of all protected areas in Cape Verde. There are 47 terrestrial and marine PAs, which were established in 2003 through the nation-wide Decree-Law 3/2003. The Decree designated 15 Natural Reserves, 6 Integrated Natural Reserves, 10 Natural Parks, 10 Protected Landscapes and 6 Natural Monuments, which together covered 49,897 terrestrial ha and 87,358 marine ha – representing 12.4% and 3.5% of the national terrestrial area and marine territorial waters, respectively. Of these 47 PAs, 27 covering 121,923 ha and 89% of total PA area [36,628 ha (73%) terrestrial and 85,295 ha (98%) marine] have already been, or are in the process of being fully operationalised, through individual gazettal decrees; completion of on-site demarcation; the development of management and business plans; and the provision of management teams/activities and infrastructure;. Some of these PAs are also being regrouped, resized and reclassified. 14 of these 27 PAs are being fully operationalised through an ongoing UNDP-GEF projectd (PMIS 3752, due to end in December 2014), which is also establishing island-wide PA management teams on various islands. To pre-empt any conflicting tourism plans/developments this UNDP-GEF project is also in the process of completing the delimitation and individual legal gazettement of the last remaining PAs specifically on Boavista (7) and Sal (7), but is not providing management plans/tools. This means that: (1) another 6 PAs (47-27-7-7=6; one on Santiago, three on Santo Antão, one on São Nicolau and the Ilhéu do Rombo) still remain to be individually delineated and gazetted to take full legal effect, and (2) these 6 and 14 PAs on Boavista (7) and Sal (7) still require their operationalisation through on-the-ground demarcation and management plans and teams. The ongoing UNDP-GEF project is moreover in the process of establishing the policy/regulatory framework for a PA Autonomous Authority (PAAA) due to become operational in 2013, which will nationally coordinate and enforce integrated PA planning and management. The project is developing the necessary tools, strategies and regulations for use by the PAAA – including a National PA System and Zoning Strategy and a National PA System Business Plan. The here-proposed new project fully builds on these achievements.

5. *The tourism sector and related threats to biodiversity*. The emergence over the last 10-15 years of Cape Verde as a novel tourism destination has facilitated a gradual economic graduation of the former LDC to a MIC economy. In 2011 the tourism sector in its narrow definition contributed 21% of the GDP of c. $2 billion – and 49% of GDP if a broader definition of tourism was applied. Tourism has been the conduit and trigger for other fast-growing segments of the economy, such as real estate development and construction (11% of GDP). Between 90 and 99% of recent foreign direct investment has been directed toward the tourism industry, focusing primarily on Sal (c. 50%) and Boavista (c. 23%). The annual number of tourists entering Cape Verde grew from ~ 30,000 in 1995 to 350,000 in 2011, and the number of tourism establishments from 88 to 195 in 2011. In 2011 there were an estimated 17,400 direct tourism jobs in the hotel, restaurant and transportation sector, and 20,000 indirect jobs. Between 80 and 90% of tourist flows have focused on Sal and Boavista. Recently, the Prime Minister of Cape Verde announced plans to transform the country into an international service centre, including cultural industries and tourism, calling for half a million annual tourist arrivals by 2015 and 1 million by 2020. However this faces various inter-related challenges: firstly, tourism on the islands is still vulnerable (poor physical infrastructure and utilities, poor governance and regulations, inadequate human resources, and most food is imported at high cost); and secondly, the sector's growth has been rapid but poorly planned, and after more than a decade of mass-tourism growth, the country risks experiencing a lock-in effect.

6. To date, tourism in Cape Verde has relied predominantly on recreational sun & beach mass tourism. The GoCV has identified two types of Special Tourism Areas (ZTE): (i) Integrated Tourism Development Areas (ZDTI) in which full-scale tourism development is foreseen given their geographical/landscape suitability; and (ii) Tourism Protected and Reserve Areas (ZRPT) which encompass areas that due to their high natural and landscape value are protected from tourism development – and/or set aside for later transformation into ZDTIs. To date 12 ZRPTs have been declared – as well as 20 ZDTIs on Santiago, Maio, Boavista, Sal and São Vicente. These fall under the authority of the government currently executed through Cabo Verde Investimentos (CVI) and the Society for the Development of Tourism on Boavista and Maio (SDTIBM). While the above measures seem to provide a sound basis for sustainability, a number of ZDTIs have been formally declared over the past years that encroached on a valuable, primarily coastal PAs – in spite of the existence of the PA Decree-Law 3/2003. The risk remains that such occurrences are repeated if one considers that e.g. the ZRPTs on Sal,

Boavista and Maio correspond to a 1 km wide coastal strip surrounding the entire islands. The importance of biodiversity, natural landscapes and sustainability are still insufficiently appreciated, even though they are key factors underpinning the long-term competitiveness of the Cape Verde tourism product, and even though nature-based tourism (ecotourism) has been the strongest growing tourism business globally for a number of years.

7. In such a context, tourism threatens biodiversity both outside and within operationalised and planned protected areas – first and foremost from the *development of hotels, holiday homes and related other tourism infrastructure including roads*, leading to the loss, degradation and fragmentation of natural ecosystems (through on-site destruction of natural habitats during construction, scarring of adjacent landscapes, widespread uncontrolled disposal of building debris and the off-site extraction of building materials, especially sand). The displacement of local populations to make place for tourism development can lead to consequential pressures on other areas, including protected areas. Further pressure arises from the risk of *introduction of Invasive Alien Species*, as well as from *solid waste accumulation and effluent discharges* including from desalination. In spite of improvements in recent upmarket developments, hotel complexes and urbanised areas still emit untreated discharges into the environment causing pollution affecting biodiversity. Also, seawater desalination has become a frequent response to water scarcity but can add additional complications: the residual saline brine, which also contains residual chemicals and heavy metals, can cause local biodiversity impacts upon disposal. Threats also come from a number of other sources including *unsustainable tourist and operators activities*, such as off-road vehicle use on turtle nesting beaches, plant collection and trampling, poorly controlled trekking and climbing and sports fishing, boat anchoring, cause disturbance and habitat degradation. This is a special concern given that many designated PAs on Sal, Boavista and Maio overlap with or are immediately adjacent to the ZDTIs along the coast. In highly frequented areas the sheer number of visitors can lead to habitat and wildlife disturbance, demanding effective visitor management; and highly sensitive species such as sea turtles coming ashore to nest can be disrupted already by minimal human presence, noise and lights.

