



**PROJECT IDENTIFICATION FORM (PIF)**

**PROJECT TYPE: FULL SIZED PROJECT**

**TYPE OF TRUST FUND: GEF TRUST FUND**

**PART I: PROJECT IDENTIFICATION**

<b>Project Title:</b>	Strengthening the effectiveness of the National Protected Area System by including a landscape approach to management.		
<b>Country(ies):</b>	Uruguay	<b>GEF Project ID:</b>	4841
<b>GEF Agency(ies):</b>	UNDP	<b>GEF Agency Project ID:</b>	4832
<b>Other Executing Partner(s):</b>	National Environment Directorate (DINAMA)	<b>Submission Date:</b>	March 7, 2012
		<b>Resubmission</b>	21 March 2012 2 April 2012
<b>GEF Focal Area (s):</b>	Biodiversity	<b>Project Duration (Months)</b>	48
<b>Name of parent program</b>	N/A	<b>Agency Fee:</b>	162,100

**a. FOCAL AREA STRATEGY FRAMEWORK:**

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Indicative grant amount (\$)	Indicative co-financing (\$)
Objective 1: Improve Sustainability of Protected Area Systems	Outcome 1.1: Improved management effectiveness of existing and new protected areas (PAs) <i>Indicator 1.1: PA management effectiveness score as recorded by Management Effectiveness Tracking Tool</i>	Output 1. New or strengthened protected areas (PAs) (5 over 120,742 ha) and increased coverage (396,432ha) of unprotected ecosystems	GEFTF	1,406,347	6,136,501
	Outcome 1.2: Increased revenue for protected area systems to meet total expenditures required for management. <i>Indicator 1.2: Funding gap for management of protected area systems as recorded by protected area financing scorecards.</i>	Output 3. Sustainable financing plans (5 PA and 1 systems level)	GEFTF	74,018	322,974
Sub-Total				1,480,365	6,459,475
Project management cost			GEFTF	140,635	720,000
<b>Total project costs</b>				<b>1,621,000</b>	<b>7,179,475</b>

**b. PROJECT FRAMEWORK**

<b>Project Objective:</b> The Uruguayan Protected Areas System incorporates a landscape approach to management, strengthening the effectiveness of PAs as nuclei for the conservation of globally important species and ecosystems						
Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Co-financing (\$)
<b>Component 1</b> System level Protected Area frameworks consolidated to adopt the landscape approach		Policy, institutional and regulatory conditions support the integration of PAs into the wider landscape, as measured by:  - Increase in number and size of areas specifically designated in land use plans for biodiversity protection actions (baseline 1 departmental plan: target at least 2 more departments and 4 sub-departmental plan)  - Capacity indices of departmental and municipal governments, related to the enforcement of	<b>1.1. National and sub-national land-use regulatory frameworks apply specific instruments for identifying and protecting “biodiversity-important areas” (BIA) within production landscapes.</b> Through:  • Criteria for identifying and creating “BIA” adjacent to PA and supporting the SNAP plan for connectivity (watercourses; ecologically sensitive areas; set-asides)  • Specific guidance for sectoral plans (forestry; agriculture; infrastructure) within BIA with improved mechanisms and standards for environmental assessment/ regulation;  • Operational manuals and guidelines for BD-friendly agricultural and ranching	GEFTF	427,765	1,931,661

