



# PROJECT IDENTIFICATION FORM (PIF) <sup>1</sup>

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

## PART I: PROJECT IDENTIFICATION

Project Title:	Strengthening Sustainable Management of the Guano Islands, Islets and Capes National Reserve System (RNSIIPG)		
Country(ies):	Peru	GEF Project ID: <sup>2</sup>	4505
GEF Agency(ies):	WB (select) (select)	GEF Agency Project ID:	
Other Executing Partner(s):	Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE), National Service of Protected Areas (SERNANP)	Submission Date:	2012-01-12
GEF Focal Area (s):	Biodiversity	Project Duration (Months)	60 months
Name of parent program (if applicable): ➤ For SFM/REDD+ <input type="checkbox"/>		Agency Fee (\$):	892,264

### A. FOCAL AREA STRATEGY FRAMEWORK<sup>3</sup>:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Co-financing (\$)
(select) BD-1	Outcome 1.1 Improved management effectiveness of marine protected areas.	Output 1 Priority sites under integrated management, including biodiversity surveys, planning instruments, staffing, equipment and surveillance systems  Output 2. Monitoring and evaluation capacity strengthened  Output 3. Stakeholder awareness raised through workshops and other activities (Number)	GEFTF	2,497,750	11,000,000
(select) BD-2	Outcome 2.1 Increase in sustainably managed seascapes that integrate biodiversity conservation.	Output 1 Improved harvesting practices implemented to secure stable populations of marine resources  Output 2 Local stakeholders (tourist operators, artisanal fisheries associations, local governments) incorporated to sustainable resource management projects.	GEFTF	4,000,000	17,300,000

<sup>1</sup> It is very important to consult the PIF preparation guidelines when completing this template.

<sup>2</sup> Project ID number will be assigned by GEFSEC.

<sup>3</sup> Refer to the reference attached on the [Focal Area Results Framework](#) when filling up the table in item A.

(select) BD-1	Outcome 1.2 Increased revenue for protected area systems to meet total expenditures required for management	Output 1 Flow of funds secured through sustainable financing mechanism	GEFTF	2,000,000	2,000,000
(select) (select)			(select)		
(select) (select)			(select)		
CCM-5 (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)	Others		(select)		
Sub-Total				8,497,750	30,300,000
Project Management Cost <sup>4</sup>			GEFTF	424,888	1,700,000
<b>Total Project Cost</b>				8,922,638	32,000,000

## B. PROJECT FRAMEWORK

<b>Project Objective: To improve management of marine and coastal ecosystems and protect biological diversity through institutional strengthening and support for collaborative regional projects for the Guano Islands, Islets and Capes National Reserve System of Peru (RNSIIPG).</b>						
<b>Project Component</b>	<b>Grant Type</b>	<b>Expected Outcomes</b>	<b>Expected Outputs</b>	<b>Trust Fund</b>	<b>Indicative Grant Amount (\$)</b>	<b>Indicative Cofinancing (\$)</b>
Component 1. Institutional Strengthening	TA	<p>Increase effectiveness of marine protected areas management compared to the baseline, using the GEF METT tracking tool.</p> <p>Sustainable financing secured through the endowment and other sources of revenue</p>	<p>Planning instruments designed and implemented (Strategic Plan for the RNSIIPG, master plans and resource management plans for priority zones).</p> <p>Training plans developed and implemented for stakeholders (number and target) in communications, participatory management, technical aspects of marine biodiversity.</p> <p>Infrastructure, staffing and support systems implemented for enhanced surveillance and control.</p> <p>Endowment (US \$ 4 million) to finance recurrent costs established and financing strategy with mechanisms for additional revenue designed and implemented in selected sites.</p>	GEFTF	3,147,750	10,000,000

<sup>4</sup> GEF will finance management cost that is solely linked to GEF financing of the project.

Component 2. Collaborative Regional Management	Inv	Development of socially viable marine management models through projects in priority zones.  Demonstration of economic and organizational conditions necessary to achieve post-project success in sustainably harvested marine products	Collaborative projects in priority zones implemented under co-management and other forms of organization with communities and stakeholders.  Resource Management Plans and zoning of selected sites prepared and implemented (Number);  Market assessments, business plans, organization and distribution options and costs identified for sustainably harvested marine products.	GEFTF	4,000,000	17,300,000	
Component 3. Monitoring and Evaluation	TA	Biodiversity and ecosystem functions tracked and monitored, e.g., guano seabirds population and migration dynamics, other species indicative of ecosystem health identified and tracked against baseline.	Baseline data for indicative species established and mechanisms for continued tracking in place;  Individual project M&E reports for projects under Component 2 including lessons learned produced and disseminated.  Biodiversity monitoring system for RNSIIPG established and management effectiveness monitoring system implemented.	GEFTF	1,350,000	3,000,000	
	(select)			(select)			
	(select)			(select)			
	(select)			(select)			
	(select)			(select)			
	(select)			(select)			
	(select)			(select)			
	(select)			(select)			
	(select)			(select)			
Sub-Total						8,497,750	30,300,000
Project Management Cost <sup>5</sup>					GEFTF	424,888	1,700,000
<b>Total Project Costs</b>						<b>8,922,638</b>	<b>32,000,000</b>

<sup>5</sup> Same as footnote #3.