8. To provide a quantitative spatial assessment of the scale of threat tourism represents to PAs and biodiversity one must distinguish between the already observed current impacts, the almost certain future impacts, and potential future impacts. It also depends on the islands under consideration. For example on the island of Sal, coastal habitat destruction by tourism-related infrastructure has much further progressed: hotel complexes have been or are being built along c. 15 km of the island's beaches, and only 5 km of beach remain untouched. On Boavista, hotels have now been built in patches of altogether c. 4 km of dune and beach habitats in the west and south of the island – current impact from construction is hence still rather limited. However, high-quality road accesss and energy infrastructures have already been deployed by SDTIBM to fully develop the remainder of these prime beaches (an estimated further c. 30 km) in that part of the island and the development contracts have been issued and construction and sales promotion has begun[6]; this alone will expose c. 50% of the sea-turtle nesting beaches on Boavista to significant impacts from beach-side hotels (and an estimated 20 km of these to-be-developed beaches were originally designated under the national PA decree, until tourism development moved in absence of on-the-ground PA management). Then there are risks that hotel / real estate developers stake claims in sections of the now consolidated complex of PAs in the east of the island: the ZRPT could theoretically allow the re-designation of the coastal stretches to tourism development, exposing the remaining c. 30 km of prime beaches to hotel development. With regard to disturbance effects: the use of quad-bikes from the already developed tourism centres is common all over the islands in places that are not under constant sea-turtle nest protection schemes and can heavily impact nesting success; and on Sal again, the projected building of the marina adjacent to the PA Baia de Murdeira and the resulting boat traffic could heavily impact the Humpback Whale breeding/mating activities in the c. 2,000 ha large bay.

9. The demand from tourism establishments and newly established local residents attracted by the tourism development opportunities can result in over-exploitation and *unsustainable harvests of natural resources*. This applies especially to *increased pressures from artisanal fisheries*. The available fisheries resources in the overall ZEE were estimated by FAO as between 25,429 and 33,554 tons/yr. Total captures were at around 10,000 tons/yr in 2010, and targeted primarily large offshore pelagics[7] and smaller coastal pelagics[8] accounting for 75%

[6] See e.g. www.lacacao.com, www.santa-monica-resort.com/resort.htm

[7] Yellowfin Tuna *Thunnus albacores*, Bigeye Tuna *T. obesus*, Little Tunny *Euthynnus alletteratus*, Skipjack Tuna *Katsuwonus pelamis*, Frigate Mackerel *Auxis thazard*, Wahoo *Acanthocybium solandri* and different sharks.

[8] Mackerel Scad *Decapterus macarellus*, Bigeye Scad *Selar crumenophthalmus*, Blackspot Picarel *Spicara melanurus* and Madeiran Sardinella *Sardinella maderensis*

of total captures. The landings only of the artisanal fleet were around 4,000 tons in 2008, including 30% tuna and related species, 32% small pelagics, 24% demersals and less than 2% molluscs and crustaceans[9]. While there is a general agreement that the marine resource base in Cape Verde is declining, the state of fisheries is described as still largely underexploited[10], or already unsustainable, depending on the source of information and the specific fisheries in question. Only tuna and large pelagics seem to offer space for an increase in exploitation[11]. Coastal artisanal fisheries in particular exhibit unsustainable patterns and some highly-targeted species such as the lobsters and sandy-bottom demersals have significantly declined. Meanwhile, relevant national studies and strategies (fisheries, tourism, development) project increases of captures (to 17,000 tons/yr, +70%) to satisfy a growing domestic demand, including for the tourism sector, and increased exports. The risks posed by artisanal fisheries on globally important biodiversity in Cape Verde arises from impacts on vulnerable marine habitats and on the targeted or accidental over-exploitation of threatened or endemic species, affecting marine animals but also sea birds. These impacts can occur legally or illegally but are largely linked to the almost total absence of controls of artisanal fishing operations, both within and outside marine protected areas. Available evidence implies that at least the direct exploitation pressures on the endemic Cape Verde Spiny Lobster and *Conus* species are unsustainable, and that corals and benthic habitats are under pressure from bottom-trawling and corals from the use of fishing nets. Bycatch of sea turtles exacerbates to pressures these species experience on nesting beaches, where adults and eggs are still directly caught for consumption by locals or killed and eaten by dogs (even if these pressures have recently been reduced by ongoing conservation action).

10. *Baseline scenario*. The GoCV is taking steps to address these threats, divided broadly into actions for (i) tourism planning and management; and (ii) management of protected areas and related artisanal fisheries. These programmatic baselines are described below the investment for which is estimated over four years to be in the range of $25 million. In terms of tourism management GoCV will continue to develop and oversee the ZRPTs and ZDTIs which establishes a first board framework for guiding tourism and provides a foundation on which to build. However the SDTIBM and CVI governing these areas do not have budgets or expertise linked to environmental/biodiversity matters and tourism infrastructure development and activities in the ZDTIs are likely to continue to sub-optimally address biodiversity impacts. In Santiago, Sal and Boavista in particular infrastructure is expected to grow further, including the potential construction of a marina adjacent to the key Humpback Whale breeding/mating site Baia de Murdeira, of hotels along sea turtle nesting beaches and of holiday homes in vulnerable high-biodiversity forests. DGA will invest an estimated $6 million in environmental/biodiversity regulation and monitoring but only a marginal part will explicitly linked to tourism, and mainly through the review of EIAs for tourism development projects. While this offers an opportunity to more systematically align tourism development with biodiversity needs, the focus is site based, small-scale and fragmented and needs to be up-scaled to significantly influence the tourism growth from a more systemic approach. At the same time, there is growing interest in the private sector to differentiate Cape Verde's tourism and make it more sustainable, which offers viable entry points for the here-proposed project. At least one hotel operator (Melia) has signed an agreement with the government on environmental sustainability and several tourism operators and SDTIBM expressed interest to work with the here-proposed project on biodiversity issues.

11. In addition, the GoCV will develop a new tourism strategy and policies to reduce the vulnerability of the sector and incorporate a more sustainable approach to tourism. To facilitate this, a World Bank (WB)-financed initiative is being negotiated for the Tourism-Environment interface in broad terms[12]. It would focus on developing a new tourism model to maximise economic benefits to the country; improving the tourism enabling environment; supporting local entrepreneurs; and strengthening tourism supply chains. The latter would include support to domestic artisanal fisheries to reduce the current high dependency of the tourism sector on imported fish and contribute to poverty reduction and socio-economic development in the country. The here-proposed project would complement the GoCV/WB project by providing a suitable conduit for mainstreaming *biodiversity* concerns and priorities into tourism strategies, policies, regulations and good practices including those linked to supporting sectors. For example as tourism is largely focused on the islands with the greatest marine biodiversity, promoting artisanal fisheries linked to tourism, needs to carefully include biodiversity issues to avoid undue fishing pressure on key marine species and ecological communities.

