



MINISTERIO DE MEDIO AMBIENTE Y
RECURSOS NATURALES

MARN/DGCAIA/1025/2008.

San Salvador, 24 de octubre de 2008.

ASUNTO: Endoso a proyecto

Señora
Jessica Faieta
Representante Residente
Programa de las Naciones Unidas para el Desarrollo
Presente.

Estimada señora Faieta:

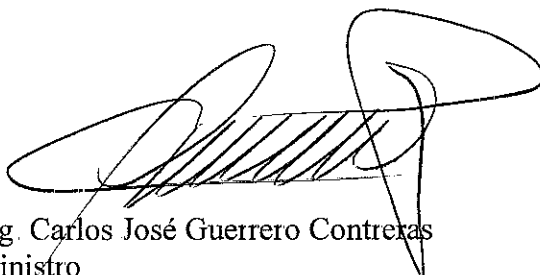
En mi calidad de Punto Focal Operativo del GEF por El Salvador, confirmo que la propuesta de proyecto "Mainstreaming Biodiversity Management into Fisheries and Tourism Activities", está de acuerdo con las prioridades nacionales del Gobierno y los compromisos hechos por El Salvador bajo las principales convenciones ambientales mundiales y ha sido discutido con socios relevantes, inclusive puntos focales de la convención ambiental mundial, de acuerdo con la política del GEF sobre involucramiento público.

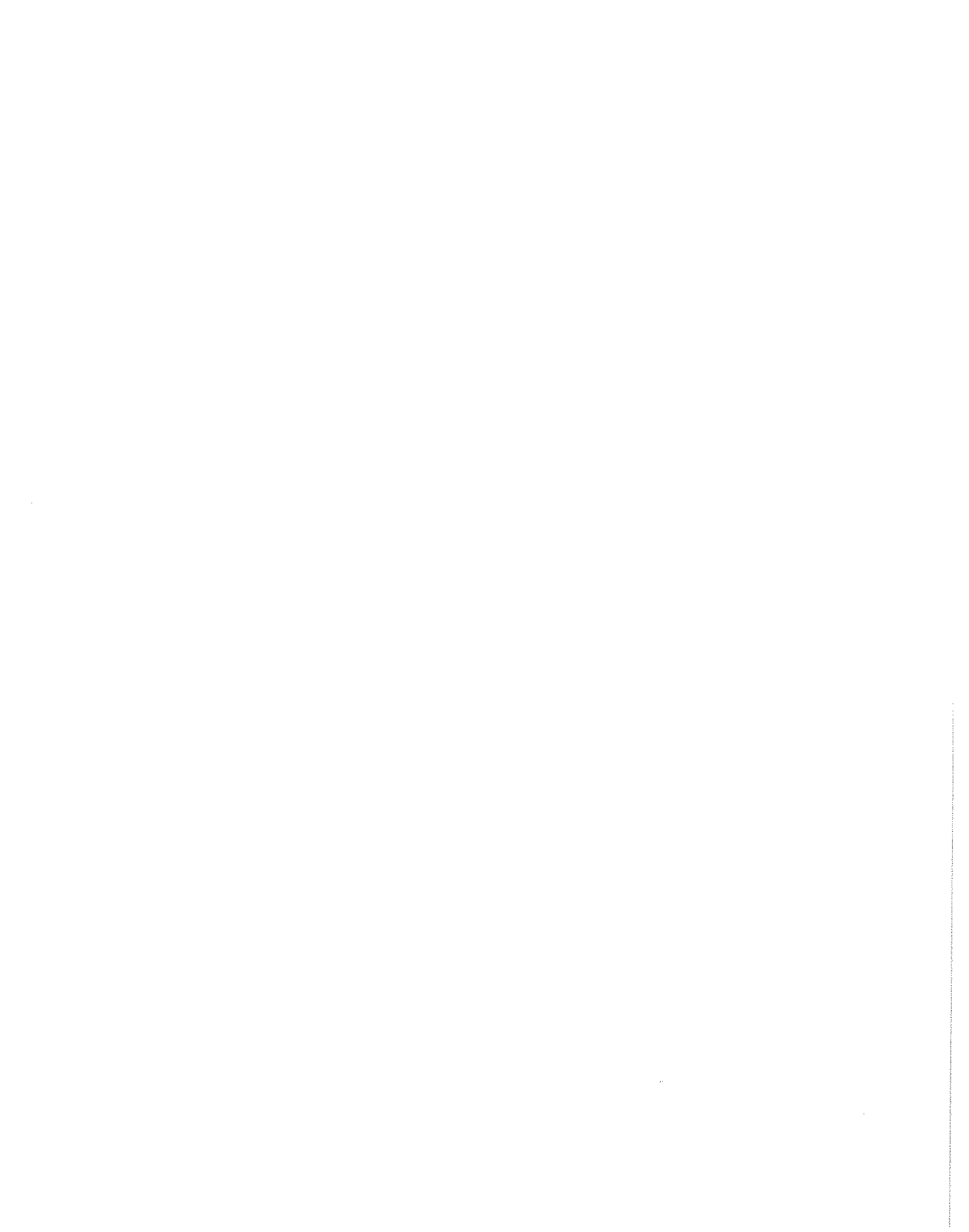
Por tanto, tengo el agrado de endosar la preparación de la propuesta de proyecto arriba mencionada con el apoyo del Programa de las Naciones Unidas para el Desarrollo-PNUD. De ser aprobada la propuesta, será preparada e implementada por este Ministerio. Además le solicito proporcionarnos una copia del documento de proyecto antes que sea presentada a la Secretaría del GEF para endoso del CEO.

