



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

PART I: PROJECT IDENTIFICATION

Project Title:	Strengthening the sub-system of coastal and marine protected areas.		
Country(ies):	Honduras	GEF Project ID:	4708
GEF Agency(ies):	UNDP	GEF Agency Project ID:	4826
Other Executing Partner(s):	Directorate of Biodiversity (DIBIO) of the Environment Ministry (SERNA), Institute of Forest Conservation and Development (ICF) and General Directorate of Fisheries (DIGEPESCA) of the Ministry of Environment and Livestock (SAG)	Submission Date:	November 23, 2011
GEF Focal Area (s):	Biodiversity	Project Duration (Months):	48
Name of parent program (if applicable): ➤ For SFM/REDD+		Agency Fee (\$):	303,636

A. FOCAL AREA STRATEGY FRAMEWORK:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Indicative grant amount (\$)	Indicative co-financing (\$)
BD-1	GEF Outcome 1.1: Improved management effectiveness of existing and new protected areas.	GEF Output 1.1.1. New protected areas (4) and coverage (277,721ha) of unprotected ecosystems.	GEFTF	2,884,546	10,925,000
Sub-total				2,884,546	10,925,000
Project management cost			GEFTF	151,818	575,000
Total project cost				3,036,364	11,500,000

B. PROJECT FRAMEWORK:

Project Objective: To promote the conservation of biodiversity through the expansion of the effective coverage of marine and coastal protected areas in Honduras						
Project Component	Grant type	Expected Outcomes	Expected Outputs	Trust Fund	Financing from relevant TF, (\$)	Indicative co-financing, (\$)
1. Increased coverage of marine and coastal PAs		-Increase in the coverage of coastal and marine ecosystems that have been declared and gazetted as protected areas (by category), from 8 PAs covering 1,722,279ha to an estimated 12 PAs covering 2,000,000ha, including 4 new PAs and an estimated 4 expanded PAs (figures to be confirmed during the PPG phase)	- Zoning plans at regional and sub-regional levels, providing for the location of different categories of PAs with considerations of ecosystem protection, biological connectivity and sustainable development - Exact boundaries and internal zoning defined for specific new PAs proposed during the PPG phase, incorporating confirmed and updated data on priority ecosystems for inclusion in new/expanded MCPAs, and corresponding threats - XX legal declarations/gazetting of additions, expansions or modifications of PAs and productive landscapes subject to special management (number to be determined during PPG phase) - Formalized agreements between institutions (SERNA, ICF, SECTUR, DIGEPESCA and municipal governments) providing for	GEFTF	1,153,818	2,500,000

			<p>harmonization and joint planning of activities and investments in relation to resource conservation in PAs and sustainable use areas</p> <ul style="list-style-type: none"> - Training programme for Regional Protected Area Councils (CORAPs) enabling them to support planning and enforcement & monitoring, including climate change adaptation measures and buffer zone management 			
2. Improved management effectiveness of marine and coastal PAs in protecting BD against threats		<ul style="list-style-type: none"> -10% increase in the average management effectiveness rating of PAs (including improvements in infrastructure and enforcement), measured through the GEF Management Effectiveness Tracking Tool (METT) (baseline values to be determined during the PPG phase) -Area of mangroves over the project area remains stable throughout the life of the project (baseline values to be determined during the PPG phase) -Stable catches and sizes of selected fisheries species by project end (species to be determined during the PPG phase). 	<ul style="list-style-type: none"> - A Strategic Management Plan covering the sub-system, incorporating regional considerations of ecosystem protection, biological connectivity and sustainable development and provisions for response to trends in social, economic and climatic conditions - Agreements on PA management between key institutions (including ICF, SERNA and regional and local governments) in central, regional and local consultation forums, prior to formal approval of management plans - Detailed plans for stakeholder participation in management of specific PAs (as annexes to PA management plans), developed for 50% of PAs, covering 1,000,000ha - Comprehensive management plans created/revised and implemented for individual MCPAs, incorporating regional considerations of ecosystem protection, biological connectivity and sustainable development (area of coastal and marine PAs with approved management plans will increase from 5 PAs covering 1,066,192ha, or 62% of total declared area, to 10 PAs covering 1,600,000ha, or 80% of total declared area) - Integrated system for fisheries monitoring and regulation linking fisheries cooperatives, PA managers (ICF and CSOs), DIGEPESCA and SERNA, backed up with equipment (expanded GIS and GPS for monitoring, and launches, radios and uniforms for regulatory enforcement) - Monitoring, evaluation and adaptive management systems for MCPA management, ecological status and implications of climate change, including systematic use of multi-PA performance monitoring tools and GIS instruments, with associated training programme (training targets to be defined during PPG) - Training programs for MCPA personnel (ICF and CSO co-managers) in fisheries management, conservation biology (including connectivity), regional planning & coordination, information exchange, outreach, negotiations, partnership building and conflict resolution - Updated and completed regulatory instruments for coastal/marine PA system (e.g. municipal regulations on diving, fishing, tourism, infrastructure development and environmental 	GEFTF	1,153,818	6,425,000

