

HONDURAS: BIODIVERSITY CONSERVATION PROJECT

PROPOSAL FOR PDF BLOCK B GRANT

World Bank/IDB proposed associated Natural Resource Management Project	US\$ 30 million
Proposed GEF Biodiversity Project	US\$ 5 million
Other bilateral donors (tentative)	US\$ 3 million
GEF Implementing Agency:	UNDP and World Bank
Local Counterpart Agency:	Secretary of Natural Resources
PDF Funds requested:	US\$ 300,000
PDF Co-financing:	US\$ 255,000
Sources: Honduran Government	US\$ 75,000
World Bank/Dutch Trust Fund	US\$ 40,000
World Bank	US\$ 37,000
USAID	US\$ 65,000
UNDP/Capacity 21	US\$ 30,000
ACDI	US\$ 5,000

Block A Grant Awarded: No

I. Summary Project Objectives and Description

1. This project seeks to rationalize and strengthen the protected areas (PA) system in Honduras, specifically through support to key PAs or their buffer zones in the Honduras part of the Meso-American Biological Corridor. The project will support the Honduras link within the Corridor, within the framework of the regional Biological Corridor concept being developed by the UNDP GEF PPF, and thereby improve the sustainability of PAs through (a) management options that involve local NGOs and communities; (b) establishment of financial mechanisms to cover recurrent costs or better allocation of donor funds; (c) involvement of local government and integration of protected areas management into overall regional land, forest, and watershed policies and plans for conservation and sustainable use, in conjunction with a planned, associated World Bank-funded Natural Resource Management Project.

2. The project would be carried out in seven priority sites within the Meso-American Biological Corridor to be selected on the basis of a national workshop to discuss the findings of a programmed biodiversity gap analysis exercise (see para 6). Five of the sites will be drawn from the priority areas identified in the Biological Corridor (northern and eastern lowland and montane forests and related watersheds which create a fresh-water corridor to the Atlantic and Pacific coastal areas in the Departments of Yoro, Colon, Olancho, and Gracias a Dios). Two additional sites will be identified on the basis of the gaps that emerge in the ecosystems map analysis, including an intact mangrove site within Valle Department (Pacific coast). Specific sites will be selected for relative biological importance, likelihood of success, scope of other donor activities, and extra needs. The project will fit under the Montane Ecosystem Operational Program. As an inter-oceanic country, Honduras forms a vital link within the chain of the Mesoamerican Biological Corridor with extensive lowland and montane forests and important coastal

ecosystems. Honduras is probably the only Central American country with an almost undisturbed watershed reaching the Atlantic ocean, and which could be protected if measures were taken immediately. The Central American montane forests of Honduras have a discontinuous distribution pattern, creating optimal conditions for high endemism, for which there is only partial biological information available. Intact coastal ecosystems are found both along the Atlantic and Pacific coasts. Estuarine lagoons and riverain water systems are found on the border with Nicaragua, where they continue to the protected areas system of Costa Rica. Inland water systems range from partially continuous to partially seasonally flooded, and provide habitat for marine species that spend the first part of their cycle in fresh water, as well as valuable habitat for tropical fresh water species.

3. Honduras' national biodiversity conservation strategy aims to rationalize the protected areas system (currently 105 areas) to ensure representation of all major habitat types and prioritization of areas important for biodiversity conservation. The proposed World Bank Natural Resource Management Project will provide support for this rationalization at national level. The GEF project aims to strengthen the management of key PAs in the Meso-American Corridor. The preparation of the GEF project will involve extensive consultation with in-country experts, local governments, and local communities to rationalize/extend boundaries of these PAs, agree on new PAs, on management options to engage local communities and organizations in PA management, and identify buffer zone activities for alternative livelihood options consistent with taking the pressure off these PAs.