El financiamiento total GEF que está siendo solicitado para este proyecto es de U.S.\$ 2,700.000.00, incluyendo la donación para la preparación del proyecto (PPG), si hubiere alguna, y cuota de Agencia (10%) para PNUD por servicios del ciclo de manejo asociados al mismo.

Con toda consideración,




Ing. Carlos José Guerrero Contreas
Ministro





MINISTERIO DE MEDIO AMBIENTE Y
RECURSOS NATURALES

MARN/DGCAIA/1025/2008

San Salvador, 24 de octubre de 2008.

ASUNTO: Endorsment to project.

Mrs.
Jessica Faieta
Resident Representative
United Nations Program for Development
Present.

Dear Mrs. Faieta:

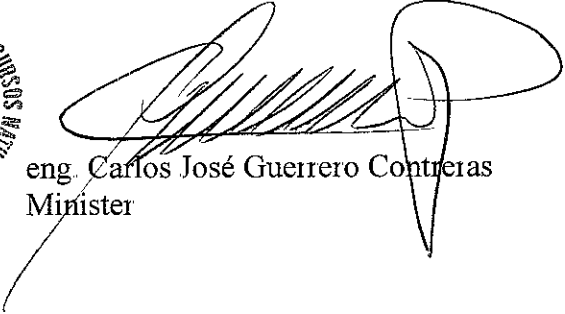
In my capacity as GEF Operational Focal Point for El Salvador, I confirm that the project proposal "Mainstreaming Biodiversity Management into Fisheries and Tourism Activities" is in accordance with the government's national priorities and the commitments made by El Salvador under the relevant global environmental conventions and has been discussed with relevant stakeholders, including the global environmental convention focal points, in accordance with GEF's policy on public involvement.

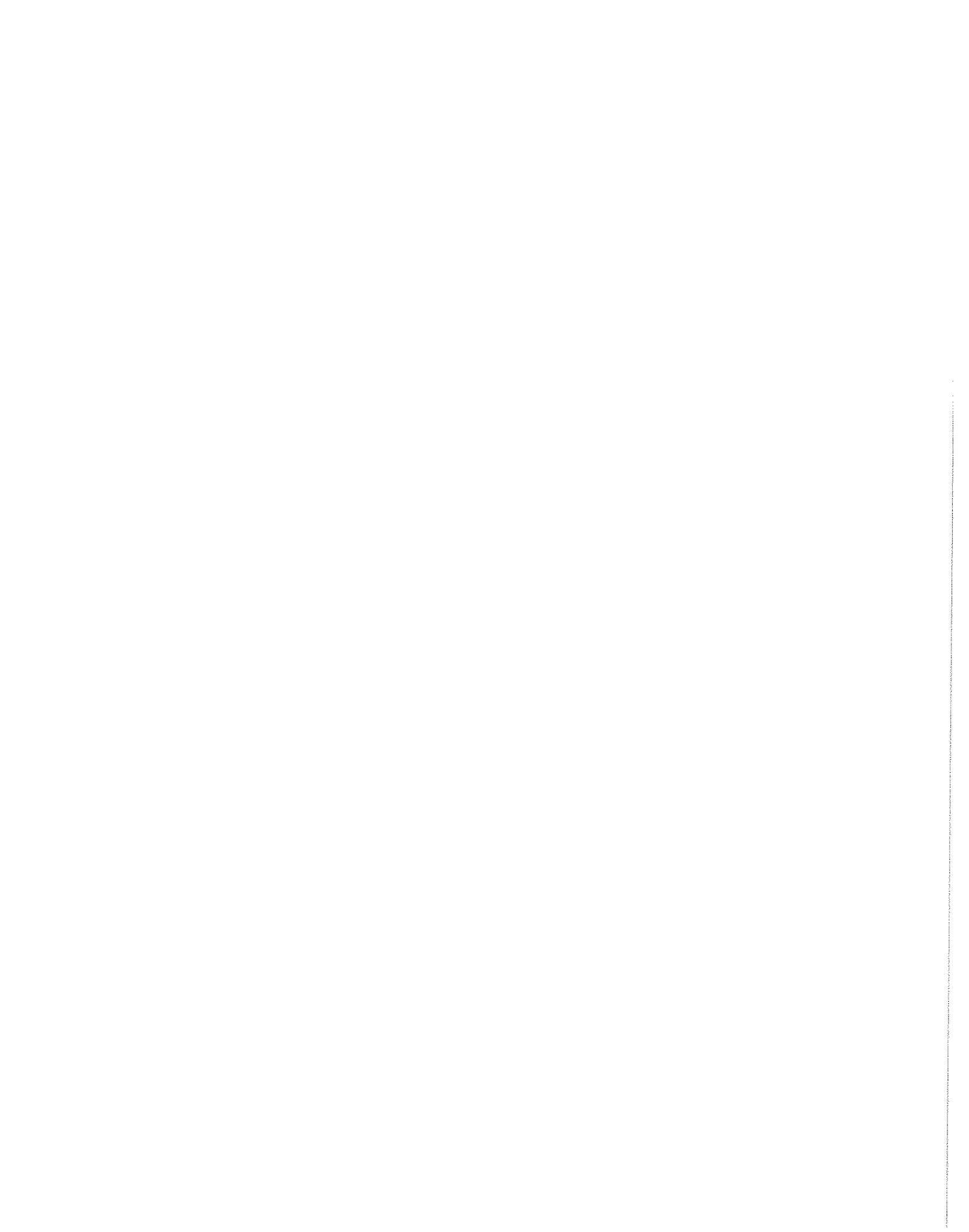
Accordingly, I am pleased to endorse the preparation of the above Project proposal with the support of United Nations Development Program. If approved, the proposal will be prepared and implemented by this Ministry. Further, I request to UNDP, to provide a copy of the Project document for financial, before it is submitted to the GEF Secretariat for CEO endorsement.