			management). - Co-management agreements with local communities (especially indigenous Miskito and autochthonous Garifuna people), specifying respective responsibilities and management arrangements - Guidelines for incorporation of best practice in the implementation of PA management plans			
3. Financial sustainability of marine and coastal PAs		-Increases in total annual income for a representative sample of XX marine and coastal PAs, resulting from increased Government budgetary allocations, increased income from tourism (concessions and fees) and increased income from fisheries permits (baseline and target values to be estimated during the PPG phase and confirmed on the basis of financial analyses and models to be carried out during year 1)	- Regional and sub-regional financial sustainability plans for the MCPA sub-system and for individual MCPAs, based on a combination of increased Government budgetary appropriations, concessions and gate fees from tourism and fishery permits, motivated by increased awareness of the interrelations between sustainable economic and livelihood development and the sound management of natural resources. - Regional strategy and principles for sustainable tourism development, in order to ensure that tourism-related PA revenue generation is compatible with environmental sustainability - Permanent system for economic valuation of PA benefits and channeling of information to decision makers, to guide financial planning and policy formulation - Mechanisms and agreements for channeling tourism revenues to PA management - Training programs, manuals and procedures for MCPA personnel and other MCPA stakeholders in supporting and monitoring productive activities related to MPA management and in relation to financial/business planning and financial management (targets to be determined during PPG phase) - Pilots/demonstrations of generation of revenue for PAs and reducing impacts on PAs through sustainable productive activities (e.g. tourism and fisheries), with associated plans, management instruments and infrastructure, developed in collaboration between MPAs, local communities and tourism authorities/operators	GEFTF	576,910	2,000,000
Sub-total				GEFTF	2,884,546	10,925,000
Project management cost				GEFTF	151,818	575,000
Total project costs					3,036,364	11,500,000

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

Sources of Co-financing for baseline project	Name of Co-financier	Type of Co-financing	Amount (\$)
Bilateral Aid Agency (ies)	European Union (Forest Sector Modernization Project MOSEF)	cash	1,000,000
Bilateral Aid Agency (ies)	USAID (PROPARQUE project)	cash	2,000,000
Bilateral Aid Agency (ies)	EU (PROCORREDOR project)	cash	500,000
Bilateral Aid Agency (ies)	USAID MAREA project	cash	500,000
Multilateral Aid Agency	CABIE (CAMBio Program and MiPYME Verde)	cash	1,500,000
Multilateral Aid Agency	UNDP	cash	500,000
Multilateral Aid Agency	IFAD Horizontes del Norte Project	cash	2,000,000
NGO	Various national NGOs with delegated responsibility for managing protected	cash	500,000

NGO	areas on behalf of ICF (details and co-financing levels by NGO to be confirmed during the PPG phase)	in-kind	500,000
National Government	Institute of Forest Conservation and Development (ICF) PA Fund and recurrent budget	cash	2,000,000
National Government	Institute of Forest Conservation and Development (ICF) and Honduran Institute of Tourism	in-kind	500,000
Total Co-financing			11,500,000

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

GEF Agency	Type of Trust Fund	Focal area	Country name/Global	Project amount (a)	Agency Fee (b)	Total c=a+b
UNDP	GEF TF	BD	Honduras	3,036,364	303,636	3,340,000
Total GEF Resources				3,036,364	303,636	3,340,000

PART II: PROJECT JUSTIFICATION

A. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

A.1. THE GEF FOCAL AREA STRATEGIES:

1. This project will apply a system-wide approach to increase the coverage, operational effectiveness and financial sustainability of marine and coastal protected areas in the north coast of Honduras, resulting in improved conservation of globally important marine and coastal biodiversity, improved productive sustainability of fisheries resources of national and regional importance and improved livelihood sustainability among fisher populations and others that depend directly and indirectly on coastal and marine resources.

2. As such, the project will contribute to Outcome 1.1 under the GEF5 Biodiversity Focal Area, which aims to improve the management effectiveness of new and existing protected areas and deliver increased PA coverage of currently unprotected ecosystems. It will also thereby contribute to Goal 1.1 of the Programme of Work on Protected Areas of the CBD, “To establish and strengthen national and regional systems of protected areas integrated into a global network as a contribution to globally agreed goals”, Goal 1.2 “To integrate protected areas into broader land- and seascapes and sectors so as to maintain ecological structure and function”, Goal 1.4 “To substantially improve site-based protected area planning and management” and Goal 1.5 “To prevent and mitigate the negative impacts of key threats to protected areas”.

A.2. NATIONAL STRATEGIES AND PLANS OR REPORTS AND ASSESSMENTS UNDER RELEVANT CONVENTIONS:

3. Honduras ratified the United Nations Convention on Biological Diversity on July 31 1995.

4. The emphases of the project on environmental protection, sustainable development and livelihood sustainability, within the context of protected areas, corresponds closely with the principal elements emphasized in the vision of the Environment Ministry (SERNA), namely sustainable development, protection and conservation, environmental culture, citizen participation and an environmentally balanced economy. These elements are also reflected in the National Vision (2010-2038) and National Plan (2010-2022) developed by the current Government. This emphasis on ensuring the environmental sustainability of productive activities is also reflected in the mission of General Directorate of Fisheries (DIGEPESCA), which is to promote the sustainable development of marine, coastal and inland aquatic resources, and the promotion of multidisciplinary research; and the National Strategy for Sustainable Tourism (2005-2021, updated in 2010), which aims to strengthen the position of Honduras as a regional tourism destination and to develop and diversify its tourism products. This latter emphasis coincides well with the proposal by this project to use tourism incomes as part of the financial sustainability strategy of the network of coastal and marine PAs.