[9] www.spcsrp.org/Cap+Vert/Les+peches+au+Cap+Vert
[10] Pro-poor tourism linkages in Cape Verde, ODI, CPE and World Bank, 2012.
[11] www.spcsrp.org/Cap+Vert/Etat+des+ressources+au+Cap+Vert
[12] Currently under development but not yet confirmed, budget c. $3-15 million

12. Under the baseline scenario, DGA will continue to support PA operations and management. This includes an estimated $6.7 million investment from budget allocations made by the national government including through budget support related to environmental monitoring, natural resource management, and the related operational costs of DGA'S central office. However purely domestic allocation to PA management *sensu stricto* will be ˜$720,000 indicating the heavy reliance on external resources. The on-going UNDP-GEF PA Consolidation project will end late 2014 leaving a significantly strengthened national PA system, but with critical gaps related to the current and projected levels of tourism threats. Some 42% PAs will remain without effective management tools and structures. This includes most notably PAs on Santiago, Boavista and Sal that will be exposed to growing tourism development. Seven key PAs covering 10,251 ha terrestrial/coastal and 2,063 ha marine will remain highly vulnerable: a cluster of 4 PAs on Boavista (Ponta do Sol, Boa Esperança, Morro de Areia and Ilhéu de Sal-Rei), 2 PAs on Sal (Rabo de Junco and Marinha Baía da Murdeira) and 1 PA on Santiago (Serra do Pico de Antónia). Furthermore as the MPAs only extend to up to 3 nautical miles from the islands' coasts, most of the marine shelf area around and between Sal, Boavista and Maio, which is the richest in terms of marine biodiversity in Cape Verde, will largely remain unprotected. An estimated $2.7 million will be invested in the conservation of marine biodiversity, biodiversity-relevant planning of fisheries and to the monitoring and management of natural resources through the DGA and the Directorate General for Fisheries (DGP); and 2.3 million through the National Institute for Fisheries Development (INDP) on research on and monitoring of the country's fishery resource. However, important knowledge gaps remain relating to the marine biodiversity in the area, especially with regard to vulnerable species and habitats and the designation of strict protection zones.

13. Two areas have already been proposed for addition to the national PA network: (1) a community-instigated marine and coastal PA near Ponta Preta on the island of Maio; and (2) at least a portion of the shelf around Sal, Maio and Boavista, to be designated as a UNESCO Man & Biosphere Reserve (application to be submitted in 2013). These will both require management plans designating no catch areas and outlining permitted practices for artisanal fisheries. A range of donor countries and multi-lateral organisations have in the past provided significant support and investment to the artisanal fisheries sector (e.g. improving the conditions for artisanal fishermen and landing and storage infrastructure, fleet capacity, boat size and boat registration, training and institutional strengthening). An important regional initiative on sustainable artisanal fisheries (WB/IDA-GEF West Africa Regional Fisheries Programme (WARFP) includes $8 million for Cape Verde for strengthening management of targeted fisheries, reducing illegal fishing, increasing the local value added to fish products and training monitoring agents to strengthen the enforcement together with the Coast Guard, Maritime Police, and the Port and Maritime Authority. The project moreover entails two pilot projects in Punta Preta/Maio and Costa Fragata/Sal for enforcement through a community co-management scheme and constitutes an important foundation but requires more explicit focus on impacts on biodiversity beyond the actually managed resource.

14. The *desirable long-term solution* will be to ensure that tourism fulfils its socio-economic potential as key productive sector in the country in a way that safeguards the ecosystem services and biodiversity on which it relies. This will require that biodiversity considerations are mainstreamed into the tourism sector by advancing national-level frameworks and by implementing these before it is too late in the priority islands Santiago, Sal, Boavista and Maio, in conjunction with the operationalisation of key protected areas on and around these islands, to contain impacts by unsustainable tourism and related activities such as fisheries in the most important sensitive sites. This long term solution is impeded by the following barriers:

Barriers to mainstreaming of biodiversity in tourism development and operation. The legal and regulatory and institutional framework relevant for tourism planning and permitting is not sufficiently strong and coherent for effectively mainstreaming biodiversity management. Vertical and horizontal coordination between relevant stakeholders (national vs. municipal, inter-ministerial) is weak. Restrictions on tourism projects are implemented primarily through the EIA process overseen by DGA in the context of project preparation and approval by the Directorate General for Tourism (DGT); and although EIA regulations exist for new infrastructure developments that prohibit the destruction of the important terrestrial and marine habitats and of the natural coastline, these have not had the desired impact and tourism investment plans continue to contemplate large-scale ribbon developments along ecologically sensitive coastlines and elsewhere, including in PAs that are not yet operationalised. Moreover, even if rigorously conducted, EIAs as site and project-specific tools cannot assess cumulative impacts of different developments over larger areas, and overall land use allocation practice has in practice not led to a change in the trajectory of tourism development. The asymmetrical financial and political weight of tourism and real estate promoters has largely over-ridden biodiversity considerations. A more strategic, cross-sectoral planning approach – guiding the placement of hotels and associated infrastructure – is therefore needed to balance short-

term economic gain with long-term prospects for managing and safeguarding biodiversity, protected areas and natural landscapes as an asset for the future. This also requires the setup and maintenance of effective means of monitoring and enforcement. In this context, a framework for avoiding/reducing/restoring/offsetting impacts has not yet been developed but would be timely in light of the further tourism developments foreseen; this could also include reinvestment by companies into biodiversity management. Finally, voluntary mechanisms and incentives to promote good corporate environmental stewardship and investment in biodiversity-friendly tourism ventures are lacking. Goodwill declarations and signed agreements promoting sustainability and ecotourism have so far resulted in few concrete outcomes, and have also not stemmed large-scale developments and negative impacts in critical biodiversity sites

Barriers to PA management for existing and emerging threats and coverage on key tourism and fishing islands

(i) A number of PAs included in Decree-Law 3/12003 are not yet individually delimited and gazetted, and not yet equipped with formally adopted management plans and management structures. These PAs can therefore be ignored by tourism and real estate developers, by tourism operators and by tourists themselves, and by fishermen and by local communities. The most urgent action is to complete the process on those islands that are exposed to aggressive tourism development and a related, demand-driven increase in pressure from artisanal fisheries. This applies primarily to Santiago, Sal and Boavista, on which 7 priority PAs remain to be operationalised that are vulnerable to tourism impacts (see §4).

(ii) PA representativeness and coverage: the coastal and shelf areas around Sal, Boavista and Maio are the richest in terms of marine biodiversity in Cape Verde, and heavily targeted by fishermen; however significant knowledge gaps remain on the distribution and biology of marine resources and biodiversity in the country and biodiversity is likely inadequately represented in the PA estate. In relation to this is the impact of artisanal fisheries on marine biodiversity in Cape Verdean PAs. Insufficient attention has been paid on developing management plans for vulnerable species (and habitats) beyond those for abundant and/or heavily targeted commercial species; and on updating regulations on fishing practices and gear, and fostering their adoption, to avoid/reduce over-exploitation and mitigate accidental captures and marine habitat destruction. Also control and enforcement of fishing regulations and PA management regimes remain incomplete, undermining compliance especially on biodiversity-relevant aspects. New resource monitoring and PA-based fisheries management models involving communities are missing.