The total GEF financing being requested for this Project is US\$ 2,700,000.00, inclusive of Project preparation grant (PPG), if any, and Agency fee (10%) to UNDP for Project cycle management services associated with this Project.

With all consideration




eng. Carlos José Guerrero Contreras
Minister





GEF

PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project
THE GEF TRUST FUNDS

ii

Submission Date:
Re-submission Date:

PART I: PROJECT IDENTIFICATION

GEFSEC PROJECT ID¹:

GEF AGENCY PROJECT ID:

COUNTRY: El Salvador

PROJECT TITLE: Mainstreaming Biodiversity Management into Fisheries and Tourism Activities

GEF AGENCY(IES): UNDP

OTHER EXECUTING PARTNERS:

GEF FOCAL AREAS: Biodiversity

GEF-4 STRATEGIC PROGRAM(S): SO2

INDICATIVE CALENDAR	
Milestones	Expected Dates
Work Program (for FSP)	
CEO Endorsement/Approval	
GEF Agency Approval	
Implementation Start	
Mid-term Review (if planned)	
Implementation Completion	

A. PROJECT FRAMEWORK

Project Objective: To promote inter-sector approaches to BD conservation through the tourism and fisheries sectors							
Project Components	Expected Outcomes	Expected Outputs	Indicative GEF Financing		Indicative Co-financing		Total (\$)
			(\$)	%	(\$)	%	
1 The national enabling environment is strengthened to improve policies and regulations of the tourism and fisheries sectors	<ul style="list-style-type: none"> 18 municipalities throughout the coastal/marine zone (62% of total) actively collaborating with central Government institutions in planning and promoting BD-friendly tourism and fisheries Government agencies (MARN, CENDEPESCA and MITUR) and dependencies of municipal governments include BD protection into planning and regulation of tourism and fisheries. Positive changes in behaviour and attitudes towards sustainable tourism and fisheries among policy makers, measured by attitude and behaviour assessment surveys 	<ul style="list-style-type: none"> BD-friendly standards developed for tourism policies and revised for fisheries policies Evidence and publications for raising awareness among politicians of the importance of regulatory reform and budgetary allocations for sustainable tourism and fisheries practices. Procedures for monitoring the incorporation of BD considerations in Government agencies (changes in attitude and behaviour) Staff in municipalities trained the provisions of tourism and fishing policies and methods for their application and enforcement Mechanisms for inter-institutional cooperation and information exchange among municipalities, ministries, NGOs and private sector Guidelines on BD friendly tourism practices such as ecosystem protection and proper waste management National regulations on artisanal fishing, including set asides 					
2 Increased and stable income from certified BD-friendly tourism and fisheries protects	<ul style="list-style-type: none"> Stable populations of keystone species (<i>Epinephelus itajara</i>, <i>Strombus galeatus</i>, <i>Panulirus</i> spp., <i>Anadara</i> spp., <i>Penaeus</i> spp., <i>Porites lobata</i>, 	<ul style="list-style-type: none"> Public Campaign in order to obtain local support for the implementation of best tourism and fishing practices. Independent certification of 					