		<p>environmental regulations and land use plans (baseline and target values to be developed in PPG)</p> <ul style="list-style-type: none"> <li>- Capacity index of DINAMA staff related to planning, management and enforcement in PAs and their surrounding landscapes (baseline and target values to be developed PPG)</li> <li>- Increased diversification of funds available for PA management including landscape related mechanisms e.g. investment by productive sectors in conservation and BD-friendly production, fiscal incentive schemes at national, departmental and/or local levels, direct incentive schemes under the Investments Law, and support from the SNAP Fund (measured by component 3 of the financial scorecard); this together with cost savings and partnerships reduce the funding gap by at least 20%.</li> </ul> <p>Ecosystems in SNAP that will be indirectly impacted favourably by the project:</p> <table border="1" data-bbox="391 1016 659 1226"> <thead> <tr> <th>Ecosystem</th> <th>Area (ha)</th> </tr> </thead> <tbody> <tr> <td>Marine and coastal PAs</td> <td>39,810</td> </tr> <tr> <td>Ravine forest</td> <td>43,513</td> </tr> <tr> <td>Fresh water wetlands</td> <td>65,227</td> </tr> <tr> <td>Saline and brackish wetlands</td> <td>10,392</td> </tr> <tr> <td>Grasslands</td> <td>176,993</td> </tr> </tbody> </table>	Ecosystem	Area (ha)	Marine and coastal PAs	39,810	Ravine forest	43,513	Fresh water wetlands	65,227	Saline and brackish wetlands	10,392	Grasslands	176,993	<p>production include landscape considerations and provisions for set-asides;</p> <ul style="list-style-type: none"> <li>• Enforcement strategies such as norms and incentives for multi-stakeholder participation in land-use planning and surveillance.</li> </ul> <p><b>1.2. National Protected Areas System (SNAP) management tools and financial plans incorporate the landscape approach.</b> Through:</p> <ul style="list-style-type: none"> <li>• System-wide norms for PA management plans that incorporate landscape-wide ecological and production considerations; new management models/categories (e.g. regional parks); buffer zone criteria, size &amp; delimitation;</li> <li>• System-wide Financial Plan and Business Plan for SNAP with provision for the a) financial implications of landscape approach (e.g. cost increases due to expanded area of operation vs. cost reduction due to partnerships and reduction of threats at source; b) income generation opportunities from landscape financial sources (e.g. fiscal incentive schemes at national, departmental and/or local levels, direct incentive schemes under the Incentives Law, and support from the SNAP Fund.</li> </ul> <p><b>1.3. Improved MVOTMA decision support system for integrating PA management with production landscapes</b></p> <ul style="list-style-type: none"> <li>• GIS-based monitoring system for tracking landscape-wide trends in land-use and emerging threats to PA (e.g. IAS, climate change and expansion of monocultures); and guiding decision making on priorities for conservation action (mapping for biological connectivity; definition of indicators for monitoring the impacts of climate change on ecosystem status and enforcement effectiveness strategies; cost-coefficients of different land-use and conservation approaches)</li> <li>• Training programme at central and regional levels on a) ecological and operational aspects of the integration of PAs with surrounding landscapes; b) monitoring of biological, productive and social conditions within and around PAs;</li> </ul>			
Ecosystem	Area (ha)																	
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<p><b>Component 2</b> Protected area management integrated with adjacent landscapes</p>		<p>Landscape approaches to management in 5 PAs covering at least 120,000ha and strengthened core functions (as measured by increased METT scores of 20%) increase PA effectiveness as nuclei for conservation of globally important BD, as measured by:</p> <ul style="list-style-type: none"> <li>- Stability in the populations of indicator species (e.g. birds</li> </ul>	<p><b>2.1. Land use plans and governance framework strengthened on ~ 400,000ha to increase integration of core PA into the production landscape</b></p> <ul style="list-style-type: none"> <li>• Inter-departmental; micro-region and sectoral land-use zoning plans for target areas developed through participatory planning to identify priority habitats; species, connectivity needs and BIA.</li> <li>• Multi-stakeholder conservation management platforms set up with clear</li> </ul>	1,052,600	4,527,814													

such as *Sporophila* spp., *Sturnella defilippii*, *Culicivora caudacuta*, *Emberyzoides* spp. and *Cistothorus platenses*, and plants including *Butia paraguayensis* palm and *Agarista eucalyptoides*)

- Reductions in the incidence of IAS in PAs as measured by monitoring of the PA IAS plan at end of year 2 and at project end

Management modifications in landscapes surrounding these PAs deliver biodiversity benefits to the following ecosystems (areas to be confirmed during PPG phase)

Ecosystems	North	Western	Total
Native forest - ravine, gallery, montane.	23,643	51,887	75,529
Grasslands	64,657	189,517	254,174
Floodplains; rivers; islands	64,674	2,055	66,729

As measured by:

- Increased areas (ha) of set asides (24,000) and BD friendly production practices in areas identified as biologically important in sub departmental land use plans
- Increase in the area or linear distances of biological corridors in farms and forest plantations
- Increases in populations of indicator species (to be determined during PPG phase)

institutional roles and responsibilities for decision-making and land use planning.

- Strengthened joint enforcement teams involving PA authorities, local and departmental Governments and local communities.

**2.2. Core functions of 5 selected PAs, covering ~ 120,000ha, strengthened for integration with surrounding landscapes, through**

- PA management plans developed that incorporate the landscape approach and enable the internal distribution of PA resources and efforts to the location and nature of external threats.
- Completion of the gazettal of 2 PAs, covering ~ 84,400 ha
- Integrated IAS and fire management plans for the two target areas.
- Business plans with cost implications and income generation opportunities associated with increased integration with surrounding landscapes (e.g. partnerships with local communities and productive sector actors to reduce costs, active investment by private sector actors in BD conservation, and promotion of BD-friendly business such as ecotourism).
- Brokerage of funds (through economic cases for investment in PAs, generation and dissemination of information to decision makers on the goods and services).
- Monitoring and early warning systems of external threats with potential to affect PAs (e.g. changes in land use, tenure or social/governance structures)

**2.3. Emplacement of private and corporate set-asides, in the target landscapes and BIAs surrounding the PAs (24,000ha), through:**

- Definition of micro-corridors and farm level planning for linking core PA areas with habitat fragments in surrounding production landscapes;
- Introduction (e.g. in the cases of soy) or orientation (in the case of forestry and livestock) product certification programmes and that reward BD-friendly management practices
- Incentive schemes such as direct subsidies for set-asides and for management modifications, and fiscal exemptions.
- Provision of training to private landowners and managers on the benefits and practicalities of incorporating BD considerations and set asides into agricultural, ranching and forestry production systems, and support to interchanges of experiences.