Associated World Bank/IDA Project

4. Honduras is interested in improving overall natural resource management in the agricultural and forestry sector through an integrated and inter-sectoral approach. The Government of Honduras (GOH) has taken several steps towards this objective: (a) passage of an Agricultural Sector Modernization Law (1992), which laid the framework for clarifying property rights and management responsibilities for rural lands and forests, including protected areas; (b) on-going implementation of the law through the IDB/World Bank co-financed Agricultural Sector Adjustment Project (Cr. 2540-HO), which includes institutional reorientation and strengthening of the forestry, land tenure, and parks agencies; (c) regulation of the environment through new legislation, including harmonization of existing laws and regulations on biodiversity and natural resource sectors, preparation of a national environment and development plan, and creation of an Environmental Ministry, which is being strengthened through an on-going World Bank-financed Environment Development Project, (Cr. 2693-HO); and (d) preparation of a natural resources management project to be financed by the World Bank and the IDB. The objectives are to: (i) modernize the system of rural land titling and rural land registration to clarify forest and land tenure; (ii) strengthen the Secretariat of Natural Resources' forest administration and its protected areas sub-agency in its new role to promote sustainable development, incorporating surrounding populations in forest and protected areas management and wise use; (iii) rationalize the system of protected areas; and (iv) provide research and extension for agriculture, pasture and forest land management, including the fragile upland areas near forests.

A key aspect of the proposed project is decentralization of resource management to communities and municipalities. The long term objectives of Honduras's National Biodiversity Conservation Strategy are shared in this project.

5. The proposed US\$ 30 million associated investment project includes: (a) a land administration modernization component for land registry, land adjudication and land cadastre (15% of investment costs); (b) a forest and watershed management component, financing integrated natural resource management in priority forest areas, including lowland, mangrove and montane forests (34 % of project costs); (c) a fund for technical assistance and buffer zone management for upland producers for sustainable agriculture and forestry and related activities, to be created independently of government for access by producers and supporting NGOs (25% of project costs); (d) rationalization of the protected areas system (14% of project costs); and (e) institutional strengthening and support activities, including training (12% of the project costs).

6. As part of the preparation of the protected areas component of the project, an Ecosystems Map is being prepared with funds from the Government of Japan and USAID. This map will produce a gap analysis and a prioritization of areas on the basis of ecosystems representation to complement existing priority-setting initiatives, including the Meso-American Biological Corridor priorities established by Paseo Pantera and the Conservation Assessment of the Terrestrial Ecoregions of Latin America and the Caribbean (WWF/WB). The LANSAT-based Ecosystems Map of the remaining natural ecosystems and the computation of the ecosystem representation will be used to refine information on Meso- American Corridor priorities and to serve as a basis for a national consultation to identify priorities for rationalizing the national PA system and for selecting PAs for financing under the proposed World Bank project.

II. Description of PDF Activities by Component

Honduras Biodiversity Conservation GEF Project

7. The Honduras Biodiversity Conservation GEF project would complement the proposed World Bank project, focusing on the incremental costs of conserving globally significant sites fitting within the priorities of the Meso-American Corridor. It would include the following components:

(a) Biodiversity Information for Conservation Planning (US\$ 50,000): The collection, collation and review of existing information relevant to biodiversity for the management and zoning to protect seven priority areas to be included in the project, including new PAs (geological, soil, climatic and vegetation maps, and distribution of mammals, birds, herpetofauna, fish, and plants, including endemisms). This analysis would build on the planned Ecosystems Map (para 6) and the identification of habitats that are either not represented or under-represented in the PA system nationally and regionally. This information would be used to fine-tune the Meso-American Biological Corridor priorities on the basis on opportunities for extending PA coverage while minimizing landuse conflicts. The survey would identify areas and

regions where more data is needed, provide preliminary information on the extent of potential land use conflicts and options for their resolution for the seven priority sites of the GEF project, and generate data for realigning park boundaries and buffer areas. Information would be collected in-country and abroad and compiled on computer databases compatible with the Ecosystems Map;

(b) Protected Area Planning and Management (US\$ 170,000): This component will: (i) identify the seven priority sites for inclusion in the GEF project, drawing five sites from the indicative list of Meso-American Corridor priorities (Atlantic Moist Forests, Miskito Pine Savannas of the Atlantic Slopes and the Central American Pine-Oak Forests of the Rio Platano reserve, Gracias a Dios, Olancho, Yoro, Colon, Merendon, and the Atlantida Departments), based on opportunities for local community involvement, and two additional sites expected to emerge from the Ecosystems Map, including one mangrove site in Valle; (ii) identify and prepare indicative investment plans for four pilot areas in the seven sites, consulting local populations on the indicative plans; (iii) review management capacities in existing institutions with responsibilities for parks and wildlife management, and make recommendations for new institutional and legal arrangements for protected area management, including staffing, equipment, and training needs; (iv) review existing involvement of local communities and make recommendations for their greater incorporation into management plans and responsibilities; (v) identify opportunities for self-financing of PAs through entry fees and ecotourism activities, etc.; (vi) prepare a conservation education/awareness program; (vii) identify needs for demarcation of protected areas under the project; and (viii) prepare detailed cost tables of project activities;