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

Sources of Cofinancing	Name of Cofinancier	Type of Cofinancing	Amount (\$)
Bilateral Aid Agency (ies)	KfW	Grant	15,000,000
National Government	Ministry of the Environment/National Service of Protected Areas (Note: Estimated National Budget allocation of \$1.66 million; rest is in kind - form does not allow to split and does not include national budget category)	In-kind	5,000,000
National Government	Ministry of Agriculture - PROABONOS, the National Sea Institute (IMARPE) and Coast Guard	In-kind	2,000,000
Local Government	Coastal Regional Governments	In-kind	3,000,000
Private Sector	Paracas Fund and Private Universities	In-kind	3,500,000
CSO	Artisanal Fisheries Associations	In-kind	3,500,000
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
<b>Total Cofinancing</b>			<b>32,000,000</b>

**D. GEF/LDCF/SCCF RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY<sup>1</sup>**

GEF Agency	Type of Trust Fund	Focal Area	Country Name/Global	Grant Amount (a)	Agency Fee (b) <sup>2</sup>	Total c=a+b
WB	GEF TF	Biodiversity	Perú	8,922,638	892,264	9,814,902
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
<b>Total Grant Resources</b>				<b>8,922,638</b>	<b>892,264</b>	<b>9,814,902</b>

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

<sup>2</sup> Please indicate fees related to this project.

## **PART II: PROJECT JUSTIFICATION**

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

#### A.1.1 the [GEF focal area/LDCF/SCCF](#) strategies:

The proposed Project is fully consistent with Objective 1 of the Biodiversity Strategy under GEF-5: “Improve Sustainability of Protected Areas Systems”, which the effective management supports the expansion of marine ecosystem’s representation and the efforts to address the marine ecosystem coverage gap within national level systems through the creation and effective management of coastal and near shore protected area networks, including no-take zones, to conserve and sustainably use marine biodiversity. The project will directly support the two key outcomes highlighted by Objective 1: i) Improved management effectiveness of existing protected areas and ii) Increased revenue for protected area systems to meet total expenditures requires for management.

In addition, the project supports Objective 2 of the Biodiversity Strategy under GEF-5: “Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes, Seascapes and Sectors”. Specifically, the project will support the main outcome: Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation.

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

N/A

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

Peru ratified the Biodiversity Convention in 1993. This triggered several initiatives to meet its commitments: the passage of the Law for Conservation and Use of Biodiversity (1997), the Protected Areas Law (1997), The National System Plan of Protected Areas (1999), the National Biodiversity Strategy (2001), and the Law for the National System of Environmental Management (2004).

The proposed project builds on Peru’s National Agreement policy on Sustainable Development and Environmental Management where one of the objectives is to institutionalize public and private environmental management to protect biodiversity. The proposed project is consistent with the principles of the Convention on Biological Diversity (CBD) to which Peru is a signatory, in that it would promote conservation and sustainable use of biodiversity and the maintenance of ecosystem goods and services to society.

The proposal also builds on the preexisting memorandum of understanding amongst PROFONANPE, Ministry of the Environment, Academic Institutions, NGOs, and the private sector, in which all members commit themselves to fulfilling a work program for protected areas under the framework of the CBD.

Lastly, the Strategic Objective 2.3 under the National Biodiversity Strategy (NBS) - Promote the Sustainable Use of Aquatic Resources<sup>6</sup>, Fisheries and Water Bodies establishes that coastal/marine ecosystems play a significant ecological role by sustaining key species for the survival of human populations and by providing global services. The NBS states that it is necessary to carry out the following actions:

1. Assess the situation of the State policies and programs to secure the inclusion of conservation, social and economic aspects in the management of coastal/marine natural resources;
2. Develop biological inventories and biological monitoring systems as a tool to develop conservation programs and actions;
3. Increase the knowledge on the structure and composition, roles and functions of marine ecosystems and the status of conservation of species to develop and apply the best conservation practices;
4. Establish protected areas to secure the conservation of coastal/marine biological diversity;

<sup>6</sup> For the purposes of the National Biodiversity Strategy, aquatic resources include *marine ecosystems*, wetlands and continental waters.