Sub-Total	1,480,365	6,459,475
Project management cost	140,635	720,000

Total project costs	1,621,000	7,179,475
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**c. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, (\$)**

Sources of Co-financing	Name of Co-financier	Type	Amount (\$)
National Government	Ministry of Housing, Spatial Land Use Planning and Environment (MVOTMA)	Grant	3,400,000
National Government	Ministry of Housing, Spatial Land Use Planning and Environment (MVOTMA)	In kind	588,000
Bilateral Aid Agency	Spanish Agency for International Cooperation and Development (AECID)	Grant	267,814
Local Government	Regional Governments	Grant	1,310,000
Local Government	Regional Governments	In kind	1,310,000
GEF Agency	UNDP	Grant	303,661
Total Co-financing			7,179,475

**d. GEF RESOURCES REQUESTED BY AGENCY (IES), FOCAL AREA(S) AND COUNTRY(IES)<sup>1</sup>**

GEF AGENCY	TYPE OF TRUST FUND	FOCAL AREA	Country name/Global	Project amount (a)	Agency Fee (b) <sup>2</sup>	Total c=a+b
UNDP	GEF	Biodiversity	Uruguay	1,621,000	162,100	1,783,100
<b>Total GEF Resources</b>				1,621,000	162,100	1,783,100

**PART II: PROJECT JUSTIFICATION**

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

**A.1. THE GEF FOCAL AREA STRATEGIES:**

1. This project will consolidate a shift in the way that PAs in Uruguay are planned and managed, from their current situation that keeps them largely functionally isolated within a highly modified landscape to one in which they merge gradually, and are integrated into, the wider landscapes that surround them; and where the management of the PAs and that of the surrounding landscape is progressively harmonized. This is increasingly necessary as expansion of commercial monocultures and intensified production systems (in the agriculture, livestock and forestry sectors) is making the landscapes surrounding PAs increasingly hostile to BD and accentuating their biological isolation, while at the same time increasing the threats posed to native species and ecosystems by invasive alien species (IAS). Phenomena associated with climate change are leading to increased threats to natural habitats from fire, and to modifications of the relative equilibrium between productive practices and biodiversity that characterize traditional production systems. The project will fill a programmatic gap and bridge the landscape-PA divide, thereby build upon and optimising other investments by GEF in the country, namely the GEF/UNDP project ‘Catalyzing the implementation of Uruguay’s National Protected Area System’ and the GEF/IBRD project ‘Rural Development and Biodiversity Management. It will take advantage of the opportunity presented by the country’s new policies on spatial land use planning to harmonize, at central and site levels, policies related to environmental protection, so as to incorporate the landscape approach to management, strengthening the effectiveness of PAs as nuclei for the conservation of globally important species and ecosystems.

2. The Project will increase the management effectiveness of two clusters of PA through consolidating core functions and increase the effective area of conservation in the north and the extreme west by developing specific land use plans with identified biodiversity important areas in which work will be undertaken to create set-asides in private and corporate properties and stimulate the uptake of biodiversity friendly production practices. The areas have been selected for their BD importance and their priority in development planning<sup>1</sup>. These include some of the country’s most important PAs in terms of biodiversity, which are subject to major threats from the expansion and intensification of productive activities in the areas that surround them.

3. By introducing this shift into the management of PAs and land use planning in the production landscapes surrounding them, the project will contribute to Strategic Objective 1 of the GEF Biodiversity Focal Area, to “Improve Sustainability of Protected Area Systems”. It will also contribute to Aichi Strategic Goal B on reducing direct pressures on BD, specifically Targets 5, 7 and 9 on reducing habitat fragmentation, sustainable management of agriculture and forestry, and the control of IAS, awareness of biodiversity values, integration of BD values into national and local planning processes, and eliminating harmful and promoting positive incentives for BD conservation. Likewise it will contribute to Aichi target 11: By 2020, at least 17 per cent of terrestrial and inland water, and 10 per cent of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed, ecologically representative and well-connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscapes and seascapes. In this sense it will also have indirect contributions to GEF BD Strategic Objective Output 2 National and sub-national land-use plans (2) that incorporate biodiversity and ecosystem services valuation.

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

<sup>1</sup> The Quebradas del Norte region in the north of the country, which includes the Lunarejo and Laureles-Cañas protected areas, and the area adjoining the Rfo Negro river in the extreme west, which includes the Farrapos and Bosques del Río Negro protected areas and the proposed Mafalda PA.

4. The project responds directly to the provisions of the Medium-Term Plan for the National Protected Areas System (SNAP) for 2010-2014. The objectives of the plan include i) the design of an ecologically representative network of protected areas that improves the contribution of the SNAP to the conservation of biodiversity at national, regional and global levels, and the resilience of the country to climate change; ii) the integration of the SNAP and its constituent areas into the territorial planning of the country and into other sector policies for sustainable development; and iii) the improvement and strengthening of the institutional framework for the planning and management of the SNAP and its constituent areas. The project is also in line with priority issues identified for updating in the National Biodiversity Strategy and Action Plan (NBSAP) which is in process and for which GEF support has been requested in the form of the enabling activity (EA) project. The proposal for the EA project identifies as priority issues the following: economic sectors (agriculture and large scale developments), the protected areas system, invasive alien species, land use planning, financing biodiversity conservation and sustainable use, and climate change.