(iii) Insufficient provision of financial resources to the national PA system, and specifically for the implementation of PA management plans. A PA System Financial Scorecard under development indicates that in 2013 the total available PA management budget in Cape Verde amounts to $2.3 million, leaving an estimated financing gap of $1.8 million and $5.3 million to achieve basic and optimal management, respectively. Finance comes mainly from government allocations and international donors, with only $145,000 generated directly through PAs. Low resource allocation is exacerbated by lack of awareness of the links between sound natural resource management / biodiversity conservation and sustainable economic activities including any to be derived from well-regulated nature-based/biodiversity friendly tourism (NB/BFT).

The proposed alternative scenario, with a brief description of expected outcomes and components of the project:

15. To address the aforementioned threats and barriers, the project will create enabling conditions to mitigate the adverse impacts on biodiversity by the tourism sector in Cape Verde. The frameworks will be developed at national level and tentatively rolled out in four priority islands – Santiago, Sal, Boavista and Maio[13] – where immediate pressure is greatest and urgent action is required that can be replicated more widely in the future. This urgent action includes at the local level the pending operationalisation of a number of critical terrestrial and marine/ coastal PAs and the piloting of marine biodiversity and artisanal fisheries management together with communities in two selected sites. At the same time the project will harness the opportunities that more sustainable forms of tourism and fisheries offer for biodiversity, protected area management and local community development, and thereby contribute to the consolidation and diversification of Cape Verde's tourism product. This will be achieved through the following components:

16. Under **Component 1**, the project will develop and emplace coherent and effective enabling frameworks (legal, policy, regulatory and institutional) for enhanced multi-sectoral land-use planning at the landscape level, to focus on the tourism and associated real estate/construction sectors. This will involve the setup of policy mainstreaming committees overseeing policy and planning coherence between tourism development and environmental/ biodiversity management, at the national level and on the targeted islands with significant tourism developments (Santiago, Sal, Boavista, Maio); the strengthening of capacity at the MAHOT/ DGA and MTIE/ DGT/ CVI/ SDITBM for integrating biodiversity into the tourism sector, including through SEAs, EIAs and related regulations in tourism planning and permitting, and for compliance monitoring and enforcement; the development and revision of land-use planning regulations (SEA, EIA, ZTE/ ZDTI/ ZRPT, etc.) so these fully integrate biodiversity concerns; the express conduct of SEAs to inform tourism development plans (incl. ZTE/

[13] Islands and exact PAs will be confirmed during PPG, subject to the criteria specified on biodiversity significance, threat from tourism or fisheries, co-finance, social feasibility, etc. (see §19).

ZDTI/ ZRPT) on spatial areas where tourism development and/or operations are desirable/acceptable from the biodiversity standpoint, where they may be permitted subject to management-mitigation-offsetting, and where they should be altogether avoided; the setup of a biodiversity monitoring and evaluation mechanism or process to assess disturbance of habitats and key species from tourism and related pressures, determine acceptable limits of change, and provide management recommendations; and the establishment and piloting of a tourism-related biodiversity offset mechanism. Based on the notion that biodiversity offseting is gradually becoming one of the globally leading innovative approaches to biodiversity financing, the objective of the latter will be two-fold: firstly, to activate the last step of the avoid-mitigate-restore-offset hierarchy to secure compensation in trade-off situations in which locally specific development interests override locally specific biodiversity concerns, and to thereby achieve zero-net-biodiversity-loss (in contrast to the current situation in which net biodiversity loss and ecosystem degradation are tolerated as an unavoidable byproduct of tourism development). And secondly, to develop an untapped source of revenue from public and private developers and operators that impact or use biodiversity, ecosystem services and landscape values as part of their business model. A more specific output will be a unit at MAHOT/ DGA or MDTIE/ DGT that has the mandate and capacity to integrate biodiversity offsetting into the context of tourism-related landscape and project planning (SEA, EIA, ZTE/ ZDTI/ ZRPT, etc.). The offsetting mechanism and platform should be capacitated to define which biodiversity impacts can be offset, by what offsetting activities/outcomes, and provide guidance on suitable offsetting sites including through a supply/demand database (which will largely be driven by the needs in terms of financing and expansion of the national PA system). The establishment of the offset mechanism will involve review of the current legislative, regulatory and institutional enabling environment for this innovative tool, the development of recommendations on how this enabling environment needs to be improved, the adoption and implementation of these recommendations by the national authorities together with private sector stakeholders, and the definition of suitable financial arrangements able to turn this into an economically viable undertaking.

17. At the same time, Component 1 will build and roll out frameworks, tools and means for fostering adoption by tourism operators of best-practice standards for sustainable tourism and nature-based/biodiversity-friendly tourism (NB/BFT). This will involve the creation of new national certification systems and verification mechanisms for hotels and tourism operators, or the selection of existing international certification systems and verification mechanisms – and their operationalisation including through MAHOT/DGA and MTIE/ DGT/ CVI/ SDITBM endorsements and campaigns; the definition of economic/fiscal and other incentives (e.g. subsidies, tax deductions) and penalties (e.g. special taxes), to advance the adherence of private sector and local community businesses to best-practice standards and related certification systems; and the development and adoption of guidelines and mechanisms (aimed at replication) for joint management of biodiversity in ecologically sensitive areas and PAs involving tourism operators. The latter is to develop modalities to involve tourism operators more proactively as a positive force in the conservation of biodiversity and management of protected areas in Cape Verde and particularly the targeted islands; this will take place through PA management committees but also through dedicated island-wide committees involving DGT, CVI and SDITBM and key private sector players, especially those that already expressed interest in the project that can act as champions. The outcome will be a better reciprocal understanding by tourism operators and authorities and biodiversity teams of the respective priorities, risks and opportunities. Tourism stakeholders will be able to shape and contribute to the improvement of the services they expect from PA management, while receiving guidelines on the sort of activities they can promote as biodiversity-friendly and those they should avoid. This is immediately linked also to the reinvestment schemes to be promoted through the project, whereby private operators invest in PA management in return for the values that good-quality habitats (beaches and coastal habitats, marine habitats, mountain ecosystems) represent for their business in terms of long-term tourism quality experience.