5. Honduras published its National Biodiversity Strategy and Action Plan (NBSAP) in February 2004 and presented its Fourth National Report to the Convention in July 2005. The vision of the NBSAP is that Honduras carries out conservation and sustainable use of the different components of its biological diversity by means of an effective inter-institutional coordination and citizen participation, allowing a fair and equitable distribution of the resulting benefits. The NBSAP prioritizes the *in situ* conservation of biodiversity in protected areas, with emphasis on aspects such as local participation, inter-institutional coordination, generation of funds for PA management based on the environmental goods and services they provide and through private-public alliances, elaboration and execution of management plans, review and adjustment of PA categories, co-management of PAs and the generation and management of information on PA conditions and management effectiveness. These priorities are further emphasized in the updated Strategic Plan for the National System of Protected Areas (SINAPH) 2006-2015, produced in 2005, which defined the following strategic guidelines for the Caribbean Coast and Bay Islands regions: contribution of environmental goods and services to the development of the region, integrated management of marine and coastal resources, sustainable, balanced and responsible tourism development, increased institutional presence and

coordination, awareness raising regarding tourism/environment relations, identification and consolidation of protected areas and the development of a long term financial strategy.

B. PROJECT OVERVIEW

B.1. DESCRIBE THE BASELINE PROJECT AND THE PROBLEM THAT IT SEEKS TO ADDRESS:

6. Honduras has a territorial area of 112,492km² and a marine Exclusive Economic Zone of 226,955km². The Caribbean coast of Honduras, which forms part of the Caribbean Large Marine Ecosystem (CLME), is approximately 700km long, running from the mouth of the Río Motagua on the west (the frontier with Guatemala) to the mouth of the Río Coco on the east, at Cape Gracias a Dios (the frontier with Nicaragua). It includes the southern end of the world's second longest barrier reef system – the Mesoamerican Reef – that stretches from Mexico, to Belize, Guatemala and Honduras, as well as three groups of islands: the Islas de la Bahía (Bay Islands) and Cayos Cochinos archipelago; the Cayos Miskitos and banks; and the smaller Swan Islands. The latter two island groups and adjacent coasts are isolated and poorly studied. The Bay Islands group comprised of Roatán, Utila, Guanaja, and Cayos Cochinos has some of the best reefs and is central to the country's tourism development. These islands are surrounded by fringing reefs that support important fisheries. The north coast of Roatán enjoys a nearly continuous barrier and fringing reef. In addition to coral reefs, other features of the coastal/marine ecosystem are equally critical to its health and productivity. These include mangroves, wetlands, seagrass beds, and sandy beaches. Marine habitats and resources are linked from ridge-to-reef by freshwater flows to the sea, but also via ocean currents that transport larvae and pollutants.

7. Fisheries are of major socioeconomic importance along the whole north coast of Honduras and its offshore islands, and involve all of the four main ethnic groups of this area: Spanish-speaking *ladinos*, English-speaking Bay Islanders, Garifunas (of mixed African and indigenous Caribbean origin) and indigenous Miskitos, from the isolated Moskitia region. Fishing activities are dominated by men, but the marketing chains and processing activities are dominated by women. In locations such as Omoa, Tela Bay and Cuero y Salado (which are likely to be areas of particular attention of this project), fishing is mostly carried out by individual *ladino* artisan fishers with small boats, who operate principally in coastal lagoons and only venture offshore when weather conditions are particularly favourable. This contrasts with the shrimp and lobster trapping operators (members of the APESCA organization) that are based in the Bay Islands but mostly operate off the coast of the Moskitia region: there are around 120 lobster trapping boats and these, in common with the shrimp boats, take all of their catch back to the Bay Islands and provide no employment in the Moskitia. By contrast, the 46 lobster and conch boats that operate out of the north coast city of La Ceiba employ Miskito divers, picking them up from the Moskitia and generating an estimated \$12 million dollars of income for them per year (around 3,800 Miskito divers and 3,800 canoe operators are involved in this activity). This activity is a major health risk and has left large numbers of Miskito divers permanently disabled due to decompression injuries.

8. The Caribbean coastal waters of Honduras contain as many as 194 fish species (House et al., 2002) and 537 known species of invertebrates and urochordates. Endangered species in the area include the West Indies Manatee (*Trichechus manatus*) and green, leatherback and hawksbill turtles.

9. Of 16 coral reefs sampled in Honduras in 2010, the condition of 50% was classified as “Poor” and that of 25% as “Critical” by the Report Card for the Mesoamerican Reef¹. In the sampled reefs, there was a reduction of 95% in the biomass of commercial fish between 2006 and 2009, from 1,579g to 73g/100m², reflecting a major reduction in average fish size, which has major implications for population viability given that larger fish produce exponentially more young, thereby replenishing depleted populations. The biomass of herbivorous fish fell by 83% in the same period, from 4,791 to 831 g/100m² – this is particularly important for reef health, given the important role played by herbivorous fish in controlling the growth of algae on reefs and in this way making substrate available for colonization.

10. The 2004 Mesoamerican Reef Report card indicated that 34% of Honduran reefs are threatened by human activity. The principal threats include overfishing (affecting 30% of reefs), coastal development (25%), sediment laden runoff (10%) and marine pollution and physical impacts (6%). **Over-fishing** has particularly significant impacts on species such as snappers (*Lutjanus* spp.), groupers (*Epinephelus* spp.) and conch (*Strombus gigas*). Fishing in the region is conducted both artisanally and commercially, but it is not governed by regional agreements and no national quotas have been established. Artisanal fish catch and effort are not routinely reported to the government. Fish catch methods are not strongly enforced, with the result that **destructive fishing methods** are often used. **Tourism and urban development** in the coastal zone generates sediment and liquid wastes that affect the health of coral reefs and coastal wetlands, as well as the direct elimination of coastal ecosystems such as mangroves, and leads to population influxes that in turn impose extractive pressures on the resources. **Agricultural development** in the coastal zone itself results in the direct elimination

¹Reporte de la Salud Ecológica del Arrecife Mesoamericano. Una evaluación de la salud del ecosistema 2010. Arrecifes Saludables para Gente Saludable.

of coastal ecosystems, while similar activities in the interior of the country result in erosion, generating sediments which affect reef health. Shipping activity to and from ports such as Puerto Cortés poses the threat of contamination from the accidental spills of hazardous chemicals (the volumes of hazardous chemicals imported and exported at Puerto Cortés increased by more than 75% between 1992 and 2001). **Invasive species** such as lionfish pose a growing threat to the reefs of the region. While petrochemical development has not yet commenced on any scale in the area, it is possible that it will do so in the future, posing threats to coastal and marine ecosystems through possible **petroleum spills** and elimination for the **establishment of petrochemical and port installations**.