¹ Project ID number will be assigned initially by GEFSEC.

biodiversity of global importance in the coastal and marine zone	<p><i>Pocillopora</i> spp. and <i>Psammocora</i> spp) - baseline and target values to be determined during PPG phase.</p> <ul style="list-style-type: none"> Stable catch rates and sizes of key fisheries species by project end throughout the coastal/marine zone 50% of local marine fishing cooperatives (650 marine fishermen) adopt BD-friendly standards throughout the coastal/marine zone Average income of those involved in BD-friendly tourism and fisheries throughout the coastal/marine zone is 10% greater than other producers in those sectors. 20 tourism operators (40% of total) throughout the coastal/marine zone adopt ISO 14001 guidelines on environmental systems Increase in numbers of artisanal fisheries cooperatives from 20 to 25 by project end 	<p>tourism and fishing practices including BD-friendly criteria.</p> <ul style="list-style-type: none"> 300 fishermen trained in best practices Analyses of fish supply chain including identification of buyers for certified fisheries and certification of product purchases. National and international marketing campaigns to promote ecotourism Organizations of local tourism and fisheries operators participating directly in market development Guidelines for tourism operators and tourism developers on BD-friendly tours and development Affordable credit lines in financial institutions for micro and SMEs engaged in BD-friendly tourism and fisheries. Pilot co-management systems for artisanal fisheries 			
3. Institutional capacities for mainstreaming biodiversity management within and the fisheries and tourism practices sectors are strengthened	<ul style="list-style-type: none"> 40% of tourism operations subjected to annual inspection of BD impacts and mitigation measures (by central and municipal Government, sector self-regulation entities or certification bodies) Nearly 1,500 km² of the coastal/marine zone (3 miles seaward and same inland) are covered by zoning and sustainable development plans for tourism and fisheries 25 fisheries companies (100%) and 50% of marine cooperatives receive technical support on BD-friendly practices at least once a year 18 municipalities (62% of total) have staff designated to supporting and regulating productive activities in line with BD considerations 	<ul style="list-style-type: none"> Officials in 18 municipalities trained in enforcement of policies that promote tourism and fishing best practices Systems for monitoring of BD status and impacts of productive activities, managed by municipal governments in association with central government and producer organizations, and informing processes of planning and regulation Procedures and programmes (backed up by training) for development of zoning and sustainable development plans Mechanisms for effective interactions between fishing communities and government stakeholders Formalized programme for extension support to fisheries and tourism operators in relation to BD-friendly practices, adopted by Government and/or sector organizations 			
4 Project management			10		
Total project costs			2,700,000		

B. INDICATIVE FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	Project Preparation	Project	Agency Fee	Total
GEF Grant	100,000	2,700,000	280,000	3,080,000
Co-financing				

Total				
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C. INDICATIVE CO-FINANCING FOR THE PROJECT (\$)

Co-financing Source	Cash	In-kind	Total
Government contribution	1,213,000	760,000	1,973,000
Bilateral Aid Agency (USAID)	600,000		600,000
Bilateral Aid Agency (ARAUCARIA/AECI/CENDEPESCA)	50,000		50,000
AECI/MARN	566,000		566,000
Bilateral Aid Agency (FAO)	230,000		230,000
Taiwan support for fisheries	400,000		400,000
Private Sector			
NGOs (El Salvador Fund for the Americas Initiative, FIAES)	800,000		800,000
Total co-financing	3,859,000	760,000	4,619,000

PART II: PROJECT JUSTIFICATION

A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO SOLVE IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:

1. El Salvador is the smallest and most densely populated country in Central America, with a total land area of 21,040km² and a population in 2008 of 5.8 million. Despite this, the country, which lies within the Mesoamerican biodiversity hotspot, supports significant biodiversity (BD), with a wide range of regionally and globally important ecosystems and species. The country's coastal zone includes extensive areas of mangroves (38,135 ha) and several wetlands of international importance, including 3 Ramsar sites (Laguna El Jocotal, Embalse Cerrón Grande, Bahía de Jiquilisco); however, it has only one official marine protected area: Los Cóbanos Natural Protected Area. Jiquilisco Bay, which is an important estuarine bay, includes the largest mangrove areas of the country (19,719 ha of mangrove forest, 2,020 ha of lagoons and channels) and supports important artisanal fisheries, and has been established as a biosphere reserve. Recently new marine invertebrate species have been discovered in the bay mouth. The coastal zone contains significant areas of rocky reefs and estuaries, which are considered to be the most species-diverse marine systems in the country, and it is probable that these may contain large numbers of undescribed species. Recent research in Salvadoran coastal waters has revealed three fish and four invertebrate species new to science, in the Gulf of Fonseca and Jiquilisco Bay. Globally important coastal and marine fauna include the critically endangered grouper *Epinephelus itajara* and the CITES II listed hard corals *Porites lobata*, *Pocillopora* spp., *Psammocora* spp., and *Anthipates* spp, which are subject to illegal extraction for sale as souvenirs. The country's sandy beaches are nesting grounds for four of the seven endangered species of sea turtles in the world. In addition, the mountains which lie a short distance inland from the coast contain high levels of species endemism. The municipalities included in the proposal embrace most of the fragile estuarine ecosystems of El Salvador.