18. Under **Component 2**, the project will support and conduct a rapid ecological and PA network gap analysis focused on the marine shelf around Sal, Boavista and Maio, expected to lead to the identification of potential new priority MPA sites for inclusion in the national PA system, and contributing to the development of key missing marine species/ habitat management plans. The project will moreover emplace effective management for 7 still inoperational PAs (1 on Santiago, 4 on Boavista and 2 on Sal) to address existing and emerging threats to biodiversity; this will include the delimitation and gazettement (only the PA on Santiago[14]), as well as the demarcation of boundaries and development of PA management and 10-year business plans; the definition of PA governance, including co-management and conflict resolution mechanisms; agreements on the regulation,

[14] Serra do Pico de Antónia, Santiago

management and enforcement of the use of land and natural resources (incl. wildlife poaching) by local communities/ resource users; and the introduction of biodiversity-friendly and sustainable artisanal fishing in two pilot sites through the promotion and adoption of suitable gear and best practices, the designation of community-enforced no-take zones and seasonal fishing bans, etc.; and an enhanced management and servicing of tourism flows to minimise adverse impacts on biodiversity and maximise positive opportunities for protected area and biodiversity management. At the same time, the project will develop and pilot island-specific, cost-effective PA revenue generation mechanisms in conjunction with tourism sector stakeholders – these will potentially include, inter alia, gate fees, tourism operator concession fees, ecotourism taxes, and biodiversity offset and reinvestment schemes.

19. The final selection of the islands and specific PAs in which the project will operate will be confirmed during the PPG. The selection process should then consider the following criteria: (a) proven global biodiversity significance – as documented by the uniqueness and irreplaceability of natural habitats/ecosystems and by established global species threat status assessments (especially the IUCN Red List www.iucnredlist.org, using species-level considerations and proven taxonomic references); (b) threat analysis that indicate that tourism and/or fisheries are a relevant threat; (c) feasibility in terms of social acceptability: (d) feasibility in operational terms and in light of the financial resources including co-financing available for the project as a whole.

20. *Incremental cost reasoning and expected contributions from the baseline, the GEF-TF and co-financing, and the expected global environmental benefits*:

Current Baseline	Alternative	Global Environmental Benefits
Under the baseline/BAU scenario – and despite important advances through the operationalisation of a first set of protected areas – a combination of ambitious further tourism infrastructure development, harmful tourism activities and a growing exploitation by artisanal fisheries will lead to increased pressures on the terrestrial and especially coastal and marine biodiversity in Cape Verde – particularly on and around the islands of Santiago, Sal, Boavista and Maio and the marine shelf around these islands. This will be compounded by the still lacking or incomplete operationalisation of a number of key coastal and marine PAs, and by a lack of MPAs on the above-mentioned marine shelf. Also the national and overall investment in the national PA system and biodiversity and the regulation, monitoring and enforcement of tourism development and operations regarding biodiversity safeguards will remain limited; and opportunities to use tourism to leverage financing for biodiversity will remain underutilised. This will lead to further loss and degradation of natural land and seascapes including globally relevant coral ecosystems, sea turtle nesting beaches and Humpback Whale breeding grounds, and an array of endemic and/or globally threatened marine species of fish and invertebrates. It will therefore affect one of the key assets for Cape Verde to differentiate itself in the (mass) tourism market from competing destinations – and undermine the potential for artisanal fishermen to sustainably supply tourism establishments with local fisheries produce.	With the project, Cape Verde will develop and implement innovative enabling frameworks for reducing the impacts of tourism development and operations on biodiversity, through systemic national action in addition to specific action in the priority islands Santiago, Boavista, Sal and Maio. This will include enhanced spatial and resource planning (including SEAs) underpinning better land and seascape management, the piloting of a tourism-related biodiversity offset mechanism and the emplacement of frameworks and tools for promoting fostering adoption by tourism operators of best-practice standards for sustainable tourism and nature-based/biodiversity-friendly tourism (NB/BFT). The project will also engage in an ecological and MPA network gap analysis and emplace effective management for the 7 still inoperational PAs on Santiago, Boavista and Sal to address existing and emerging threats to biodiversity, and develop and pilot island-specific PA revenue-generating mechanisms with tourism sector stakeholders – potentially including gate and concession fees, taxes, biodiversity offsetting and reinvestment schemes.	Cape Verde's high level of terrestrial and marine biodiversity and endemism (see § 2) provide a range of global benefits not captured at national level, such as existence values and option values. The natural environments of Cape Verde – and especially in and around the targeted islands Santiago, Boavista, Sal and Maio – are an important asset for the tourism industry, providing recreational opportunities and scenic and other amenity values to international visitors; they are also the basis for Cape Verde's abundant fisheries resources. The project's GEB derive from the fact that it addresses the direct and indirect threats to globally significant biodiversity caused by the growth of tourism and related increased exploitation pressures from artisanal fisheries (see § 5-9). The project will also address habitat disturbance and degradation caused by inappropriate activities in sensitive sites and protected areas – which will help maintain or improve the conservation status of sensitive species. The importance of safeguarding the endemic terrestrial and marine taxa and (parts of) one of the most important sea turtle nesting sites in the Atlantic stands out.

21. The indicative co-financing amounts to $15,521,542 and will be availed by (i) the national government (through MAHOT/DGA, MTIE and MIEM), (ii) the World Bank and (iii) UNDP from its own resources.

22. *Innovativeness, sustainability and potential for scaling up*: The project innovates through its systemic sectoral mainstreaming approach integrating the national and the island/local levels and involving the private

sector, to ensure that biodiversity impacts are better reflected in tourism planning and investment decisions; at the same it will pioneer a biodiversity offset mechanism for Cape Verde; the exploration of PA gaps on the marine shelf away from islands and community-based marine resource management are equally new for the country. The project will moreover generate a series of national socio-economic benefits that underpin the overall sustainability of the project outcome. First and foremost, further biodiversity loss and ecosystem degradation could have major, negative economic impacts if it affected the tourism sector and the sustainability of artisanal fisheries. National benefits will be obtained by the maintenance of long-term economic use values, improving the long-term outlook for these important sectors and employment opportunities that might otherwise be forfeited. The project will make the necessary provisions for ensuring the adoption and implementation of the regulatory/ enforcement frameworks, by strengthening the capacities of institutions vested with the responsibility for implementation – including MAHOT (DGA, PAAA) and MTIE (DGT, SDTIBM and CVI). The participating institutions have confirmed their commitment to sustain the new management measures that will be put in place through the project. The DGA and PAAA will benefit also from enhanced flows of financial resources, an important project legacy. The project will yield benefits to local communities and NGOs/CSOs in the target islands by strengthening their capacity and improving the sustainability of livelihoods related to fisheries, tourism and PA management, which will further contribute to the sustainability of project impacts. Lastly, the project will help draw on lessons learned and tools developed in past and current PA projects to assist in the further strengthening of the Cape Verde's national PA system.