11. Coastal and marine ecosystems are also subject to threats from climate change: for example, increased seawater temperatures lead to increased frequencies of coral bleaching events, while rises in sea level affect coral photosynthesis by reducing the amount of light that reaches them, as well as causing swamping and regression of the seaward margin of mangroves (which can only be compensated by inland movement of their landward boundaries if land use and topographical conditions permit), and increased wave erosion.

12. **Baseline: Protected areas:** the National Protected Areas System of Honduras (SINAPH) covers approximately 2.3 million ha. It includes 10 categories of protected areas, namely Marine National Parks (2), Biological Reserves (5), National Parks (14), Multiple Use Areas (2), Wildlife Refuges (5), Natural Monuments (1), Botanical Gardens (1), Municipal Reserves (1), Forestry and Anthropological Reserves (1) and Biosphere Reserves (2)². Its current annual budget is approximately \$5.5 million; financial analyses carried out to date do not specify what proportion of this is dedicated to coastal and marine PAs. According to data from ICF, there are at present 8 coastal and marine PAs covering 1,722,279ha, of which 5, covering 1,066,192ha, have management plans. A gap analysis for marine and coastal PAs carried out by the Government in 2011, with support from The Nature Conservancy, showed that marine and coastal ecosystems were seriously under-represented in the SINAPH, with less than 4% by area included in PAs. Many of the marine and coastal ecosystems that are included in PAs were selected on the basis of the value of the terrestrial ecosystems which they adjoin, rather than their own relative values and conservation needs. The study identified 54 priority sites, of which 19 are on the coast or continental shelf and 35 are in the deep sea.

13. **Fisheries management:** the management of fisheries in Honduras is subject to planning and regulation by the General Directorate of Fisheries (DIGEPESCA). This is aimed at achieving a development of the sector founded on sustainable exploitation and the promotion of income and employment generation opportunities. Measures applied to promote the sustainable management of lobster, shrimp and fish populations include the declaration of closed seasons, limits on the numbers of traps per boat, escape hatches for lobster traps to allow under-sized individuals to escape, the definition of minimum sizes for individuals caught, the use of Turtle Exclusion Devices in shrimp nets, satellite monitoring of fishing vessels, studies of population dynamics of marine fauns, and the delimitation of fish aggregation areas.

14. DIGEPESCA is supported in its supervisory and regulatory role by the Honduran Navy. DIGEPESCA currently invests an estimated \$270,000 per year on monitoring, planning and control of fisheries. PA managers are also already involved to a certain extent in fisheries monitoring and management, through the application of PA management plans that make provision for such issues. This means that this is in fact an underestimate of the amount that is actually spent on these functions; without the level of detailed financial analysis foreseen during the implementation phase, however, it is not possible at this moment to separate out this additional baseline funding from the overall figure given for PA management.

15. **Coastal zone planning and management:** in accordance with the 2003 Territorial Land Use Planning Law, activities that potentially constitute sources of land-based threats to marine and coastal protected areas, such as water pollution and sedimentation as a result of watershed management activities, are subject to Territorial Land Use plans developed by municipal governments in coastal municipalities. These processes are guided by consultation mechanisms in the form of municipal, regional and national territorial land use planning councils. In practice, progress with these processes varies widely between municipalities; in general, they are most advanced in those municipalities containing larger urban centres, where municipal governments have the greatest levels of financial and technical capacities and where the threat levels are greatest. The EU-funded PROCORREDOR project is currently investing around €5,300,000 (USD7,250,000) in actions directly related to territorial land use planning in this area: with this support, 11 coastal municipalities are currently formulating territorial land use plans which are expected to be put into action starting in the first quarter of 2012, following approval by the respective municipal corporations.

16. The **long term solution** to the threats described above is to ensure that an operationally effective and financially sustainable network of protected areas exists that includes representative areas of key biota and ecosystems, and is

² http://www.birdlist.org/cam/honduras/hn_national_parks.htm

tailored to the wide range of needs and conditions that exist across the area, taking into account priorities for conservation as well as for local, regional and national development. This vision is consistent with the mandate of the Seventh Conference of the Parties of the Convention on Biological Diversity, which promotes the establishment of effective marine conservation networks by 2012. Nevertheless, the following **barriers** prevent the achievement of this long term solution:

Inadequate planning, regulatory and institutional framework for ensuring adequate PA coverage	Only 8 of the MCPAs indicated on the national PA map of the SINAPH have formal declarations, due to the limited capacity of the institution responsible, SERNA. This situation is exacerbated by the limited clarity that exists in practice regarding the roles of SERNA and ICF in planning, establishing and managing MCPAs. Furthermore, the effective combat of sector-based threats currently or potentially affecting MCPAs is hindered by limited coordination between Government institutions with PA responsibilities (SERNA and ICF) and those with responsibility for promoting and regulating tourism and fisheries activities and infrastructural development (Secretariat of Tourism, DIGEPESCA and Secretariat of Industry and Commerce). A large number of national and international NGOs are involved in the conservation of marine and coastal biodiversity (including the management of PAs, under delegation by ICF); however there is little region-wide coordination and communication between them and with the Government, which means that opportunities for synergies are missed. Although an overall ecosystem gap analysis has been carried out for the area, the limited availability of reliable data on the biophysical and social characteristics of candidate PAs is a hindrance to the assignment of conservation priorities and the definition of appropriate PA categories. This situation is further exacerbated by the piecemeal and opportunistic approach that is applied to the identification, prioritization and categorization of candidate MCPAs, which fails to take adequately into account the oceanographic, biological and social relations between different areas along the length of the coast (for example the movement of fish larvae and contaminants in ocean currents, and the seasonal movement of aquatic fauna between coastal and marine ecosystems, and the movement of fish populations in and out of MCPAs); PA and spatial planning legislation does not at present make provision for the establishment of the planning units necessary to address this situation, such as multiple- or regulated-use zones outside of the MCPAs themselves. Finally, The existence of diverse ethnic and cultural groups in the area (such as Bay Islanders, Garifunas and Miskitos) poses particular challenges for the declaration of MCPAs, as these groups do not necessarily identify with the concept of PAs that is managed by the Government and may consider externally-proposed PAs as a threat.
Inadequate tools for protected area management	Only 1 of the 5 currently declared MCPAs (Cayos Cochinos, which covers 122,037ha or 11% of the total declared MCPA estate) has an up to date management plan: the plans of the other four expired between 2005 and 2009 and have been extended until 2012 through a decree emitted by ICF. The existing plans pay inadequate attention to incorporating regional considerations of ecosystem protection, biological connectivity and sustainable development, or to making provisions for responses to trends in social, economic and climatic conditions. This deficiency is further exacerbated by the absence of adequate tools for reliable and consistent reporting and monitoring on MPA management and ecological conditions, and the scarcity of reliable biophysical and social data to guide ongoing management (despite some research initiatives being carried out by DIGEPESCA, ICF and others). There are significant conflicts in a number of current and candidate MCPAs regarding issues such as claims over access to land and resources, and perceived incompatibilities between conservation objectives on the one hand and livelihood support and cultural values on the other. There is little experience to date in the country with co-managing PAs with indigenous and autochthonous communities, with the result that 'conventional' approaches to PA management may be rejected by such groups.
Limited financial sustainability	The deficiencies that are evident to date in the effectiveness of the management of MCPAs are to a large extent a function of the limited financial resources that are available for their management. The entire SINAPH, for example, has only 29 ICF park rangers. The financial sustainability analysis that was carried out for the SINAPH as a whole in 2008 revealed that the system had a serious financing gap and a major dependence on external donations: the study did not differentiate between terrestrial and coastal/marine PAs, but the situation is evidently similar there. This is due in part to the absence of adequate capacities, mechanisms and regulatory instruments to take advantage of the major opportunities that exist in the coastal and marine zone to generate income from productive sectors such as tourism, fishing, industry and infrastructure. Furthermore, the absence of medium- and long-term financial management plans in MCPAs means that PA managers are not currently able to calculate their financial needs, develop and apply coherent strategies to generate sustainable income, and ensure that the resources that are available are used correctly.

B. 2. INCREMENTAL COST REASONING AND THE ASSOCIATED GLOBAL ENVIRONMENTAL BENEFITS:

17. The **objective** of the project is to expand the effective coverage of marine and coastal protected areas in Honduras. The project will focus on the north (Caribbean) coast of the country, which accounts for more than 80% of the total length of the country's coastline.

18. Under **Component 1**, the project will invest in increasing the area of globally important coastal and marine ecosystems and taxa that are included in formally declared PAs. It will ensure that these declarations are carried out in an

objective manner, based on reliable information regarding the relative conservation priorities of the ecosystems and taxa in question, the nature and magnitude of the threats affecting them and their social, economic and cultural dynamics. It will promote the adoption of a regional approach to PA planning and prioritization, which will take into account biophysical, social and economic interrelations between different PAs, and between PAs and the productive landscapes and seascapes that surround them, resulting in a coherent and representative network of coastal and marine PAs. This approach may involve the definition of alternative zoning categories that will complement conventional PAs, destined for planned and regulated use rather than strict protection. Another key element of the approach will be the promotion of inter-institutional and inter-sector coordination, which will facilitate the combating of threats to MCPAs which arise from productive sectors such as fishing and tourism (for which non-conservation institutions such as DIGEPESCA and the Secretariat of Tourism are responsible), and the generation of PA income from these sectors in recognition of the environmental and productive services that PAs provide them. The location and design of existing and new PAs will ensure that they are 'climate-proofed' as far as possible, for example by designating areas contiguous with the landward margins of mangroves into which this ecosystem can migrate as seawater levels rise.

19. **Component 2** will focus on ensuring that the existing and new PAs are appropriately managed, in accordance with their objectives, biophysical characteristics and social and economic contexts, and the biological requirements of the ecosystems and species that they seek to protect. As with the process of PA establishment foreseen under Component 1, this will again be addressed from a strategic regional perspective as well as at the level of individual PAs. To this end, a Strategic Management Plan will be developed for the PA subsystem as a whole, which will be taken into account in other regional planning instruments and in strategic environmental impact assessments of proposed developments in sectors such as tourism and petrochemicals. Management plans of existing PAs will be reviewed and plans will be developed for new PAs, in accordance with best practice guidelines currently being generated by ICF. These plans will include, or be complemented by, provisions for stakeholder participation, for monitoring and for financial sustainability.