5. Develop training and promotion programs in fisheries for capture equipment and procedures use that can eliminate or reduce adverse impacts on species, habitats and ecosystems, including catch limits, incidental catch and habitat destruction;
6. Reduce or eliminate potential or existing negative impacts of introduced species on aquatic biodiversity as a result of aquaculture projects, among others;
7. Research on the appropriate mechanisms for managing alternative fisheries and other aquatic resources with particular emphasis on the integration of social, ecological, economic and cultural aspects;
8. Coordinate with academic and research institutions, NGOs, and other sectors; and
9. Develop the best efforts to minimize the impact of pollution from domestic, industrial, mining and hydrocarbons wastewater.

The Project will be directly supporting the implementation of actions 1, 2, 3, 5, 7 and 8 as follows:

- Component 1: Based on the already established policy and legal framework for the RNSIIPG, C1 will develop planning tools and institutional capacity to improve the knowledge base and the management of the marine ecosystem represented in these islands and capes. It will also carry out investments to improve the existing control and surveillance systems and establish a more integrated and coordinated system. It will support the design and implementation of a management monitoring system for RNSIIPG, scoping all process stages: planning and use of natural resources, research management, and biological monitoring of extraction activities;
- Component 2: At the priority zones of the reserve, this component will be supporting the implementation of management activities, with the direct participation of local actors such as tourism operators, artisanal fisheries associations, local/regional governments aimed at reducing threats and improving the long-term sustainability of marine resources. The participation of academia and NGOs will be promoted to ensure the preparation of biodiversity baseline and support the designs and operation of the information and monitoring system.

## **B. PROJECT OVERVIEW:**

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

### Country Context

Peru is one of top 20 countries with the highest levels of biodiversity in the world. It possesses 84 of the 117 existing life zones on the planet and it ranks first for genetic resources and species of fish, second for birds, and third for amphibians. The oceanographic and fishing characteristics of the Peruvian sea are governed by a complex system of marine currents that create one of the most important upwelling systems in the world and which sustain a major fisheries industry.

The main features of the Peruvian Pacific Coast are a narrow continental shelf, deep ocean trenches, a dry coast and a high degree of endemism. As much as 6% of its marine microalgae, almost 40% of the bivalve mollusks and 70% of its perciform marine fish are endemic. One of the world's most productive fisheries, based mainly on Peruvian anchovies or *anchovetas* (*Engraulis ringens*), sardine (*Sardinops sagax sagax*) and hake (*Merluccius gayi peruanus*), are also found here. Such large fish are the source of food for numerous marine bird and mammal populations. The biodiversity of marine fish in the two ecoregions (Humboldtian and Tropical Eastern Pacific), offshore of the Peruvian coastal band, have been estimated to include close to 900 species. Almost 60% of these species are littoral benthic. Also on record on the Peruvian littoral are 872 species of mollusks, of which 92 are endemic to Peru. In addition, 296 species of crustaceans have been identified, for which there is only limited data and practically no current studies.

The threats found in the Peruvian Coast and Ocean show remarkable similarity with major problems experienced in other countries or territories across the Pacific Ocean. The main threats include habitat disturbance and destruction, overfishing, destructive fishing (such as illegal use of explosives and high seas bottom trawling), and other economic activities that have resulted in serious declines in global fish stocks and

marine biodiversity. In Peru, pressures over marine resources stem from local food demand and from the fisheries export industry –Peru is the leading fishmeal exporter derived from the *anchoveta* fishery. The prospect of unsustainable extraction of marine resources combined with a growing tourism industry along the coast has prompted the government to increase its attention to overfishing and protection of marine biodiversity in the recent years. Improvements in the regulatory framework for anchoveta fishery through a transferable quota system and other measures (e.g., reduction of fleet size, compensation for displaced fishermen, seasonal restrictions) together with better enforcement and control have been developed in recent years with support from FAO, the World Bank, and other agencies.

In addition to large-scale commercial fishing, the artisanal fishing fleet has been reported to be growing although reliable estimates of their participation in the *anchoveta* and other commercial species are not available. Artisanal fishers have exclusive rights within 5 nautical miles from the coast (commercial fleet can fish only beyond that limit) and vary widely in terms of fishing techniques and target species being harvested (scallop, mollusks, crustaceans, algae, etc.). There appears to be limited control of the volume of resource extraction and the government lacks systematized information on impacts on the surrounding habitats. Aquaculture concessions have also been granted at various locations along the coast. Much scope exists to better understand the effect of artisanal fisheries on local marine habitats and to integrate them in management efforts to improve productivity and increase the sustainability of resource use.