A.2. Stakeholders. Identify key stakeholders (including civil society organizations, indigenous people, gender groups, and others as relevant) and describe how they will be engaged in project and/or its preparation:

Ministry of Environment, Housing and Land Planning (MAHOT): Directorate General for Environment (DGA)	The MAHOT/DGA will be the leading executing partner and hosts Cape Verde's GEF Focal Points. DGA is responsible for environmental regulations and management and will be pivotal for better integrating biodiversity in tourism development permitting processes as it oversees EIAs. It also oversees the Natural Resource Conservation Department (DCRN), which hosts the CBD National Focal Point and is in charge of biodiversity monitoring and management in PA and in production landscapes through sectoral engagement. DGA also oversees the national PAs network; these responsibilities will be assumed in 2013 by the newly-created Protected Areas Autonomous Authority (PAAA).
Ministry of Tourism, Industry and Energy (MTIE): General Directorate for Tourism (DGT)	Responsible for supporting and promoting the tourism industry and for establishing a coherent legal, regulatory and enabling framework for tourism development. The MTIE and DGT are therefore critically important in the context of avoiding/reducing/offsetting impacts of tourism projects at the planning and development stages. The DGT, responsible for Cape Verde's overall tourism product is also relevant in the promotion of sustainable and nature-based/biodiversity-friendly tourism (NB/BFT) operations and the adoption of related certifications and verification mechanisms.
Ministry of Infrastructure and Maritime Economy (MIEM), and the State Secretariat for Marine Resources (SERM) with its Directorate General for Fisheries (DGP)	The DGP plans, coordinates and executes actions in the sector, develops fisheries management plans and elaborates the necessary laws and regulatory mechanisms. The National Fisheries Council (CNP), Fisheries Development Fund (FDP) and National Institute for Fisheries Development (INDP) are further relevant public institutions promoting, monitoring, conducting research on, and investing in the fisheries sector in Cape Verde.
World Bank (WB)	Key stakeholder and co-financier. WB and the GoCV are currently negotiating a project on Tourism & Environment in Cape Verde with which the here-proposed project will closely coordinate (see § 11).
Cape Verde Investment Society (CVI) and Agency for Integrated Tourism Development of Boavista and Maio (SDTIBM)	Government agencies established to promote tourism investment and in charge of the physical planning, management and administration of ZTE (see §6), are further key stakeholders. Both SDTIBM and CVI have indicated their interest in working with the project and can play a critical role in liaising with the private sector.
Municipalities on the targeted islands	Will be involved through local consultative committees and at national level through the National Association of Municipalities.
School of Hotel and Tourism	Recently inaugurated, it has the potential to become a major player in raising awareness and institutional capacity building for sustainable development of tourism and environmental conservation.
Private Sector Partners	Will play a key role in the implementation of project activities – nationally in the context of systemic mainstreaming (spatial planning, sustainable tourism certification scheme), and locally with regard to the adoption and implementation of sustainable biodiversity-friendly operations and PA reinvestments schemes. This includes Chambers of Commerce, tourism associations, tourism/commercial enterprises / business groups and hotels. UNOTOR (the Association of Tourism Operators) promotes Cape Verde tourism destinations and the interests of the tourism industry in collaboration with local and central government. PROMITOR (the Association of Travel agencies and tourism of Cape Verde) promotes the destination of Cape Verde and is an important stakeholder in sustainable tourism development.
NGOs, national and	Increasingly play an important role in environmental conservation in Cape Verde. The majority are organized

regional associations and local community groups	under a national platform and several environmental projects are being coordinated directly or indirectly by NGOs. Locally relevant groups will participate in the design and implementation of the project's site-level components, such as the establishment and/or strengthening of NB/BFT enterprises and products and PA co-management plans; among the groups likely to be involved from the PPG stage onwards are the Fundação Tartaruga and Natura2000 and fisheries associations on the four target islands. Local communities and fishermen inside and adjacent to PAs in the targeted islands will be involved in various manners in the project: they will be consulted extensively in the further consolidation of the local PAs and the definition of PA management objectives and regimes, they will be represented in PA management committees, and they are set to benefit from the promotion of nature-based/biodiversity-friendly tourism (NB/BFT) in cases where their local knowledge predisposes them for employment (sea turtle observations, trekking, regulated sports fishing, etc.). Capacity building of artisanal fishermen will be conducted by the project team in conjunction with the WB/IDA-GEF West Africa Regional Fisheries Programme, focusing specifically on the integration of biodiversity concerns into the question of sustainable marine resource utilisation; benefits will accrue over the medium to long term when fisheries resources are maintained including through the preservation of intact ecosystems inside PAs, which will provide them with a more diversified and increased income where they can supply tourism businesses with their local and sustainably harvested product.

A.3 Risk and mitigation measures

23. A listing of the main risks, risk ranking and risk mitigation measures is presented below. Discussions will be held with stakeholders during project preparation to address important risks in more detail.

Risk	Rating	Risk Mitigation Measures
Financial investors and the construction sector (who do not benefit from a more environmentally sustainable approach to tourism) – and also some tourism operators – might oppose the adoption and enforcement of stricter environmental regulations and practices in the deployment of tourism infrastructure, and therefore work to undermine the political backing currently secured by the project and hinder the achievement of its objectives.	M	Cape Verde has set ambitious targets for the expansion of its tourism industry. The achievement of these targets relies on long term competitiveness, which for a significant proportion of the tourism on offer depends on good environmental quality standards, which in turn rely on landscape and biodiversity features. Cape Verde can benefit from this differentiation in a highly competitive market in which its current positioning is vulnerable. To complement the foundational engagement from the MAHOT/DGA the project has support from MTIE/DGT and other relevant ministries and agencies including CVI and SDTIBM, and also from key hotel/tourism operators. During project implementation, the project will mitigate any risk of waning political support and obstruction from vested interests by maintaining a continuous constructive and informed high-level dialogue with decision-makers and the proposed Government/WB Tourism & Environment project. It will also engage concerned stakeholders, including policy makers, the private sector and community members, to convey the importance of systemic planning changes aimed at balancing economic (tourism) development and biodiversity/ landscape conservation in and around PAs.
Inability to obtain universal acceptability of the sustainable tourism certification scheme that is chosen for Cape Verde.	M-H	The project will engage and work with tourism industry leaders in the development of the certification and labelling system, as well as with appropriate Government agencies to develop incentives for tourism operators to qualify and to adhere to the certification and labelling system. The project will also work towards the inclusion of environmental sustainability and biodiversity conservation into future national tourism policies and regulations, including through liaison with the proposed Government/WB Tourism & Environment project.
The private sector and/or local communities are not willing to invest or engage in biodiversity-friendly tourism services and products.	L-M	The project will include: (i) engaging local communities in income and job creation activities; (ii) business plans confirming the feasibility of biodiversity-friendly tourism products and services; (iii) ensuring increased regulations and surveillance - relating to policy enforcement and certification and standards; (iv) complementing regulatory with voluntary measures (code of practice and certification system) to recognize good corporate citizenship – which will be linked into national tourism marketing campaigns to secure visibility; and (v) further incentives promoting good performance.
Conflict between stakeholder groups emerges.	M	Stakeholder engagement and consultation will underpin project preparation and implementation. Formal MoUs will be used to define roles and responsibilities. Steering committees and other stakeholder groups will receive training as required on governance and conflict resolution. Project activities are designed in a way that encourages cooperation. Data dissemination and sharing procedures will be established that are mutually beneficial for all concerned.
Long-term changes in climate will exacerbate or present additional and unforeseen challenges for biodiversity conservation in Cape Verde as a whole and in the targeted PAs in particular	L	The objective of the project is to support biodiversity conservation efforts and alleviate current and future threats and pressure, including those from climate change. The project will climate-proof its activities ex ante and adopt adaptive management approaches as required (e.g. PA management plans). Well-designed measures taken to protect biodiversity are amongst the most valuable options to increase the resistance and resilience of species and ecosystems to climate change. The project will benefit and receive input from two ongoing GEF CCA projects in Cape Verde – the UNDP-GEF-LDCF project "Building adaptive capacity and resilience to climate change in the water sector in Cape Verde" (extended through a grant from CIDA) and the UNDP-GEF-UNESCO-IOC