5. The focus of this project on harmonizing and integrating the management of PAs with that of the landscapes that surround them, with the active participation of regional governments and local communities, is compatible with the provisions of the 2008 Law for Spatial Land Use Planning and Sustainable Development, and the 2009 Law for Decentralization and Citizen Participation. It is also closely aligned with the country's priorities regarding regional development (its inclusion of the north of the country reflects the priorities expressed in the Investments Programme, which aims to benefit preferentially this region which has historically been marginalized from many of the development processes that the country has experienced) and decentralization, given its focus on supporting the roles of local and regional governments in relation to natural resource management and conservation, as prescribed by the new Law for Spatial Land Use Planning and Sustainable Development.

## **B. PROJECT OVERVIEW:**

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

6. Uruguay is located in the temperate zone of South America, between 30° and 35°S, and borders Brazil to the north, Argentina to the west (across the Uruguay River), the River Plate to the south and the Atlantic Ocean to the east. Its terrestrial area measures 176,215km<sup>2</sup>, and its total population in 2004 was 3,241,003 of which more than 90% was located in urban centres. Uruguay is considered a middle income country, with a relatively high level of human development: in 2010, it had the third highest Human Development Index in Latin America (0.77). It continues to be faced, however, with problems of social exclusion in both urban and rural areas. There is a major demographic imbalance between urban and rural areas: 92% of the population lives in urban areas, and 41% live in the capital, Montevideo, with rapid rates of rural-urban migration.

7. **Biodiversity value** The global significance of Uruguay's biodiversity is based on it being a confluence of Amazonian and Chaco domains, with mosaic-like habitats dominated by grasslands, interspersed with marshes, spiny woodland ("espinal"), gallery forest, and bodies of standing water ("esteros"). The grassland ecosystem ("pastizal") is the most representative area of the country, periodically-inundated and interspersed marshes, espinal, gallery forest, and esteros. In this context Uruguay represents a terrestrial and marine ecotone of significant biodiversity value. Many tropical and subtropical plant and animal species have their southern limit of natural distribution areas in Uruguay. Similarly several Andean and Patagonic species reach Uruguayan territory. This is significant for conservation strategies regarding genetic biodiversity. Uruguay is one of 39 Neotropical fauna dispersal centers. The Uruguay dispersal centre is defined by the distribution of the amphibian, reptiles and birds species *Pleurodema bibroni*, *Cthonerpeton indistinctum*, *Anops kingii*, *Limnornis curvirostris*, and *Anisolepis undulatus*.

8. The grasslands that dominate the interior of the country form part of the Uruguayan Savanna ecoregion, which covers a total area of 355,700km<sup>2</sup> in Uruguay, Argentina and southern Brazil and is considered to be Critical/Endangered by WWF. These savannas encompass a mosaic of gallery forests, palm savannas and out cropping of submontane forests. The Uruguayan savannas include about 400 species of annual and perennial grasses. The gallery forests are found along the Uruguay, Negro, Yaguari, Queguay and Tacuarembó Rivers in the easternmost part of the ecoregion (in Uruguay), while submontane forests and palm savannas are scattered throughout the ecoregion. Native mammals in the savannas include the Near Threatened pampas deer (*Ozotoceros bezoarticus*), the Guazauvirá deer (*Mazama gouazoubira*) and the capybara (*Hydrochoerus hydrochaeris*): most of the mammals from this ecoregion are found in the gallery forests along the Uruguay River. The majority of the avian fauna (400 species) is concentrated in wetlands. There has been a recent decline in the numbers of the endangered greater rhea (*Rhea americana*) in this ecoregion. Other endangered birds that utilize this and neighboring ecoregions include the ochre-breasted pipit (*Anthus nattereri*), yellow cardinal (*Gubernatrix cristata*), saffron-cowled blackbird (*Xanthopsar flavus*) and pampas meadowlark (*Sturnella militaris*). Near-endemic birds that utilize this ecoregion as well as the Humid Pampas and Southern Cone Mesopotamian savannas ecoregions include two threatened species: marsh seedeater (*Sporophila palustris*), Entre Ríos seedeater (*S. zelichi*), and one near threatened species: chestnut seedeater (*S. cinnamomea*). The three species are patchily distributed east in the ecoregion, and in southeast Uruguay; they are found in low, seasonally wet grassland, and freshwater marshes. The marsh and Entre Ríos seedeaters are also found in riparian thickets (Stattersfield et al. 1998). There is one endemic palm – palma yatay (*Butia yatay*), which is found also in the Mesopotamian savannas ecoregion.

9. Cattle ranching have historically played a dominant role in the economy and landscapes of Uruguay, due to the existence of huge areas of temperate grasslands, which cover almost 80% of the country and are highly suitable for this activity (Table 1). The agriculture and agro-industry sectors represent up to 23 percent of the country's Gross Domestic Product (GDP). More than 90% of the rural area of the country is under private tenure and integrated into ranching or combined agriculture/ranching production units.

Land holdings are typically large – the smaller holdings are in the order of 200-300ha in size. Holding size is highly skewed, however: most producers are small family operators but these contrast with a smaller number of very large holdings, typically in the hands of Argentine and Brazilian investors. Traditional ranching systems feature rotations of livestock and agriculture in the same units of land, which has contributed to their productive and ecological sustainability; however the increasing influence of foreign capital in the agricultural and ranching sectors is leading to more intensive permanent production.