In recognition of almost a century of intervention in the guano islands and their importance for marine resources, the government established the RNSIIPG. After almost a decade of deliberation with civil society, the reserve was legally defined in 2009 as comprising 22 islands and 11 capes for a total of 140,883 hectares (including terrestrial sites and 2 nautical miles around each site). These islands and capes represent refuges for numerous species, including three main guano-producing seabirds: the Guanay Cormorant (*Phalacrocorax bougain-villii*), the Peruvian Pelican (*Pelecanus thagus*) and the Peruvian Booby (*Sula variegata*). Sea lions, Humboldt penguins, endemic mollusks and other species have been observed to also use the islands as a corridor for refuge and reproductive functions.

The RNSIIPG was conceived as a representative system of linked marine habitats that would serve as a valuable subject for study and biodiversity monitoring. As a system spanning almost 3000 km, however, the socioeconomic pressures and natural conditions of each zone in the Reserve are highly heterogeneous and require specific assessments and tailored management efforts. For example, some areas of the reserve face specific extractive pressures from artisanal fishers (e.g., compressor diving for sea scallop) while others are impacted by fairly unregulated tourism activities (e.g., spear fishing, sport fishing, and wildlife tours).

RNSIIPG is managed by the National Service of Natural Protected Areas (SERNANP), a government agency within the Ministry of the Environment. SERNANP's leadership in the new administration aims to consider social inclusion as a cornerstone of its efforts to support ecological and ecosystem processes in protected areas. This means taking full account of the livelihoods that depend on these resources when designing management efforts. For this purpose, it engages regional and local authorities and actors from early stages to ensure that management approaches are supported and owned by these stakeholders. In addition, SERNANP is working with other national institutions such as the Guano administration entity within the Ministry of Agriculture (Agrorural, formerly known as PROABONOS); Fisheries Research Institute (IMARPE), the Coast Guard Service (DICAPI), the Ministry of Production in charge of fisheries management (PRODUCE), and other institutions to develop a strategy for cooperative action in the Reserve. For example, PROABONOS has physical presence in the many islands (guards and basic infrastructure) and cooperates already in developing and sharing monthly monitoring data of sea birds and sea lions. Likewise enforcement actions are shared and coordinated with the Coast Guard Service.

## **Project Objective**

The Global Environment Objective is to improve management of marine and coastal ecosystems and protect biological diversity through institutional strengthening and support for collaborative regional projects for the Guano Islands, Islets and Capes National Reserve System of Peru (RNSIIPG).

## **Project Design**

The project will be funded by GEF with a US\$8.92 grant and by KfW through a €10 million (approximately US\$ 15 million) grant for a marine project with emphasis on the RNSPIIG and an additional \$2 million contribution to the endowment fund of this reserve. The Government of Peru, through SERNANP, PROANOBOS, IMARPE, Coast Guard, private sector and local fisheries associations will assign \$17 million in co-financing of which \$1.66 million will be cash and the rest in-kind. The proposed project design includes four components:

### **Component 1**

This component will seek to build capacity at SERNANP and other institutions involved in the management of coastal-marine resources. Capacities will be strengthened at the following levels:

- a) Improving the capacity and scientific basis for management action by developing baseline data on marine and coastal biodiversity;
- b) Preparing and implementing master plans for priority sites, including buffer zones; management plans for target species. The sequencing between planning tools and implementation of management actions under Component 2 below will be designed so as to avoid unnecessary delays by undertaking actions concurrently, such as those pertaining to building the necessary social buy-in and other useful actions (e.g., demarcation of Reserve limits);
- c) Targeting training of SERNANP's staff, at the marine and coastal area levels and other relevant institutions;
- d) Design and implementation of a communications strategy;
- e) Development of inter-institutional coordination mechanisms and;
- f) Basic equipment, infrastructure and telecommunications for enhanced surveillance and control.

It will also include sustainable financing mechanisms through the following activities: i) by allocating US\$2 million from GEF to operate a trust fund to finance a portion of the recurrent costs to manage RSNPIIG. This fund will be matched by a US\$2 million grant to be provided by KfW; ii) by developing a Financial Sustainability Strategy to determine and identify potential sources and revenues, including a road map to implement the identified financing options. The operation of the trust fund will follow existing procedures applied by PROFONANPE since 1995 when it received the first GEF grant to establish the Protected Areas Trust Fund – these have been audited in previous World Bank projects and found highly satisfactory. PROFONANPE will hire an Asset Manager to manage the trust fund portfolio among the top ranking banks following guidelines established by the National Banking Superintendency of Peru. A “Trusteeship Contract” (*Contrato de Comisión de Confianza*) would be signed, whereby the Asset Manager makes the Project endowment investment decisions on behalf of PROFONANPE based on pre-agreed criteria (e.g., risk profile, maturity of investments, etc.). The Asset Manager will record and keep separate accounts for portfolio transactions and revenues. A Financial Advisor will also be contracted to supervise and carry out portfolio monitoring.