2. The current project would deliver significant improvements to the conservation status of globally important BD in the coastal and marine areas of the country, by developing an enabling environment and creating capacities at institutional and individual levels for the mainstreaming of BD considerations into the fisheries and tourism sectors. These sectors represent the principal sources of threats to BD, and at the same time provide the principal opportunities for sustainable management of BD and for community participation in conservation. The project would promote producer organization and governance conditions in other parts of the coastal and marine zone, as well as creating an enabling environment of policies and laws at national level.

3. The fisheries industry in El Salvador is divided into two main sectors, a modern, capital-intensive shrimp fishery, and a small artisanal fishery. In 2007 fisheries exports from El Salvador amounted to more than 25 million metric tons, with a value of US\$118 million, including cooked, canned and frozen tuna, pelagic red crab, and to a lesser extent shrimp and tilapia. The main destinations for these products are the USA and Europe, however, the main exporting companies are from Spain and Chile. Domestic consumption is by contrast limited, amounting to only 12,364 metric tons, made up mainly of fish, shrimp, and bivalves.

4. The tourism sector is undergoing rapid growth: 1.3 million tourists generated \$916.6 million in 2007 (9.8% more than in 2006), a figure which is expected to increase to \$987 million in 2008. The main sources of tourist arrivals are Guatemala, the USA and Honduras respectively. Internal tourism has remained relatively stagnant by comparison, due largely to increases in fuel prices. The new Tourism Law of 2006 is designed to promote the tourism sector and includes

provision for the collection of fees on hotel visitors and international departures, to be used for the promotion of the sector. The Ministry of Tourism (MITUR) has also recently produced the National Tourism Plan and Strategy 2014 and is currently developing procedures for sustainable tourism. The coastal and marine zone of the country is particularly attractive for ecotourism and adventure tourism due to its high levels of ecosystem and landscape diversity within a relatively small area, including extensive areas of mangroves, the coral reefs in Los Cóbano and accessible volcanoes a short distance inland. In accordance with tourism legislation, which requires the Government to support municipal tourism committees, 32 of the country's municipalities (12% of the total) receive some degree of support on tourism issues. Private sector organizations in support of tourism include associations of small hotel owners, rural hotels owners and tour operators.

5. There is a significant baseline of activity in the country in relation to decentralized environmental planning, protection and management. To date, Conservation Areas (CAs) have been declared along much of the coastal/marine zone of the country, covering a total of 377,147ha. CAs are intended to "function in an integrated manner and to be administered through an ecosystem approach, with the aim of promoting sustainable development", and include a range of use categories including extensive buffer zones where productive activities are permitted. Although provided for under protected areas legislation, only 12% of the area of these coastal/marine CAs is made up of strict protected areas as such, the majority of their area being productive landscape. The Environmental Law makes provision for municipal governments to establish environmental units to implement local environmental management, given that resource constraints mean that the Ministry of Environment and Natural Resources (MARN) has limited presence at local level throughout the country. At Jiquilisco Bay, MARN through a project on protected areas strengthening (AECI and lately PACAP-GEF-WB) has supported the creation of six local advisor committees (COALES), which are related to sustainable development in this important zone. In addition to Municipalities, the zone included in this proposal has institutional presence of MARN, the fisheries development centre CENDEPESCA and MITUR.

6. The Los Cóbano CA, on which field level activities under the project will be principally concentrated, is located in the western (central) coastal region of El Salvador and includes 20,736 ha of sea area as well as 2,085 ha of mangroves and terrestrial natural areas. It includes one of the few coral reefs on the Pacific coast of Central America and as such is an important bridge for larvae flux between other coral reefs further north and south in west tropical America. The area contains mostly rock reefs but also coral aggregations. It is notable for its globally significant BD, with more than 1,000 recorded species, many of which are CITES listed, including four species of critically endangered sea turtles and three endangered fish species (sea horse, whale shark and jewfish) as well as nine species of rays and sharks (classified on the IUCN Red List as near threatened). Los Cóbano reef includes many unique species within the country such as hard and soft corals, lobsters and conch, which are going to be considered in national lists of threatened and endangered species due to their uniqueness or exploitation. Los Cóbano is an important area for fishery activities, in which around 5,000 local people are involved, targeting fish as well as crustaceans and mollusks. Tourism activities are also on the increase due to new recreational infrastructure in the area. The area has strong potential for further tourism development due to its stable benign weather, coral reefs, tropical forests and coralline sands. A management plan is currently under preparation for the area, which will establish norms on fisheries based on principles of sustainable population management.