**Table 1. Principal natural habitats and land use in Uruguay <sup>2</sup>**

	Area (million ha)	Percent
Savanna, currently rangelands	14.00	79.4
Natural forest	0.60	3.5
Wetlands and other aquatic ecosystems	1.14	6.5
Permanent agriculture	0.92	5.2
Urban and infrastructure	0.30	1.7
Plantation forests	0.40	2.2
Other	0.26	1.4
Total	17.62	100.0

10. **Threats to biodiversity** BD is coming under increasing pressure from the intensification of the management of production landscapes. The natural ecosystems in these landscapes have for long been affected by fragmentation, degradation and elimination, as a result, since the 19<sup>th</sup> century, of *cattle ranching* and the *commercial extraction of timber and firewood*. The impacts of cattle ranching on the original savanna ecosystem have included a change in the composition of grasses and other native flora, due to the invasion of exotic grasses and the selective effects of grazing (which favours certain species over others, and thus alters natural competitive forces), soil compaction by cattle, and heavy loss of native forests. This in turn has affected the long-term sustainability of extensive beef production systems. Larger-scale ecological effects include the alteration of flooding patterns, fire cycles, and natural succession cycles, which in turn create a savanna ecosystem different from its original natural condition, with the consequent change in species composition and dominance patterns.

11. Pressures on BD from the agriculture, ranching and forestry sectors have increased markedly over recent years. The transformation rate of natural grasslands to agricultural systems during the last two decades has been about 125,000 ha/year, the intensification indicator applied by the Ministry of Agriculture rose from 1.08 in 2000 to 1.50 in 2010 and average land prices have shown corresponding increases from \$450/ha in 2000 to almost \$2,800/ha in 2011, associated with a transformation of production and marketing chains, including major investments of foreign (especially Argentine) capital. The country's forest estate has increased from 50,000ha in the 1980s to around 750,000ha, due to a *expansion of industrial plantations of pine and eucalypts* (particularly in the north and north-east of the country) supplying a industry exporting pulp and paper; the area under *dryland agriculture*, meanwhile, grew from 450,000ha in 2000 to 1,400,000ha in 2011, fuelled largely by growing global demand for soya, especially in Asian markets.

12. In addition to directly substituting natural ecosystems or traditional production systems, the expansion of the area of monoculture forestry plantations reduces the area available for grazing, thereby increasing pressures on pasture ecosystems from overgrazing, and modifies the trophic structure of ecosystems and populations at landscape level. Rice cultivation with artificial irrigation or using artificial flooding is also resulting in the loss of natural ecosystems, traditional production systems and associated species (especially those with high levels of ecological specialization), as well as modification of hydrological regimes through the construction of artificial reservoirs and dykes.

13. Wetland loss and degradation has also occurred to a substantial degree because of a variety of factors, including the early expansion of *rice cultivation* which both replaced the habitats and degraded them through the application of fertilizers and pesticides. Livestock production systems have also been subject to major changes: highly stable traditional systems, based on natural pastures or "*campos*", composed of grasses, herbs and associated shrubs (with great species richness of plants and animals), have been increasingly subject to *replacement by systems featuring continued and intensive cultivation*, featuring the substitution of the best native pasture species with invasive weed grasses such as *Cynodon dactylon* (with adverse impacts on the chemical and physical properties of the prevailing soils), and the ploughing and sowing of annual forages.

14. As production landscapes become progressively less BD-friendly as a result of these processes, it is becoming ever more difficult for the populations of fauna and flora centred in the few remaining sizeable blocks of largely intact habitat to move into and across them. This constraint on short-term migration reduces the effective range size of fauna species and therefore their population numbers; for both fauna and flora, it furthermore inhibits interactions between 'core' populations in the larger habitat blocks and isolated populations in other habitat remnants scattered throughout the surrounding landscape, affecting their long-term viability and limiting opportunities for repopulation in the case of local extinctions. Species affected by the loss and fragmentation of habitat, due in part to the spread of monoculture forestry plantations, include the EN amphibian *Melanophryniscus devincenzii* in the north of the

<sup>2</sup> Project Brief, GEF Rural Development and Biodiversity Management project, 2004

country (Area 1) and the EN rodent the Rio Negro Tuco-tuco (*Ctenomys rionegrensis*), whose small fragmented range is limited to northeastern Argentina and the Río Negro Department of western Uruguay (Area 2).

15. In addition to these risks of growing biological disconnection from the landscapes that surround them, the remaining habitat blocks are themselves subject to a number of threats. One of the severest of these threats is *invasive alien species (IAS)*, including species such as *Ligustrum lucidum*, a tree of Asian origin which dominates woody communities, deteriorating native woodlands and competing with native species; *Acacia longifolia*, an Australian tree which colonizes coastal dunes, modifying native vegetation and leading to coastal erosion; and the wild boar *Sus scrofa*, which competes with native flora and is declared a national pest. Other threats affecting these remaining habitat blocks include hunting, tourism and urbanization, the impacts of which remained largely constant over recent years; and pollution, grazing, civil works and fishing, whose severity has declined slightly.