### **Component 2**

This component will include the development of collaborative management projects in at least 10 priority zones of the reserve aiming at developing socially viable organization models with strong participation of the local community and other relevant stakeholders (e.g., regional governments, research institutions, NGOs,



etc.). The priority zones will be characterized for the relevant ecosystem functions they support based upon the planning instruments developed under component 1 and the biodiversity baseline data to be generated under each project.

The projects would seek to introduce more sustainable resource use practices (guano extraction, fishing, tourism, etc.) by improving the level and type of extractive activities, adding value to products and services, and seeking to connect them to higher-value markets. This will help to develop a combined co-management and conservation strategy involving users, stakeholders and local communities in conservation and sustainable management efforts. At the same time, it will help to integrate socio-economic aspects and participatory processes into biophysical planning. As part of the preparation process, a Stakeholder Analysis will be developed in order to better understand the current economic and social conditions of stakeholders in the priority sites. The Project aims to engage these stakeholders by proposing to provide extraction methods and processing options that increase productivity and value added, while better protecting stocks and reproductive functions of the target species.

The potential for registering artisanal fishers within an area and setting co-management schemes (self control of fishing effort, community surveillance of illegal activity) will be employed. For example, SERNANP's experience in collaborative management in pilot area Isla Santa has yielded encouraging results. Establishing regulations on illegal fishing activities and conducting a series of educational workshops with local fishermen has resulted in 39 volunteer park rangers enrolling from within the community since 2010 to safe keep the island. These fishermen/park rangers have stated that as a result of the implementation of fishing controls their catch rates by environmentally responsible methods have increased by 150%, improving their livelihood and further motivating them to support the implementation of the MPA regulations for the conservation of Isla Santa's resources. This kind of initiative will be replicated in the selected priority areas under the Project.

### **Component 3**

Monitoring and evaluation will be carried at three levels: (i) monitoring of management effectiveness of the Reserve, (ii) biodiversity monitoring in the collaborative projects (for component 2); and, (iii) financial and administrative monitoring. The first level includes the monitoring of project progress against the overall objectives and targets in the project results matrix, including tracking protected area management through the GEF Management Effectiveness Tracking Tool. The second level pertains to tracking specific targets of the collaborative projects, including local biodiversity, relevant market data for marine products and services (e.g., tourism), project inputs, outputs, and lessons learned. The third level refers to tracking efficiency in overall project implementation, contrasting progress in project activities with use of funds and procurement decisions. SERNANP and PROFONANPE will be jointly responsible for monitoring and reporting at levels i) and ii) and PROFONANPE for monitoring and reporting at level iii). In addition, this component will support the design and implementation of a comprehensive management monitoring system for RNSIIPG, scoping all process stages, from planning and rights-awards for research management to biological monitoring of extraction activities, both for island guano and other resources.

### **Component 4**

Coordination among and between project components and the various actors involved in project implementation will require an efficient, experienced, and well-trained coordination team. Highly competitive labor markets in Peru combined with unusually difficult logistical conditions (long distances on land and sea) contribute to relatively high management costs. While provisional management costs are set at 5% as advised by GEFSEC, these costs will be reviewed in detail during preparation. Funds under this component cover costs associated with the Project Coordination Team (PCT), who will be working with SERNANP and other institutions in arrangements to be identified during the preparation stage. To the extent possible and pending discussions with KfW, Project staff will be shared where feasible. Also included in this component is support for a Technical Committee to serve as a consultative body and to include government agencies, research entities, and NGOs with proven expertise in management of marine areas. This committee would be expected to provide technical guidance during the implementation of the project.

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

GEF financing is necessary to support the Peruvian Government in protecting globally significant biodiversity through developing effective and sustainable marine management models. Given the complexity involved in the management of marine ecosystems, without GEF's support, Peru would likely continue to prioritize and focus on the management of terrestrial protected areas, increasing the representativeness gap of marine areas and posing additional risks to highly endangered marine species. Thus, in terms of global biodiversity benefits, the Project contributes to increasing Peru's stewardship of a unique system of linked marine habitats for seabirds, mammals and numerous fish and other species along the 22 islands and 11 capes which comprise the Reserve (see paragraphs 5 and 6 of Section B.1 for further details).