		regional project "Adaptation to Climate Change - responding to shoreline change and its human dimensions in West Africa through integrated coastal area management".

A.4. Coordination. Outline the coordination with other relevant GEF financed and other initiatives:

24. This proposed project will liaise/ coordinate with and use relevant lessons and experience from the following GEF and other funded projects:

Initiative and Objective	Coordination with project
Cape Verde Government/ World Bank Tourism & Environment project (under development), to support reform of the tourism policy framework and the development of a new tourism model to maximise the economic benefits to the country. Total anticipated budget between US$ 3 and 15 million.	The here-proposed project would work in conjunction with and cover the biodiversity aspects that this emerging initiative, which looks at tourism and environment more broadly, does not address. The Govt/WB initiative would thus act as an additional conduit for facilitating enhanced mainstreaming of biodiversity and PA concerns and conservation needs/priorities into high-level tourism strategies, policies, regulations and good practices. In addition, the Govt/WB project's component 3 includes support to artisanal fisheries to boost the supply of local products to the tourism industry and provide pro-poor benefits – which would provide further useful synergies with the here-proposed project in relation to enhanced fisheries planning and MPA management.
UNDP-GEF Project "Consolidation of Cape Verde Protected Areas System" 2010-2014 to (i) strengthen the governance framework for the expansion, consolidation and sustainability of the National PA system, (ii) enhance the management effectiveness at selected terrestrial and coastal/marine PAs, and (iii) strengthen the sustainability of PAs through community mobilization, sectoral engagement and local capacity building for sustainable resource management within PAs/MPAs and adjacent areas. The GEF project budget is US$ 3.1 million.	The here-proposed project can be expected to start after the closure of this previous UNDP-GEF PA project, and will therefore build on its achievements and bring the PA system consolidation to the next level. It will strengthen and expand its legacy, by mainstreaming biodiversity and PA conservation needs into tourism development and operations, and by emplacing PA management in several pending PAs including on artisanal fisheries. The new project will ensure that the expected results and proposed activities are in line with the newly created PA Autonomous Authority. The PA management effectiveness tools developed under the ongoing project will be used in the new project to support the operationalisation of additional key PA/MPAs. The here-proposed project will also benefit from the presence of the island-wide management teams already established on Sal and Boavista, which will be maintained by government. Duplication will be avoided and lessons shared through management/ advisory committees and UNDP CO communication and liaison mechanisms.
WB/IDA-GEF West Africa Regional Fisheries Programme (WARFP), strengthening management of targeted fisheries, reducing illegal fishing, increasing the local value added to fish products and training monitoring agents to strengthen the enforcement. Project budget for CV: US$ 8 million.	The here-proposed project will liaise closely with WAFRP to explore synergies, particularly with regard to two pilot projects in Punta Preta/Maio and Costa Fragata/Sal aiming for enhanced enforcement of fishery regulations through a community co-management scheme, which is linked with a tentative community-based CMPA.
FAO-UNEP-GEF Protection of the Canary Current Large Marine Ecosystem (CCLME) to reverse the degradation caused by over-fishing, habitat modification and changes in water quality by adoption of an ecosystem-based management approach. GEF project budget for CV: US$ 8 million.	The here-proposed project will consult this regional International Waters project regarding insights into the diversity and status of marine resources and biodiversity in Cape Verde, about sustainable exploitation limits and appropriate institutional, policy and local-level management responses that could be applied in Cape Verde.

B. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

B.1 National strategies and plans or reports and assessments under relevant conventions, if applicable:

25. The project is fully aligned with the **2nd National Environmental Action Plan (PANA-II, 2004-2014)**, which *inter alia* promotes the integration of biodiversity conservation, underscores the importance of effective PA management for strengthening the national PA system, and the importance of integrating conservation and sustainable use of natural resources into relevant sectoral and cross-sectoral plans, programs and policies. PANA-II also recognises the conservation of maritime and terrestrial natural resources as key priorities for the sustainable development of the country. It also is consistent with the **National Biodiversity Strategic Action Plan (NBSAP, 1999)**, which includes as priorities sustainable fisheries, in situ and ex situ conservation, and legal and institutional frameworks. It will support the implementation of key elements of the recent **National Protected Areas Strategy 2013-2022 (NPAS/ENAP),** which establishes the overall strategic vision, framework and outlook for the entire PA network in Cape Verde and the related planning, policy and regulatory mechanisms. Of particular relevance are NPAS/ENAP objectives 1.1) establish and strengthen the national

network of PA, integrated in the global network of PAs; 1.2) integrate PAs in the wider terrestrial/marine context and in the relevant sectoral policies to maintain its structure and ecological functions and 2.2) improve and ensure the participation of local communities and stakeholders. Similarly it is aligned with the **National Action Plan for implementation of the CBD Programme of Work on Protected Areas (2011)**, which identified 11 priority actions including to: i) form multi-stakeholder advisory committee; ii) assess gaps in the PA network; iii) assess PA integration; v) assess the policy environment for establishing and managing PA; viii) assess PA sustainable finance needs; and xi) assess opportunities for marine protection.