7. Coastal and marine zones throughout the country, which consist of a mosaic of productive land/seascapes as well as a number of conservation areas, are subject to a range of pressures, the most significant sources of which are the fisheries and tourism sectors:

- a) Contamination from tourism developments, caused by sewage and solid wastes from small and large infrastructure, causing alterations in water and landscape quality
- b) Severe reduction in forest cover (mangroves, mountain) associated to uncontrolled logging from local communities, as well as invasions in state estuaries related to illegal human settlements and tourism facilities, which in turn reduces availability of nursery areas for many commercial species
- c) Over-exploitation of marine fisheries and wildlife resources, primarily those with the greatest commercial value (fish, crustaceans, mollusks, etc.) associated to artisan fishermen
- d) Application of inappropriate fisheries methods as well as poaching of some marine species and the use of destructive nets.
- e) Improper waste management derived from fish processing
- f) Illegal extraction of corals and other marine organisms
- g) Proliferation of beach houses, construction of large tourism consortiums and the establishment of shrimp farms, which disturb turtle nesting grounds due to their production of effluent with high levels of biological oxygen demand (BOD)

8. The long term solution to the threats facing the biodiversity values of the coastal and marine zone of El Salvador would be for fisheries and tourism operators to apply practices that favour biodiversity conservation and are at the same time economically viable, and that the application of these practices is governed by prescriptions and regulations tailored to the needs and conditions of different spatial units within the productive landscape, and supported by a favourable environment of policies and incentives.

9. Barriers to the achievement of the long term solution are as follows:

Policies and legislative barriers	Policy formulators and legislators have inadequate awareness of the environmental implications of tourism and fisheries activities, or of alternative models of production. As a result, policies for the promotion of the tourism and fisheries activities focus on maximizing short term gains, with inadequate consideration of BD and their long-term implications for sustainability or the economic, social and environmental benefits of alternative models of production. The promotion of environmental sustainability and alternative BD-friendly forms of production is hindered by inadequate coordination between the national environmental authority (MARN), which is responsible for environmental planning and regulation, and the lead institutions of the tourism and fisheries sectors (MITUR and CENDEPESCA). Legislation at national level regarding fisheries and tourism does not make specific provision for the direct involvement of municipalities in these sectors, making it difficult to develop effective decentralized capacities for planning and regulation.
Barriers to the development of BD-friendly businesses and markets	Ready markets exist for fisheries produce, allowing high economic gains potentially to be made through short term resource exploitation, however producers have limited information on, or links to, global markets for biodiversity-friendly products (certification schemes in operation at present in the area are limited to food safety considerations rather than BD). Furthermore, marketing chains are dominated by intermediaries, limiting the benefits that the fishermen themselves would perceive from premium BD-certified markets. Limited access to processing and storage facilities, meanwhile, implies that producers are not able to access BD-friendly markets which generally apply strict quality standards as well as environmental criteria. Some providers of credit lack confidence in the viability of BD-friendly forms of production (such as supplying fisheries produce to BD friendly specialized markets, and ecotourism). Finally, tourism is in general principally focused on the “sun and sand” sector, with relatively little emphasis on ecotourism and nature tourism with potential to motivate BD conservation.
Weak institutional and organizational capacities (at the national, local and private level)	Central Government institutions (MARN, CENDEPESCA and MITUR) and municipal Governments have insufficient information on terrestrial and marine BD, its economic value, and the impacts of destructive fishing and tourism practices, to carry out effective planning and regulation of these practices. The centralized operation of institutions such as MARN, CENDEPESCA and MITUR, meanwhile, undermines the ability of local governments and communities to participate in ensuring that the natural resources upon which they depend are protected and sustainably managed: municipal governments have limited financial and technical resources, preventing them from fulfilling their mandates in relation to planning and regulation. Municipal committees, meanwhile, give inadequate priority to addressing environmental issues and are instead primarily focused on economic and productive development, which is largely achieved through short term resource exploitation. These shortcomings at central and municipal levels are further compounded by the fact that different institutions with responsibilities for planning, regulation and the development of productive sectors operate independently of each other, which limits their access to information and means that planning is carried out without an integrated view of problems and solutions or an appreciation of inter-sector linkages. At the local level, producer and community-based organizations are poorly developed and have limited membership (only 10% of fishermen are members of organizations), making it difficult to apply coherent and consistent resource management strategies, to exercise influence on threats to community and producer interests, or to gain access to specialized markets for BD-friendly fisheries products and tourism services. Limited opportunities also exist for education and training of producers in relation to BD and sustainable resource management in the tourism and fisheries industries.