The project as proposed benefits from baseline actions and counterpart support as described below. First, the RNSIIPG is already legally established with clear demarcation and responsibilities for management. The RNSIIPG was established by Decree No. 024-2009-MINAM and the Technical Coordination Group comprising of the six government agencies listed in section B.5 is in place to prepare a Management Strategy for the reserve. The land covered in the reserve is entirely public and there are no conflicts or ambiguities about its territorial coverage. Second, a modest but useful institutional core is already in place to be built upon for the implementation of the proposed project. SERNANP has a designated budget for RNSIIPG supporting current staffing of seven (park manager, 4 park rangers, and 2 education specialists), office space in the town of El Chaco, and the support from staff at SERNANP's headquarters in Lima. This group is developing initial planning for piloting collaborative activities in the Islands of Santa and Ballestas, as well as coordinating the population surveys of guano seabirds and sea lions being conducted by PROABONOS. In addition, while legally established as a separate Reserve with independent staffing and facilities (including offices and interpretation center), the Paracas National Reserve<sup>7</sup> provides logistical support (boats and rangers) for selected operation. Third and last, the project will benefit from activities linked to baseline information and pilot projects in three Islands of the Reserve (San Juan, Ballestas, and Lobos de Tierra) from the GEF-supported Humboldt Current Project as described in Section B.6.

Regarding co-financing, the Government of Peru, through SERNANP, PROANOBOS, IMARPE, Coast Guard, private sector and local fisheries associations will assign \$17 million in co-financing of which \$1.66 million will be cash and the rest as in-kind contribution. The national budget finances basic recurrent costs, namely staff salaries necessary to manage RNSIIPG and to support the Project activities (e.g., in technical and administrative functions). In addition, GEF financing is expected to be leveraged by KfW support stemming from bilateral agreements reached under the debt for nature swap program (US\$ 2 million for an endowment fund) and from a new grant supported by the government of Germany (€10 million). The support is allocated for the Third Phase of the National Program of Protected Areas through the same agency that will manage the proposed GEF project PROFONANPE. This includes a "Project for the Conservation of Marine and Coastal Protected Areas in Peru, with emphasis on the National Reserve of Guano Islands, Islets, and Capes." PROFONANPE and SERNANP are currently coordinating preparation activities of this KfW project to closely complement investment activities with the proposed World Bank project.

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

<sup>7</sup> The RNSIIPG together with Paracas National Reserve (335,000 has), the San Fernando Reserved Zone (a Reserve Zone is a status prior to protected area – it comprises 154,716 has) and four other smaller protected areas of less than 4,500 in total account for all coastal and marine environments under legal protection in Peru.

The proposed Project will promote environmentally sustainable activities for the local population, providing incentives for conservation while strengthening local economies. Sub-project activities will be directly implemented by local fisheries associations. The outcomes of these sub-project activities will be improved fishing conditions, and artisanal fishing opportunities. Better administration of RSNPIIG should have a positive impact on the means of subsistence of fishermen, since it would offer them biodiversity-related options that could generate additional income. Local fishermen communities and associations would also benefit from training and development of skills to support the management of RSNPIIG. The proposed Project's strategy would also help to decrease human pressures and threats to RSNPIIG by demonstrating alternatives to the unsustainable fisheries practices. The Project will promote environmentally sustainable activities for the local population, providing incentives for conservation while strengthening local economies.

Under the collaborative projects, activities will be directly implemented by local fisheries associations and it is expected that they will continue to be implemented beyond the Project's financing with other sources, such self generated funds and contribution from local governments and other sources of financing.

Given the high local demand for marine species, the project will also explore the potential to develop mechanisms to sustainably harvest marine products through third party verification for the local food market.

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

The risks for executing the project and accomplishing its objectives are the following:

- a) Political risks related to the project's complexity in achieving the needed cooperation from various government and stakeholder groups, including PRODUCE and nine regional governments.  
Risk mitigation measure: The Project will provide support to SERNANP to coordinate the planning and operational aspects with other government and stakeholder groups. From early stages, the Project team will work with each group to identify areas of common interest related to the Project's objectives (e.g., working with PRODUCE to promote productivity improvements while safeguarding biodiversity). Subsequently, PROFONANPE will sign project-specific agreements with SERNANP, regional governments, and other relevant stakeholders to define roles and responsibilities for the implementation of the Project.
- b) Social sustainability risks related to modification of economic activities and access restrictions with high potential impacts, including tourism, artisanal fisheries, guano extraction, aquaculture. These potential risks will be mapped in greater detail through a social assessment.
- c) Risk mitigation measure: From early on in the preparation phase and through implementation, engagement with the potentially affected economic interests will be sought to protect their rights to sustainable resource use while meeting the biodiversity conservation objectives of the RNSIIPG. A Process Framework to address social impacts and a detailed Communications Program will help address the potential impacts and reinforce acceptance for the collaborative projects in Component 2.
- d) In relation to climate change, research indicates that societies depending on climate-sensitive industries (fisheries, agriculture, tourism) and with limited adaptive capacity and infrastructure are most vulnerable. The marine ecosystem faces higher risks of (i) increased frequency of the ENSO events, (ii) ocean acidification, (iii) warming of upper ocean layers, (iv) changes in winds and upwellings, (iv) changes in ocean currents, among others. The combined effects of physical changes and ecosystem responses to climate change could pose some risk to the implementation of the project if protected area management is affected by these changes (e.g., drastic changes in currents limiting access to areas, significant shifts in fisheries catches affecting local incomes).  
Risk mitigation measure: The project will aim to incorporate research on observed and projected climate change effects into management strategies and will build-in adaptive capacity as part of the institutional strengthening and pilot project activities.