20. The project will also support the development of monitoring systems, databases and information management systems to guide management planning and decision making, in accordance with principles of adaptive management; effective monitoring will be essential in order to ensure the sustainability of natural resource use in the PAs given that most of the areas in question will be subject to continued, controlled use by local communities. The development of an integrated system for fisheries monitoring and regulation will be a particularly innovative aspect of this project: this will involve a range of actors in addition to DIGEPESCA, taking advantage of the human, technical and logistical resources of each and linking them together in a flow of information that will permit well-informed decision-making, based wherever possible on consensus. The key actors in this system will include i) fishers and their organizations, who will be trained and equipped to monitor trends in the status of the resources on which they depend; ii) PA managers and co-managers (CSOs) who will also monitor trends in resource status and define PA management norms in negotiation with fishers and other local stakeholders, DIGEPESCA and SERNA; iii) DIGEPESCA, which will carry out monitoring and oversight to the extent that its capacities allow, define fisheries norms and quotas in discussion with PA managers (based on improved flows of data from PA managers and fishers) and will act as a centralized repository for data on fisheries resources and activities, and iv) municipal governments, through Municipal Environment Units.

21. The active involvement of local communities in PA planning and management will contribute to management effectiveness, social sustainability and the ecological sustainability of resource use by local people. This will be achieved through formal co-management arrangements and other participation and consultation mechanisms as appropriate, building on the experiences to date in the country of civil society organizations taking responsibility for PA management (at least 37 PAs in Honduras are currently administered through co-management arrangements between CSOs and the ICF, which is legally responsible for PA management but is empowered to delegate this responsibility as appropriate) and the provisions in the regulations of the SINAPH for participation of grassroots actors through Local Protected Area Councils (COLAPs). Management strategies will also be 'climate-proofed' by making provision for the implications of a range of different climate change scenarios, such as changes in the reproductive and migratory biology of fish due to changes water temperatures and ocean currents.

22. Activities under **Component 3** will help to ensure that the PAs that are declared do not remain solely on paper due to lack of funds, and do not lead to already scarce funds being diverted from existing PAs. To this end, the project will support the development of financial sustainability strategies at the level of the coastal/marine PA sub-system as a whole, and in individual MCPAs. These plans will include projections of the financial needs of the sub-system and its PAs, and strategies for ensuring that these needs are satisfied in a sustainable manner, with reduced dependence on short-term donor funding. Particular emphasis will be placed on exploiting the potential for productive sectors to contribute to PA management, in recognition of the environmental goods and services that they receive from PAs – in the case of tourism, their potential to attract tourists due to their aesthetic and interest values, and in the case of fisheries, the role played by coastal ecosystems such as mangroves as spawning and grow-on areas for the fish populations on which the sector

depends. In the Bay Islands, the Tourism Free Zone (ZOLITUR) mechanism provides for funds from tourism to be channeled to municipal governments to support environmental projects, and opportunities for similar fiscal schemes will be explored elsewhere in the sub-region. Tourism in Honduras has shown major growth in recent years (visitor numbers increased by almost 120% between 1998 and 2007 and income from tourism in 2007 was around \$470 million). Around 54% of non-business tourists in Honduras carry out nature and adventure tourism. This segment of the market has been prioritized by the Ministry of Tourism through its National Strategy for Sustainable Tourism (to 2021). Opportunities will also be explored to obtain income from the corporate social and environmental responsibility schemes of large actors in sectors such as oil palm and petrochemicals. These initiatives will be complemented by the training of PA managers in financial management, enabling to recognize their financial needs, develop funding strategies and manage the funds that are available in an effective manner.

23. Under the baseline scenario, coastal and marine ecosystems would continue to be severely underrepresented in the SINAPH, and existing PAs in the zone would be ineffectively managed and under-resourced, with the result that coastal and marine biodiversity would be ineffectively protected from major and growing threats. **Under the GEF alternative**, incremental benefits will be delivered in the form of increases in the proportions of threatened coastal and marine ecosystems and species included in PAs of appropriate categories, subject to effective management and taking into account the development needs of the country and of local populations, and the cultural norms of different ethnic groups, and with access to sustainable funding. This will result in major global environmental benefits in terms of the maintenance and improvement of populations of marine fauna in the Honduran portion of the Mesoamerican barrier reef, and reductions in the rates of decline of coral reefs, seagrass beds, mangroves and other key ecosystems. In addition to conservation benefits *per se*, this will yield benefits in terms of social and productive sustainability given the importance of these ecosystems for the health of populations of commercially important species of fish and other marine fauna, on which large numbers of local people depend, either directly or indirectly, for their livelihoods.

B.3. SOCIOECONOMIC BENEFITS TO BE DELIVERED BY THE PROJECT INCLUDING GENDER DIMENSIONS:

24. The contribution of the project to the conservation status of marine and coastal ecosystems such as coral reefs, sea grass beds and mangroves will also generate major socioeconomic benefits, given that these ecosystems are vital as habitat and as spawning and grow-on areas for populations of marine fauna (especially fish) that form the basis of local economies and livelihoods throughout the project area. These benefits will take the form of continued employment opportunities for those involved in commercial fishing activities and in the processing industry; and continued income generation opportunities for artisan fishers who principally operate in coast lagoons and near-shore areas. Any short term limitations on livelihood support activities (such as closed seasons or restrictions on fishing gear), necessary to ensure the effective conservation of species and ecosystems, will be offset by improvements in the sustainability of these activities in the long term; the integrated fisheries monitoring and management system foreseen by the project will actively involve fisher groups, enabling them to monitor the impacts of their activities and of conservation initiatives on the condition of the resource, and involving them directly in decision-making on its management. The protection of these ecosystems will also generate socioeconomic benefits in terms of increased resilience of livelihoods to the effects of climate change: this is especially well proven in the case of mangroves, which play a vital role in buffering coastal communities and production lands against the impacts of tropical storms and sea level rise. PA establishment and management planning will make specific provision for making conservation compatible with the livelihood support activities and cultural norms of local communities, for example through promoting their involvement in small scale ecotourism activities as alternatives or complements to large scale tourism development. Promising experiences have been gained to date in this regard, with support from the GEF Small Grants Programme (managed by UNDP), which has supported the establishment of the award-winning Ruta Moskitia ecotourism programme (<http://www.larutamoskitia.com/>) in communities of the Moskitia region at the easternmost extremity of the project area.