16. **Climate change** also poses a threat to these ecosystems: based on climate scenarios for the next 50 years, the country is expected to face: a) Increase in temperature is likely to increase by 0.3-0.5<sup>0</sup>C by 2020, by 1- 2.5<sup>0</sup>C by 2050 and by 3.40C by 2100; b) Increase in precipitation – the amount of rainfall is expected to increase 12% to 112mm/month by 2020 and 57% to 157 mm/month) by 2100; and c) Increased frequency and intensity of extreme weather events – rainfall, winds, storms, and hail storms, but also drought periods, will all increase in number and intensity. Changes in moisture and temperature regimes may lead to increases in the risk of wildfires and to changes in phenological patterns and ecological processes, and the failure of traditional, largely stable production systems (as occurred in the drought of 2008/9, which caused economic losses to the beef cattle industry estimated at between US\$ 0.75 and 1.0 billion) may accelerate the process of productive intensification; while the increasing biological isolation of the remaining habitat blocks is likely to limit the ability of natural ecosystems to adapt to these changes, for example through the migration of ecosystem boundaries and the repopulation of outlying populations.

### **Protected Areas in Uruguay**

17. One of the principal tools used to date in Uruguay for combating these threats has been the establishment of protected areas. Due to the high historical levels of productive activity which have affected most of the country, and the absence of large extensions of “unproductive” lands (such as mountains and deserts), the formation of a national PA estate in Uruguay has been a challenge. The country’s first PAs were established at the beginning of the 20th century; at the start of this century 26 areas existed and were afforded a degree of legal protection status through different laws, national decrees or municipal resolutions. However, these areas had very heterogeneous characteristics and objectives and were created largely in an ad hoc fashion, rather than as part of a strategy for the conservation of biological diversity. Through a series of efforts of the Government and with support from the GEF through UNDP the legal basis of the National Protected Area System (SNAP) was established in 2000; the regulations of this law were then introduced in 2005 through Decree 50/2005, and the first two PAs were included in the system in 2008. Thus the SNAP is relatively new, but now counts with a solid legal foundation and approved guidelines for the formal creation of protected areas or incorporation of existing areas into the SNAP once specific aspects such as public consultations; delimitation have been completed. This process has been supported through the GEF-UNDP SNAP project and currently eight PAs covering 117,841ha have been incorporated. By 2013 four additional areas will be added covering an additional 198,256ha, and in five years another 199,043ha corresponding to eight new areas. Thus although the process of building the SNAP is well underway it is still characterized by limited area coverage (covering a total of 83,530ha or 0.468% of the country’s terrestrial area and 38,725ha or 0.277% of its marine/estuarine area). Furthermore there is, high levels of human activity and anthropogenic disturbance within PA boundaries (most PAs correspond to IUCN Category V), and the condition of most PAs that are largely functionally isolated from the landscapes that surround them.

18. PA legislation allows the PAs that make up the SNAP to be managed by public, private or civil society institutions. PAs are managed in accordance with specific PA management plans, which contain clear and precise guidelines regarding the permitted uses of their natural resources, corresponding annual plans of operation, and other specific plans (such as public use plans). PA management plans are required to be developed by the PA manager, with the participation of the main stakeholders, using the mechanisms of the Specific Advisory Commission (CAE) of the PA. MVOTMA is responsible for the approval of the plan and the oversight of its application, which is also supported by the CAE. Each PA has a Specific Advisory Commission (CNE), composed by representatives of the executive branch, local authorities like municipalities, owners of lands incorporated to the PA and local residents within the area, and environmental NGOs with activities related to the area. In most of rural development platforms promoted by the MGAP, there are CAE’s. There also are representatives of MVOTMA in social policy platforms promoted by the Ministry of Social Development, and the clusters promoted by the Ministry of Tourism and Sports (MITURD), which also involve the municipalities.

19. **Spatial land use planning legislation** Despite these advances, the PA needs to be linked to the landscape around them. The current policy and legal framework, which prioritizes spatial land use planning (implemented through the Spatial Land Use Planning and Sustainable Development Law of 2008) and decentralization (implemented through the Law for Decentralization and Citizen Participation of 2009) presents a unique opportunity for addressing these threats through an approach that harmonizes and integrates territorial development and environmental policies, at both national and local levels. The Law for Spatial Land Use Planning and Sustainable Development (SLUSD) provides for spatial *land use plans at both departmental and interdepartmental* levels. Departmental Governments have responsibility for developing these plans, with orientation from the National Directorate of Spatial Land Use Planning (DINOT) and the participation of local authorities. The harmonization of environmental protection and conservation issues inside and outside PAs is facilitated by the fact that both situations fall under the responsibility of DINAMA,

and the organisms responsible for spatial land use planning and water/watershed management respectively (DINOT and DINAGUA) belong to the same Ministry as DINAMA (MVOTMA).