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

Key stakeholders are the local groups participating in the project activities and potentially affected by the Project some of whom may not be formally organized. They include local artisanal fishers, harvesters of guano, local organizations, and members of the local tourism industry. Other important stakeholders are:

***The National Service of Protected Areas (SERNANP)*** is a technical government agency within the Ministry of the Environment, responsible for the administration of the National System of Protected Areas, including the recently created RNSIIPG. SERNANP, in coordination with PROFONANPE, will be responsible for technical and political leadership of Project activities.

***The Institute of the Sea (IMARPE)*** is a specialized technical agency focused on scientific and technical research on the assessment of fishery and biodiversity resources. IMARPE will participate in improving technical and scientific basis for marine resource management associated with the RSNPIIG.

***The Ministry of Production (PRODUCE)*** is responsible for national and sectoral fisheries policies, microenterprises and industry sectors. PRODUCE sets rules and technical guidelines for the proper implementation and monitoring of both commercial and artisanal fisheries. PRODUCE will participate directly in the Reserve's planning tools and will coordinate fisheries control actions with SERNANP.

***Tourism and recreational industry representatives and the Ministry of Foreign Trade and Tourism (MINCETUR)***. The latter is in charge of promoting and regulating tourism. These actors will be invited to plan and advice on tourism activities compatible with the biodiversity protection goals of the Reserve.

***The General Directorate of Captaincy and Coast Guard of Peru (DICAPI)*** exercises maritime, river and lake authority and controls and protects human safety at sea. DICAPI will have a key role on supporting the Reserve's control and surveillance program as its mandate also includes environmental protection.

***PROABONOS now under Agrorural (Ministry of Agriculture)*** is a Special Project to Promote Use of Fertilizer from Seabirds is in charge of protecting marine and coastal biodiversity and harvesting, processing and marketing guano nationwide. It also exercises the management and control in 22 islands and 9 points of the coast, covering an area of 2,874 hectares, most of them included in the RNSPIIG. The project will seek to work with PROABONOS to secure the sustainable production and harvest of guano within the Reserve while protecting habitats and enhancing the monitoring of guano seabird and related species.

***Regional Governments.*** The regional governments with jurisdiction in the 33 sites of the RNSIIPG will be involved in the management planning process and will be encouraged to include conservation activities in their local development plans, becoming key actors for the protection of these sites.

***Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)*** is a non-government nonprofit organization whose mandate is to support Peru's protected areas system by long-term grant making and fund raising from different donors. Currently it supports 26 protected areas, financing activities such as management plans, recurrent costs, preparation and implementation of management plans and establishment and management of buffer zones. PROFONANPE will be the recipient of the GEF Grant and will be responsible for the overall implementation of the Project, including financial management and procurement according to the Project's Operational Manual and Procurement Plan. PROFONANPE has staff specifically trained to administer and monitor GEF projects; specialists experienced in procuring goods, services, and works under the Bank's guidelines; and systems in place to accurately track and manage grant funds.

***Associations of Artisanal Fisheries (OSPAs)*** and related local groups will become direct beneficiaries of the project activities as members will be trained on improved fishing practices and will join in voluntary control and surveillance system. They will also benefit from the implementation of collaborative projects by improved

and more stable returns from harvesting practices that increase productivity and value added.

**Associations of Industrial Fisheries** is one of the main unions of shipowners including companies dedicated to the production of fishmeal and fish oil as well as companies in the aquaculture sector. Their participation in outreach activities will seek raise awareness about the potential impact of large scale fisheries and the ecosystem linked to the Reserve's territory and biodiversity.

**Universities and Research Centers** include regional and private universities and research institutes working in areas of relevance to the RNSIIPG, such as the *Universidad Nacional Federico Villarreal*, *Universidad Nacional Agraria La Molina*, *University of San Marcos* and *Cayetano Heredia University*. Jointly with IMARPE, these education and research institutions are extremely important in the generation of capacity and practice in improved management of marine resources.

**NGOs** have been active mostly in the central coast, up to Asia (Lima) and Paracas (Ica) conducting several investigations, monitoring and rescues of marine and coastal species as well as briefings and environmental education. NGOs will be sought to engage in project activities, including the original international and national members of the **Biomar Consortium** which promoted the creation of the RNSIIPG.