Sustainability

25. Component 3 will focus specifically on promoting the financial sustainability of the PAs to be established and strengthened through the project. The actions foreseen will include the development of financial sustainability strategies and the realization of the potential for productive sectors (including tourism, fisheries and agroindustry) to contribute to PA management, in recognition of the environmental goods and services that they receive from PAs; this will be complemented by the training of PA managers in financial management.

26. Institutional sustainability will also be ensured by promoting effective collaboration between the key institutions involved (including DIBIO, ICF, DIGEPESCA and municipal government) in the planning and management of PAs; by strengthening the capacities of multi-stakeholder Regional Protected Area Councils (CORAPs)

B.4. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS AND MEASURES THAT ADDRESS THESE RISKS:

Risk	Rating	Risk Mitigation Strategy
Resistance among local populations to PA	Medium /low	Promotion of full and real participation by local populations (especially ethnic indigenous and autochthonous groups) in the development of PA proposals and management

establishment		strategies, and adaptation where possible of PA models and categories to their cultural norms. Exploration and promotion of “win-win” strategies allowing the reconciliation of local communities’ development needs and conservation goals (for example through non-extractive and sustainable extractive use of resources)
Poorly developed governance conditions impede application of regulations	Medium /low	Involvement and strengthening of community-based and indigenous organizations as part of PA management strategies, leading to improved governance conditions
Political pressures for large-scale damaging economic development	Medium /low	Support to regional zoning and environmental impact assessment procedures in order to maximize opportunities for avoidance or mitigation of impacts. Development of alliances with the private sector in order to identify and promote opportunities for incorporating sustainability and conservation considerations into development proposals/
Reluctance in productive sectors to contribute to covering PA costs	Medium /low	Advice to private sector actors on how to incorporate investments in support of conservation into their corporate social and environmental responsibility programmes. Raising of awareness among productive sector actors regarding the implications for the long-term viability of their operations of not investing in conservation, such as loss of tourism attraction values and collapse of fish populations. Discussions with central and local Governments regarding options for obligatory fiscal-type schemes for obtaining contribution from private sector actors
Climate change	Medium	Design of PAs and their management strategies in order to anticipate the impacts of climate change, for example the designation of areas into which existing ecosystems can migrate as conditions change.

B.5. KEY STAKEHOLDERS INVOLVED IN THE PROJECT:

Stakeholders	Project Implementation Role
Biodiversity Directorate (DIBIO) of the Secretariat of Natural Resources and the Environment (SERNA)	GEF focal point; responsible for defining biodiversity conservation policies and priorities; will be formally responsible for developing and approving formal proposals for the establishment of the PAs proposed by the project
Institute of Forest Conservation and Development (ICF)	Responsible for managing PAs (often delegated to NGOs) and for regulating the management, use and consumption of forest resources and wildlife. Will play a key role in defining and implementing management strategies for the proposed PAs.
General Directorate of Fisheries (DIGEPESCA)	Lead entity with responsibility for hydrobiological resources, including the development and application of regulations on fishing practices. Will play a key role in identifying and applying strategies for harmonizing fisheries practices and zoning with conservation objectives.
Secretariats of Industry and Commerce, and Tourism	Responsible for supporting industrial, commercial and tourism developments: will be target institutions for messages regarding the possible conservation implications of proposed developments and possible strategies for avoiding or mitigating them, and identifying sustainable alternatives.
Directorate of Environmental Control (DECA) of the Secretariat of Natural Resources and the Environment (SERNA)	Responsible for overseeing processes of environmental impact assessment: the project will help to ensure that the provisions of management plans at the levels of the MCPA sub-system and individual MCPAs are taken into account in determinations by DGA regarding environmental impact statements.
Regional Centre for Environmental Documentation and Information (CREDIA)	Non-governmental centre in La Ceiba supported by ProCorredor project, that (subject to capacity assessments carried out during the PPG phase) may act as a clearing-house for information on the status of MCPAs and their resources.
Municipal governments	Responsible for decentralized management and regulation of natural resources through Municipal Environment Units. In the Bay Islands, responsible for executing funds collected through the Tourism Free Zone (ZOLITUR) initiative.
National NGOs	Work on community-based rural development initiatives, and are also responsible for managing many PAs, under delegation from ICF.
International conservation NGOs (e.g. WWF, The Nature Conservancy)	Carry out research and provide financial support to conservation initiatives.

B.6. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

27. GEF project 1032 “Sustainable Management of the Shared Marine Resources of the Caribbean Large Marine Ecosystem (CLME) and Adjacent Regions” will come to completion around the time that the implementation phase of this project is due to start. The design of the current project will play close attention to the results of project 1032, in particular, i) the information

generated on transboundary issues in the Caribbean Sea LME will serve to guide the location of the MCPAs to be established through this project, ii) this project will take advantage of the shared knowledge base established through project 1032, and iii) this project will incorporate as far as possible the institutional and procedural approach to LME level monitoring, evaluation and reporting for management decision making that will have been developed through project 1032.