20. **Baseline project** Over the 4 year of the project, it is estimated that the Government will invest US\$ 75,680,00 in activities related to PA management; sustainable agriculture and land use planning. In relation to Protected areas, biodiversity and environment: it is estimated that DINAMA will invest a total of \$7,480,000 of which 6.675m will be in PA management and SNAP consolidation, \$ 0.375m in biodiversity conservation \$0.130environmental education; \$0.3m in the promotion of the sustainable use of BD,. This will be complemented by an estimated \$1,800,000 of funds from regional governments. In terms of Spatial planning (ordenamiento territorial): in accordance with the provisions of the 2008 SLUSD Law DINOT is supporting the development of spatial plans across the country, which provide for the spatial planning of land uses in accordance with soil conditions. These include departmental and interdepartmental plans prepared by Departmental governments that govern land use within local territories, and strategic plans that apply at a larger scale, such as the provisions for coastal zone planning that are currently being formulated. A regional strategy document will be developed in 2012 for the northern basalt shield region, which constitutes part of the proposed target area for this project. The 2008 Law also provides for identification of areas that require special action for conservation; it also requires sector development plans to be reviewed in terms of their compatibility with the provisions of the local and strategic spatial plans supported by DINOT. More than 90 plans are currently in process of elaboration; however the main focus of the spatial planning that has been carried out to date has been on urban and peri-urban areas, with the aim of protecting valuable and fragile rural soils from urbanization. DINOT assigns \$50,000 per year to each of the 18 Departments in the interior of the country for the development of Spatial Land Use Plans, equivalent to a total of \$3,600,000 over the 4 years of the project.

21. **Promotion of sustainable production systems** Through two projects totalling 64.6 million "Natural Resources and Adaptation to Climate Change" (2012-2017) and "Building resilience to climate change and variability on small holders" (2012-2017), the MAGAP/WB will be supporting farmers in natural resource sustainable management to increase their resiliency to climate change variability in part through developing more sustainable production practices. These offer a foundation on which to build BD specific actions particularly in regards managing threats likely to be increased by climate change and in landscapes adjacent to PA. Specifically related to livestock production work progresses at the national level to develop *market instruments* to support more sustainable practices. The Uruguayan National Meat Institute (INAC) is promoting the implementation in the country of the standards for Certified Natural Meat stipulated in the norms of GLOBALG.A.P<sup>3</sup>, through the development of national interpretation guidelines for the standards under the guidance of a National Technical Working Group. To date, around 750,000ha (650 farmers) have received organic certification and in 2006 certified organic meat was exported to the value of \$8 million. In the forestry sector, around 235,000ha have been certified under the Forest Stewardship Council Standard and around 180,000ha under the ISO 14.001 Also in this sector a National Code of Forestry Best Practice has recently been developed by a working group composed of the General Forestry Directorate of MGAP, the General Inspectorate of Labour and Social Security (MTSS), MVOTMA, INIA, the Forestry Department of the Environment Faculty, the Association of Agricultural Engineers, the Association of Forestry Contractors and the Society of Forestry Producers. Nature tourism is a relatively new activity in the project areas: to date it has been subject to little in the way of formal planning or financial support. It has received some promotion from the Government (through the Ministry of Tourism) but is principally implemented by small- and medium-scale family-based operators providing services such as lodging, riding excursions and nature tours and, in the western area, boat cruises.

22. While this progress is positive there is much scope for further expansion of national level action to local levels and canalising efforts to areas in the landscape with intact habitat fragments and those around protected areas if the growing threats are to be addressed. Thus **the long term solution** is the implementation of a shift in the way that PAs in Uruguay are planned and managed, in accordance with the emphasis of the Medium Term Plan of the SNAP: now that the SNAP has been established and undergone basic operational and financial consolidation through the existing GEF project, it is necessary to look outwards from the PAs to ensure that they are effectively integrated into, and contribute to, the wider landscapes that surround them, in a similar fashion to French "Regional Parks", in accordance with the concept of 'areas under a special regime for environmental protection' provided for in the guidelines to the 2008 SLUSD Law. Under this model, PAs will blend in a virtually seamless manner into the landscapes that surround them, improving their connectivity and harmonising their management with that of the surrounding landscape. These surrounding landscapes will include micro-level corridors which will serve to promote connectivity between the core zones of the PAs and remnants of natural ecosystems in the buffer zones, and between the remnants themselves. The PAs will thereby function as nuclei for the expansion of populations of globally important species<sup>4</sup> into the wider landscape, contributing to the viability of the populations by increasing their size and permitting gene flow and migration between currently isolated local sub-populations. Under this model, PAs will also function as instruments for the consensus-based promotion of sustainable development: the biological integration between PAs and their surrounding landscapes will be paralleled by increased harmonization and cooperation between farmers and other stakeholders inside and outside of PAs. Approaches to conservation and natural resource management in the PAs and the landscapes that surround them will be tailored to the social, cultural and productive particularities of the different regions of

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<sup>3</sup> GLOBALG.A.P is a private sector body that sets voluntary standards for the certification of production processes of agricultural (including aquaculture) products around the globe. The GLOBALG.A.P standard is primarily designed to reassure consumers about how food is produced on the farm by minimising detrimental environmental impacts of farming operations, reducing the use of chemical inputs and ensuring a responsible approach to worker health and safety as well as animal welfare. [http://www.globalgap.org/cms/front\\_content.php?idcat=9](http://www.globalgap.org/cms/front_content.php?idcat=9)

<sup>4</sup> Defined as species which are of global conservation priority in their own right or those which form important components of ecosystems of global priority.



the country, thereby enhancing their potential for the generation of sustainable socioeconomic benefits. The generation of ecosystem services will be explicitly recognised and promoted, in collaboration between MGAP (which is responsible for the promotion of productive practices, which will be key determinants of these services) and DINAMA (in relation to environmental protection and conservation of BD).