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

The World Bank has implemented three previous GEF projects to support the Peruvian National System of Protected Areas. The National System of Protected Areas (SINANPE) has been supported through several projects, including four WB/GEF operations in Peru: (i) the National Trust Fund for Protected Areas Project (1991); (ii) the Participatory Management of Protected Areas Project; (iii) the Indigenous Management of Protected Areas in the Peruvian Amazon Project and iv) the ongoing Strengthening of Biodiversity Conservation through the National Program of Protected Areas. These projects have focused on establishing the long-term financing mechanisms through the design and operation of the Protected Areas Trust Fund and on the improved management of land-based protected areas. This is the first time that a GEF project will focus completely on marine protected areas in Peru.

The proposed Project is also expected to benefit from the accumulated learning on participatory management of ecological corridors, a highly regionalized approach supported by the World Bank project, *Strengthening Biodiversity Conservation through the National Protected Areas Program*. The specific coordination actions and synergies between PRONANP will be as follows:

- The experience of PRONANP's ecological corridors and landscape approach to integrate relevant actors will be used for the proposed Project.
- Both projects will be working with regional governments; therefore PRONANP will develop the conceptual and methodological basis for integrating regional governments into the management of protected areas.
- The proposed project will benefit from existing capacity of PROFONANPE to establish and manage endowment funds and its ability to coordinate additional sources of financing (i.e., KfW).
- The Financial Strategy that will be developed for RSNPIIG will be articulated to the objectives and strategies of the Financial Strategy of the National System of Protected Areas.

In addition, the proposed project will undergo a planning process to closely coordinate with UNDP's "Toward Ecosystem Management of the Humboldt Current Large Marine Ecosystem GEF Project." The proposed project will contribute to creating the institutional framework for the management of RNSIIPG, while the Humboldt Current project will support the elaboration of its management plan and will develop biodiversity sustainable management activities in three pilot sites within the Reserve. The experience developed through the implementation of such activities will further build on the design and implementation of the economic sustainable activities planned under the proposed project. In addition, the methodology to develop baseline information and collaborative pilot projects in the islands of San Juan, Ballestas, and Lobos de Tierra supported by the UNDP Humboldt Current Project) also contribute to the RNSIIPG baseline.

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

The World Bank has supported Peru's biodiversity program for over 30 years and will draw on this experience to support the successful implementation of this Project. In addition, the World Bank has been a partner of the Peruvian Government over the past five years financing over US\$1 billion in investment and policy reform programs addressing environmental and natural resources management, including fisheries, mining, forests, and water resources. These programs have enabled a good understanding and ability to work with the country's institutional and political systems that are necessary to enable effective interventions. More broadly, the World Bank brings global knowledge and experience in marine biodiversity issues and in the practical aspects of protected area management (e.g., establishing long-term financing mechanisms, devising effective management program in priority sites, experience in planning and executing participatory projects with local stakeholders). Drawing from its staff in the Peru, Ecuador, and at Headquarters with the necessary skills and Peru-specific knowledge, the World Bank is an ideal partner for this Project.

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

There is no fully blended co-financing. GEF funding is expected to be leveraged by about \$32 million of combined KfW associated financing and co-financing from the Peruvian government.

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

The World Bank's current Country Partnership Strategy (CPS) with Peru (FY07-FY11) is making growth environmentally sustainable, recognizing the need to raise the profile of environmental issues in Peru. This project will contribute directly to the CPS by supporting the increase of financing for protected areas, improving the management and area under conservation, thus enhancing biodiversity conservation and rationalizing the use of natural resources that are the basis for the country's economy.

World Bank staff supporting this project are environmental specialists with expertise in PA management, sustainable financing of PAs, and payment for environmental service schemes.


The Project will support GEF-5 biodiversity focal area. Specifically the Project will see to attain the objectives BD-1 Improve the Sustainability of Protected Area Systems and BD-2 Mainstream Biodiversity Conservation and Sustainable Use into Production Seascapes and Sectors. The Project will also indirectly support Climate Change Objective 5 Promoted Conservation and Enhancement of Carbon Stocks Through Sustainable Management of Land Use, Land-Use Change, and Forestry through the protection of the ocean as carbon sink.

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

**A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):** (Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this template. For SGP, use this [OFP endorsement letter](#)).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
Jose Antonio Gonzalez Norris	Peru GEF Operational Focal Point	MINISTRY OF THE ENVIRONMENT	03/21/2011

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

<b>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.</b>					
Agency Coordinator, Agency name	Signature	DATE (MM/dd/yyyy)	Project Contact Person	Telephone	Email Address
Karin Shepardson, GEF Executive Coordinator, World Bank		1/9/2012	Enos Esikuri, Acting Regional Coordinator, Latin American and the Caribbean Region, World Bank	(202) 458-7225	Eesikuri@worldbank.org