10. The project strategy would include the following four components in order to overcome these barriers, resulting in the outcomes and outputs presented in the Project Framework.

11. Under Component 1, the project would work at national level to promote and support the modification of key policy and regulatory instruments related to the tourism and fisheries sectors, resulting in the creation of a favourable enabling environment for the implementation of BD-friendly forms of production, which would complement the market based drivers proposed under Component 2. This will be supported by building institutional capacity at central and local levels and promoting increased inter-institutional coordination and information exchange, as proposed under Component 3.

12. Under Component 2, the project would support the development of forms of economic activity in the tourism and fisheries sectors that respect considerations of BD conservation and resource sustainability. Through the provision of technical, organizational and marketing assistance, the project would allow these forms of production to generate increased and stable income, as a result of improved access to niche markets that reward environmental performance, and improved management and protection, by the producers themselves, of the resources on which the activities depend. In the fisheries sectors, the project will work with fishermen, supporting their associations and working up the supply chain to connect them to global markets for certified products. In the tourism sector, the project will engage with national and international developers as well as both traditional tour operators and ecotourism operators, in order to modify their investments and operations to take account of local BD requirements. Links would also be promoted between these sectors, for example through motivating tourism operators to purchase only sustainably managed fisheries produce and to include visits to sustainable fisheries in their tours, in partnership with the fishermen themselves. Specific examples of improvements that could be introduced to the tourism sector (subject to confirmation during the PPG phase) include the establishment of anchoring places for tour and dive boats in order to prevent coral damage, eco-friendly scuba diving, research to establish whale watching season, establishment of snorkeling and scuba diving routes and waste management practices for small restaurant owners. In the fisheries sector, the project would promote the use of practices such as new catching devices for lobsters and fishing with hook and line, enabling producers to gain access to markets for certified produce and to maintain the productivity of the resource. Specific modifications of this kind to productive practices would be promoted initially in the Los Cóbano pilot area and subsequently replicated elsewhere in the coastal/marine zone, backed up by concrete evidence of their benefits for income levels, market access and resource sustainability.

13. Under Component 3, the project would support the development of institutional capacities for mainstreaming BD management within the fisheries and tourism sectors, throughout the coastal/marine zone of the country. Support will focus on the development of zoning and sustainable management plans, improved application of regulation (featuring collaboration between entities of central and local governments and local communities, and backed up by the increasing resource allocations expected as a result of actions under Component 1), enhanced relationships between stakeholder in Government and in local communities, and the monitoring of BD status and the impacts of productive activities, as a component of adaptive management in Government, community organizations and producer groups.

18. The project would generate global benefits through improved protection of biodiversity in productive landscapes and seascapes (including a number of protected areas of relatively small extent). The total area to be targeted by the project (both directly and indirectly) would be around 400,000 ha. Specific elements of globally important biodiversity that would be protected include rocky reefs with high levels of species diversity and probably large numbers of as yet undescribed species, of importance for the flow of coral larvae along the coast of Mesoamerica and Central America; turtle nesting beaches of importance to four of the global total of seven endangered species of sea turtles; and mangroves, which are of local and regional importance as breeding areas for marine species.

B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL PRIORITIES/PLANS

19. The project is consistent with the provisions of El Salvador's National Strategy on Biological Diversity (2000), the National Program for the Mesoamerican Biological Corridor (2005) and the National Environment Strategy, all of which prioritize mainstreaming biodiversity into sectoral policies, the use of participatory processes involving diverse stakeholders (civil society, private sector, communities, etc), and land management using ecosystem approaches. The focus of the project on supporting the tourism sector, and specifically on promoting ecotourism which has the potential to contribute to the diversification of the sector's client base, is in accordance with the priorities expressed in the National Tourism Plan and Strategy 2014. Regarding fisheries, CENDEPESCA has promoted a voluntary plan for shark conservation according to FAO requirements, as well as other plans on responsible fisheries.

20. CONSISTENCY OF THE PROJECT WITH GEF STRATEGIES AND FIT WITH STRATEGIC PROGRAMS:

21. The project is classified as SO2 given that it would promote BD conservation through the modification of practices in specific productive sectors (tourism and fisheries) and productive landscapes/seascapes. Much of the target landscape and seascape is included within multiple use Conservation Areas (CAs); however the bulk of the area of the CAs is principally

productive in nature, with only around 12% of their area strictly managed as protected areas. Specifically, this project will contribute to SP4 (Strengthening the policy and regulatory framework for mainstreaming biodiversity), through its actions in creating an enabling environment for BD mainstreaming and generating institutional capacities at central, municipal and community levels; and SP5 (Fostering markets for BD goods and services) as it would assist the insertion of BD-friendly forms of production into premium markets and also develop markets for environmental services in the form of the protection of upstream forests of importance for the control of sedimentation of coastal and marine ecosystems.