28. The project will complement the actions of GEF project 2885 “Meso-American Barrier Reef System II”, with which it will coincide. Project 2885 has more of a focus on ecosystem management and environmental mainstreaming into productive sectors, which will be complemented by the focus of this project on protected areas. This project will take advantage, where possible, of the policy and governance frameworks to be strengthened by project 2885, such as the barrier reef committees and stakeholder participation structures. Of particular value will be the major proposed investment of project 2885 in monitoring and evaluation, which will be of direct utility to the present project. Coordination mechanisms will be finalized during the PPG phase of this project, and will take advantage of the large number of institutional actors that the two projects will have in common, including environmental and fisheries sector ministries and national and international conservation NGOs.

29. The project will learn lessons from IADB's long-running projects in the Bay Islands, including the \$16 million GEF-IADB Project (number 1515) approved in 2003/2004. Subject to confirmation during the PPG phase, it is expected that the project will focus largely on north shore (mainland) areas such as Omoa, Tela Bay and Cuero y Salado, and the Miskito Cays (the conservation and management of which will be of direct benefit to fisheries resources in the Bay Islands); it is foreseen that investments in the Bay Islands will be relatively limited, given the scale of investments there to date, and will focus on incremental issues not originally foreseen in the GEF-IADB project. For example, Project 1515 proposed that 6 of its target PAs would receive only a basic level of management, including demarcation, periodic patrolling and monitoring. Subject to a detailed review of current needs during the PPG phase, this project will contribute to consolidating management effectiveness in some or all of those 6 PAs; it will help to ensure that the management of the Bay Islands MCPAs incorporates regional-level socioeconomic and biophysical considerations (Project 1515 proposed a network of PAs but only at the level of the Bay Island themselves, without considerations of biological connectivity between the mainland and the islands); and it will support the introduction of a fully integrated approach (as described in response to Comment 14 above) into the fisheries monitoring and management systems established by Project 1515. Lessons learnt from the GEF-IADB initiatives, which will be taken into account in the present project, include i) how to navigate efficiently the institutional and administrative pathways for achieving CMPA delimitation and ii) the importance of incorporating fisheries communities and fisheries management issues from the outset in PA planning processes.

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

30. UNDP has gained major experience with the management of protected areas throughout Latin America and the Caribbean during GEF4. This includes similar projects aimed at strengthening networks of coastal and marine protected areas in Cuba and in Venezuela. The project also corresponds closely with UNDP's institutional comparative advantage in the area of institutional strengthening, technical assistance, financing mechanisms and adaptation to climate change.

C.1. INDICATE THE CO-FINANCING AMOUNT THE GEF AGENCY IS BRINGING TO THE PROJECT:

31. UNDP will bring an estimated US\$500,000 in its own resources, an estimated US\$2,000,000 as part of an IFAD-funded project on rural competitiveness, managed by the UNDP, and an estimated US\$1,500,000 as funds from the Central American Bank for Economic Integration (CABEI) as part of the CAMBio program directed to funding biodiversity-friendly businesses. The funds from IFAD and CABEI will be directed to supporting environmentally friendly activities in the buffer zones of the protected areas, to reduce the pressures on the actual PAs.

32. In addition, UNDP is coordinating closely with other projects related to the management of protected areas and the coastal-marine resources, funded by the USAID and the European Union, in order to complement activities along the North coast of the country. The co-financing from these sources is expected to sum an estimated US\$4,000,000. Co-financing of an estimated US\$500,000 from the part of the national government will be brought through the Protected Areas Fund of the Institute of Forest Conservation and Development (ICF) and as in-kind for the amount of another US\$500,000 by the ICF and the Honduran Institute of Tourism. The co-managers of the protected areas are expected to contribute an estimated total of US\$1,000,000.

C.2. HOW DOES THE PROJECT FIT INTO THE GEF AGENCY'S PROGRAM AND STAFF CAPACITY IN THE COUNTRY TO FOLLOW UP PROJECT IMPLEMENTATION:

33. The emphasis of the project corresponds with the following Honduras UNDAF Outcome: “Government, private sector and local communities adopt good practices for the management of ecosystems, mitigation of and adaptation to climate change for the preservation of natural capital, the reduction of economic losses and the generation of employment opportunities for the


most vulnerable sectors of the population”, inasmuch as the establishment and effective management of coastal and marine PAs will contribute to sound ecosystem management and will protect the natural resources on which large numbers of the rural poor depend for income and employment, particularly in the fisheries and tourism sectors. The Country Programme Document proposes that UNDP will, “at local level, support sustainable economic territorial development, promoting the adoption of good practices that remove barriers to equitable access to the benefits of natural resources, with active participation by municipal governments, the private sector and academia” and its outputs include “sustainable natural resource management plans formulated at community level.”

34. UNDP in Honduras has to date gained significant experience in biodiversity conservation projects, including project 3592 “Conservation of Biodiversity in the Indigenous Productive Landscapes of the Moskitia”, which includes a significant focus on fisheries, and the regional project 1032 “Sustainable Management of the Shared Marine Resources of the Caribbean Large Marine Ecosystem (CLME) and Adjacent Regions”.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)**A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):** (Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this template).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
Iris Helena Pineda Aguilar	Director of External Cooperation and Resources Mobilization	Environment and Natural Resources	08/11/2011

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF policies and procedures and meets the GEF/LDCF/SCCF criteria for project identification and preparation.					
Agency Coordinator, Agency name	Signature	Date (MM/DD/YYYY)	Project Contact Person	Telephone	Email Address
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