26. At the sector level the project will contribute to key elements of the **National Strategic Plan for Tourism Development 2010-2013 (NSPTD)**, which defined the vision, strategies and programme of action for tourism development integrated through four fundamental principles including most notably: i) a sustainable tourism of high added value, with the participation of local communities in productive processes, and iv) a tourism that promotes Cape Verde in the international market as a diversified and high quality destination that does not compromise the sustainability of future generations. The NSPTD also established six main dimensions including v) on sustainability, aimed at promoting the sustainable development of the tourism industry and ensuring that environmental laws, environmental impact assessments, environmentally friendly technologies and construction, tourism operations and institutional coordination together create the enabling conditions – and enhance the NSPTD's programme on "more environment – more tourism". Additionally it is consistent with **National Fisheries Resources Management Plan 2004-2014 (NFRMP)**, which as part of the PANA-II *inter alia* defines fisheries management principles, making reference to sustainable exploitation, the precautionary principle and the protection of the marine environment.

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

27. In working towards its overall objectives, the project will contribute to Biodiversity Strategic Objective 2: "Mainstream biodiversity conservation and sustainable use into production landscapes, seascapes, and sectors", specifically Outcome 2.2: "Measures to conserve and sustainably use biodiversity incorporated in policy and regulatory frameworks". The project will catalyse the development and adoption of effective and coherent regulatory measures and the institutional frameworks needed to avoid, reduce, restore and offset the direct and indirect harmful impacts on biodiversity of physical tourism infrastructure development, through enhanced land use planning and licensing accompanied by improved compliance monitoring and enforcement mechanisms, and the roll out of a tourism-related biodiversity offsetting mechanism in Cape Verde. The project will also foster the establishment of best-practice nature-based/biodiversity-friendly tourism (NB/BFT) products and services benefiting local people, businesses and biodiversity at the same time. This will at the national level entail the development of new, or the selection of pre-existing, certification, verification and incentive mechanisms, and their adoption by key stakeholders in the targeted islands in particular.

28. The project through its second component furthermore advances Biodiversity Strategic Objective 1 "Improve sustainability of protected area systems", specifically Outcome 1.1: "Improved management effectiveness of existing and new protected areas". Building up on what has been already achieved through previous projects and the ongoing UNDP-GEF project in Cape Verde it will further advance the operationalisation of the national PA system on the main tourism islands and provide them with fundamental management tools and structures, including to address unsustainable fisheries. It will furthermore conduct an ecological gap analysis for marine biodiversity work towards the designation of the land and marine shelf areas of Maio and possibly Boavista and Sal as as UNESCO Man & Biosphere Reserve. In doing so, the project will explore tourism-related financing opportunities including visitor fees and PA reinvestment schemes by the tourism industry.

29. The project will contribute towards the achievement of a number of the CBD Aichi Targets: Targets 2 and 5, by ensuring that, in Cape Verde, economic development plans and tourism sectoral plans better integrate biodiversity concerns in their planning and implementation, such as by avoiding, reducing, restoring or offsetting their adverse impacts from physical tourism infrastructure development; Target 6 by locally introducing sustainability and biodiversity-friendly measures into artisanal fisheries practices, avoiding overfishing through the preparation of key recovery plans, and reducing adverse impacts on threatened species and vulnerable ecosystems; and Target 11 by individually delineating and gazetting a significant portion of

decreed yet undeveloped protected areas, and thereby increasing the representativeness and effectiveness of Cape Verde's PA system.

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

30. UNDP, as the Development Programme of the United Nations, has a key role to play in making the trajectory of development more sustainable. This is also reflected in its Ecosystems and Biodiversity Programme – and specifically two signature programmes of immediate relevance to this proposed project, namely to (1) Strengthen PA Management and (2) Mainstream biodiversity conservation objectives into economic sector activities. This project will furthermore benefit from UNDP's global efforts in the field of sustainable tourism. Properly shaped, tourism can generate opportunities for growth and human development, sustainable poverty reduction, and incentives for environmental protection. In partnership with UN agencies and other organizations, UNDP has been implementing pro-poor interventions in support of the tourism sector under its poverty reduction, private sector and environment programs. UNDP is currently implementing projects in more than 50 countries that work with the tourism sector - strengthening the enabling environment and capacity of countries for developing sustainable tourism ventures, and for managing the adverse effects that the sector may have on the environment if unregulated; as well as developing certification standards for tourism products, and partnering with the private sector, local organizations and others to create jobs for poor communities.

UNDP's Country Office in Cape Verde is a key player in environmental management in the country and has been working with the national government for the last 10 years to establish new protected areas, to develop and implement PA management and financing plans, to train PA managers/rangers, and to strengthen relevant legal and institutional frameworks and capacity. UNDP Cape Verde has already worked with the government on tourism-related studies (capacity, employment) between 2000 and 2010. Currently, UNDP is implementing a project consolidating the Cape Verde protected areas system that forms a relevant baseline and enabling context to this new enterprise. The here-proposed project falls under UNDAF Pillar 4 on Environmental Sustainability and Outcome 4.2 "The public and private institutions adopt a holistic approach to conservation and protection of critical habitats and biodiversity, and sustainable use of natural resources for inclusive growth", including Output 4.2.1 "National institutions have enhanced capabilities for the design and implementation of strategies and action plans for the conservation of natural resources, biodiversity and rehabilitation of critical habitats and ecosystems"; as well as Outcome 4.3 "Local communities and civil society have a greater capacity for environmental advocacy and formulate, implement and evaluate community projects for sustainable management of natural resources". UNDP Cape Verde has a proven track record in project implementation including for GEF projects – its Environment Energy & Natural Disaster Prevention Unit is headed by one senior experienced national who oversees the environmental portfolio and team, consisting of a Programme Specialist, a Junior Professional Officer, and an Assistant, and oversees a portfolio with a total budget of approximately $13 million. The Cape Verde Environment Team is technically and administratively supported by the UNDP-GEF Regional Service Centres in Bratislava and Addis Ababa. The UNDP Country Office will commit $500,000 (450,000 FSP and 50,000 PPG) as co finance to this initiative.

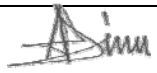
PART III: ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT AND GEF AGENCY

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

Name	Position	Ministry	Date (MM/dd/yyyy)
Moises Tavares Borges	Director General / GEF OFP	Direcção Geral do Ambiente, Ministério do Ambiente e Agricultura	12 August 2013

B. GEF AGENCY CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.

Agency Coordinator, Agency name	Signature	Date	Project Contact Person	Telephone	Email Address
Adriana Dinu, UNDP/ GEF Officer-in-Charge and Deputy Executive Coordinator		28 August 2013	Yves de Soye, UNDP-GEF Regional Technical Advisor, EBD	+421 911 360 250	yves.desoye@undp.org