C. COORDINATION WITH OTHER RELATED INITIATIVES

22. This project will seek to create synergies with the following initiatives: two regional GEF initiatives, the CAMBio project (“Central American Markets for Biodiversity,” 2007-2014); the bilateral projects “Improved Management and Conservation of Critical Watersheds,” funded by USAID, and the AECI Araucaria Program for biodiversity conservation; and local projects in protected areas funded by the Initiative of the Americas Fund for El Salvador (FIAES). Synergies are expected to derive mainly from coordination and the interchange of experiences between these projects. Coordination with other future sustainable initiatives related to aquatic ecosystems will be favoured by the fact that part of the government team that will be responsible for the project is located in the Ministry of the Environment and Natural Resources (MARN), which meets regularly with the Central American Commission for Environment and Development (CCAD), a regional institution that channels environmental projects which could support or complement this initiative. Also, BID and AECI support has included the creation of local adviser committees (COALES) which are important allies to MARN in the sustainable development of Jiquilisco Bay. Some of these future projects are: ARAUCARIA/AECI and Gulf of Fonseca (IDB).

D. VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING

22 In the absence of the GEF project, two economic sectors in El Salvador (tourism and fisheries) will continue to operate without policies, guidelines or models for integrating biodiversity conservation and sustainable use into their productive activities. The Government of El Salvador will continue to support policies that attempt to guide and regulate the tourism and fishing sectors but without a specific focus on biodiversity conservation, and with inadequate information, regulations, enforcement mechanisms, and stakeholder participation and support. As a result, these productive sectors will continue to undertake actions that degrade both marine and terrestrial environments and the globally significant biodiversity that they harbor. The GEF alternative will provide a systematic mechanism for mainstreaming biodiversity into productive sector policies, programs and activities, which will contribute to significant reductions in the current rate of biodiversity loss, and also, implementation of local and national land planning as a result of intersectoral integration.

E. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED, AND IF POSSIBLE INCLUDING RISK MEASURES THAT WILL BE TAKEN:

Risk	Rating*	Response / Mitigation Strategy
Preference of small producers for risk avoidance limits their willingness to modify practices	Medium	Specific productive practices would be piloted prior to widespread dissemination, allowing their feasibility to be demonstrated and the troubleshooting of problems.
Investment initiatives in non-BD-friendly forms of production damage the resource base and reduce the relative attractiveness of BD-friendly forms of production	Medium	The project would strengthen governance conditions (including regulation, monitoring and organizational capacities) thereby allowing non-BD-friendly initiatives to be analysed objectively and countered when necessary. The project will support market access and production practices that maximize the competitiveness of BD-friendly forms of production.
Limited commitment and awareness of the benefits of BD-friendly forms of production	Medium	The project would invest in awareness raising programmes, stressing the livelihood benefits at local level and the potential for increasing and diversifying of the economy at national level.
Conflicting interests among resource user groups could undermine the feasibility of BD-friendly production and effective regulation of resource management.	Medium	The project will strengthen negotiation channels and conflict resolution mechanisms, as well as raising awareness of the mutual benefits of collaboration between resource user groups
The expected impacts of climate change such as increased frequency and/or intensity of hurricanes, and rising water temperatures and levels could affect critical habitats such coral reefs and mangroves, and affect the population and	Medium	Management and zoning plans for productive and protected landscapes will include provision for adaptation to climate change. The productive strategies promoted will include provision for maintaining livelihood diversity to buffer against the impacts of

Risk	Rating*	Response / Mitigation Strategy
migration dynamics of fisheries species.		climate change.

F. EXPECTED COST-EFFECTIVENESS OF THE PROJECT:

Removing the political, institutional, market and technical barriers outlined in section A that currently impede the integration of biodiversity into productive activities of the tourism and fishing sectors, will enable sustainable development in the project area over the medium to long term. Furthermore, designing and establishing a new model for mainstreaming biodiversity management into tourism and fisheries practices in the coastal zone will provide a model to be applied in other important areas where continental fisheries and tourism occur. This will be an innovative and efficient mechanism for implementing such plan and linking it with productive sectors. Building capacities at the different levels (relevant stakeholders, national and local government) will also improve the efficiency and adoption of the new model and guarantee the conservation and sustainable use of El Salvador's biodiversity. Los Cobanos has been selected as a demonstration zone over others because of the uniqueness of the reefs which are under the influence of interactions of different economic activities that could be turned into the most important allies for its conservation.

G. GEF AGENCY COMPARATIVE ADVANTAGE:

This project fits under UNDP's comparative advantage. UNDP was selected as the GEF IA by MARN for its experience in mainstreaming biodiversity into national policy frameworks and policy making processes, in working with a wide variety of national and local institutions and stakeholders, and in environmental planning and governance issues.

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

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

Carlos José Guerrero. GEF Operational Focal Point, Ministry of Environment and Natural Resources—MARN	Date:
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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.	
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