(c) Buffer Zone Sustainable Use Activities and Study of Traditional Use (US\$ 60,000): A component will be prepared for sustainable development activities in the buffer zones and areas of influence for the seven PAs. This will complement the above management activities and the models for sustainable development for upland producers to be tested for other sites under the proposed World Bank project. The GEF component will be prepared so that financing for activities can be channeled through the decentralized and proposal-based fund mechanism to be created, and include finances for technical assistance and seed money for alternative livelihood enterprises in the selected PAs. This component will complement experience emerging from various bi-laterally-funded integrated forest management projects and the upland farming and forestry activities being funded through the main window of the Fund in the World Bank-financed Natural Resource Management Project under preparation. Part of the World Bank project includes modernization of the land administration system, including cataloging of national forest and determination of private forest rights, including Amerindian land rights. As part of the PDF, evaluation will be made of Amerindian forest tenure in the environs of protected areas and national forests, designing buffer zone and area of influence activities tailored to Amerindian special legal rights and needs, as relevant; and

(d) Biodiversity Monitoring (US\$ 10,000): This component would prepare a system for monitoring deforestation, encroachment, impact on specific habitats, and population movement and growth in the areas of the project and priority PA sites in the proposed Natural Resource

Management Project. This monitoring system will draw upon academic and NGO capacity, as well as the capacity of the parks agency within the Secretariat of Natural Resources.

8. The Meso-American Biological Corridor framework requires close collaboration between UNDP and the World Bank. The PDF and follow-on GEF project is being prepared as a joint effort at GOH request. This is consistent with present trends, as both institutions are involved in policy dialogue on forestry and biodiversity conservation. PDF resources would finance a single team of consultants, initially to prepare a single proposal with the components outlined above. World Bank and UNDP will develop a single GEF project in which each agency will take the main responsibility for those activities in which it has the comparative advantage: UNDP will focus on needs assessment in terms of institutional arrangements and training needs for parks management, biodiversity information for conservation planning, ecotourism and socio-economic studies related for buffer zone management, coordination of the national and regional consultations, and some management activities; the World Bank will focus on park management and infrastructure, sustainable development activities in the buffer zones and areas of influence, and mechanisms for park self-financing. The division of components to be financed by the larger GEF project will be finalized during project preparation.

III. Eligibility

9. Rationalizing and strengthening the Protected Areas system is a national priority identified within the National Biodiversity Conservation Strategy. This strategy puts emphasis on strengthening the involvement of local communities in management and conservation activities. The project is consistent with the Central American Vice-Presidents' Agreement on the Meso-American Biological Corridor and with the GEF operational strategy in its focus on a corridor of habitats from mountains and forests to coastal wetlands and marine ecosystems and in the opportunity for trans-boundary cooperation. The GOH ratified the Convention on Biological Diversity (CBD) on July 31, 1995. The project is consistent with the Convention on Biological Diversity and the Guidance from the Conference of the Parties (COP).

IV. National and International Support

10. The Secretariat of Natural Resources has submitted to UNDP and the World Bank the proposal for preparation of GEF project, which requests UNDP and World Bank collaboration and assistance in donor coordination. This proposal was made with the guidance and agreement of the Planning Ministry (as coordinator of international assistance), SECPLAN, and the Environment Development Secretariat (SEDA), as signatory to the Biodiversity Convention. There has been close collaboration in preparation between GOH and the main national NGOs and international donors involved in the sector on the components of the proposed Block B financing request. The activities have a high priority and are consistent with the overall strategies being carried out with investment and grant funds from other sources. SEDA has formed a consultative body for biodiversity strategy decisions that is part of the National Environment Commission (COCONA) and which includes SEDA, the parks agency within the Secretariat of Natural

Resources, other government agencies, NGOs, and the private sector; this body will be involved in the planned national and regional consultations.

11. A major effort has been made in the preparation of the proposed World Bank Natural Resource Management Program (FY97) to coordinate with the major donor institutions, (USAID, IDB, GTZ) in evaluating the national biodiversity strategy and identifying project activities. UNDP/Honduras is playing an important role in coordinating activities among international donors in the sector, and has initiated an Agenda Forestal with Dutch and German assistance to incorporate diverse stakeholders in the process. The project will be prepared within the framework of the UNDP Meso-American Biological Corridor Project.

V. Justification

12. This PDF grant will allow preparation of the Honduras link within the proposed framework of the Meso-American Biological Corridor, as well as strengthening of key PAs within the national protected areas system. It will develop a time-bound action plan to manage key areas, provide an avenue for national and regional consultations, and focus other donor financing within a consistent plan of action for biodiversity conservation. It is an important project for GEF funding. It fits the Priorities of the GEF Operational Strategy and the First Conference of the Parties to the Convention on Biological Diversity (COP) of achieving sustainable development and combating poverty through biodiversity conservation and sustained use. The proposal fits within Honduran national priorities for natural resource management and biodiversity conservation and thereby fulfills the COP's obligations under Article 6. The buffer zone management activities can serve as demonstration projects, encouraging scientific excellence and complementing investment activities in the forest buffer areas being financed through the proposed, World Bank project. The planned buffer zone and area of influence activities include innovative measures to conserve biodiversity and/or sustainable use, and include economic incentives to compensate local communities for opportunity costs (Article 8 of the COP). Sustainable development activities will be financed through a decentralized mechanism, fostering local control over the development process and long-term continuity of financing. Protected areas management will focus on areas with high endemism and on a variety of ecosystems that include inland reaches of coastal ecosystems, mangrove forest, and other environmentally vulnerable areas of the lowland tropical and montane forest systems.

VI. Implementation of the PDF

13. GOH will be the grant recipient and the Ministry of Natural Resources will be responsible for executing the PDF program. The UNDP office would provide assistance as requested to GOH for the contracting of consultants and management of PDF resources, in accordance with a plan for resource allocation mutually agreed among GOH, UNDP, and the World Bank. UNDP will make an additional contribution by the input of the regional specialist for a duration of four weeks during the process. PDF activities are targeted to be completed May 31, 1996

VII Items to be Financed

14. The PDF will cover the costs of activities outlined in the attached table, including costs of specialists, workshops and seminars, field surveys, consultations, community participation, printing, and travel. Co-financing is available from GOH, USAID, UNDP Capacity 21, ACDI, and the proposed World Bank Natural Resource Management project. A substantial part of Bank preparation resources will contribute to policy work, institutional strengthening, and establishment of models for the GEF project.

Preparation Costs:

Activity	PDF Financing	Co-Financing	Total
Part A: Biodiversity Information for Conservation Planning	50,000	180,000 [65,000 (1); 55,000 (2); 60,000 (4)]	230,000
Part B: (i) Protected Areas Planning	80,000	30,000 [20,000(2), 10,000(5)]	110,000
(ii) Institutional Analysis	10,000		10,000
(iii) Involvement of Local Communities	40,000	10,000 [5,000(2), 5,000(3)]	50,000
(iv) Long-term Financial Mechanisms	20,000		20,000
(v) Conservation Awareness/Education	10,000		10,000
Part C: (i) Traditional Use Studies	20,000	15,000 [10,000(3), 5,000(5)]	35,000
(ii) Design of Sustainable Development Menu	40,000	10,000 [5,000 (3), 5,000 (6)]	50,000
(iii) Consultation Process	10,000	5,000(3)	15,000
Part D: Biological Monitoring System	15,000	5,000(4)	20,000
Misc. (Photocopying, telephone, fax, supplies, including map materials)	5,000		5,000
TOTALS	300,000	255,000	555,000

Explanation Sources of Co-Financing (Column 3 Co-financing)

- (1). "Proyecto de Políticas de Recursos Naturales/USAID" (including ecosystems map)
- (2). Preparation inputs into World Bank Proposed Natural
Resource Management Project (including Ecosystems map)
- (3). Capacity 21/UNDP
- (4). LANSAT Images property of Government of Honduras (Ecosystems Map)
- (5). Logistical support and counterpart personnel
provided by GOH
- (6). Management of Broad leaf Forest/ACDI

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