23. The following two major **barriers** have been identified that prevent the achievement of this long term vision:

(i) Weak systemic capacities within the SNAP, spatial land use planning systems and environmental regulation processes for addressing emerging threats;

24. *Deficiencies in spatial planning tools and regulations for biodiversity conservation at the landscape level.* A solid legal basis exists for environmental assessment and planning the spatial development of production landscapes and sectors at central and regional levels (in the form of the 2008 SLPSD): this states that spatial land use planning should take into account the identification of areas that require “special protection” against production activities including conservation and/or restoration action. There is however no consistent procedural or methodological guidance as yet on how to identify; prioritize; set up or manage such areas or for optimizing their contribution to biodiversity conservation. Guidelines for spatial planning exist at national level, but not all departmental governments have developed their land use plans as required to by the SLPSD Law, or defined guidance for sectoral plans that are required for prioritised areas. As a result, there is a risk that development project could be placed in high BD value areas or that plans from neighbouring departments will contain conflicting provisions, e.g. promoting accelerated expansion intensive monocultures within the biological area of influence of a PA in a neighbouring department. Incentive and norms for multi-stakeholder participation in planning and surveillance exist at national and sub-national levels, but they only address production and rural development matters lacking specific provisions for dealing with joint enforcement of environmental regulations contained in land use planning legislation. Opportunities exist for ‘win-win’ situations whereby the modification of productive practices to favour biodiversity and PA management confers economic benefits to producers, for example through product certification and improved corporate environmental image; at present, however, there is inadequate awareness of this potential, or how to put it into practice, among many corporate actors.

25. *PA governance framework deficiencies: landscape-level management.* Important advances to the consolidation of the PA have taken place at foundational level, but external threats to them are growing and isolation from the landscape mean that deficiencies are found for adopting the landscape approach. PA management planning focuses on essential ‘core’ aspects of PA management and do not make provision for harmonizing the internal management and zoning of the PAs with that of the landscapes that surround them. In addition the SNAP Law lack a full definition of buffer zones and guidance on how to develop management plans for this and link these two areas beyond their border. The result is that external growing threats such as IAS and fire may fail to be adequately addressed, and opportunities for synergies and connectivity between the PAs and natural habitat contained in surrounding landscapes are not fully realized. Similarly, at present the financial planning of PAs focuses principally on standard ‘core’ functions but does not make provision for the potential costs and benefits of incorporating a landscape-wide vision – such as the increased costs associated with attending to additional areas outside of the PAs themselves, set off against the potential savings resulting from addressing external threats more effectively at source and from involving additional actors (such as landowners and local community organizations and NGOs) as partners in the conservation of BD in PAs and their surrounding landscapes.

26. *Institutional deficiencies for the coordinated and multi-sector decision.* The National Environment Directorate (DINAMA) is the dependency of MVOTMA with responsibility for environmental protection and sustainable development. Its Biodiversity Department is responsible for the protection of biodiversity both inside and outside PAs, including the restoration of degraded ecosystems, the protection of threatened species and populations and the control of IAS. In accordance with national decentralization policies, Departmental governments have been given the role of ‘territorial police’ by the SLPSD Law, responsible for overseeing compliance with environmental regulations and spatial land use plans. Institutional capacities are still weak at both levels, however, for executing these roles in part insufficient information on the potential trade-offs of land issues; biodiversity values; trends all of which are needed to inform decisions to prioritise resource deployment optimally. This is of concern given low budget and staff shortages that make cost efficiencies even more important. Staff members of both DINAMA and Departmental governments have limited technical grounding in the ecological and operational aspects associated with landscape-wide approaches to conservation (such as population biology, biological connectivity and working with actors in the productive sectors). Furthermore, their effectiveness is hampered by limited experience in partnering with local communities, landowners, productive sector actors and other key stakeholders and with actors in support of PA and landscape management.

ii) Limited experiences in practice with integration of the management of PAs with that of the landscapes that surround them

27. *Local level zoning:* Despite the provisions of the SLPDS, spatial land use plans have yet to be developed at the rural level or at the scale needed to influence habitat conservation in production landscapes in priority areas and adjacent to PA and their buffers. A number of potential instruments are named in the Law that could be used at such scale to plan and regulate land use such as inter-departmental, micro-region and sectoral level yet there is no practical experience of these or guidance on how to maximize their use for optimizing BD conservation or take into account considerations of land suitability (slope, soils and vegetation), threats or biodiversity (habitat of priority species, connectivity needs). As a consequence, the rapid changes in land use continue to fragment remaining habitats in the landscape and increasingly present threats to PA through encroachment. There is as yet a limited level of coordination and harmonization between MVOTMA (which is responsible for environmental planning and management both inside and outside PAs, for spatial planning and for water and watershed management) and MGAP, which is responsible for the

promotion of the agricultural, livestock and forestry sectors. This is a critical deficiency given the high rates of expansion of these sectors (particularly agriculture and forestry) and the resulting risk of negative impacts on biodiversity both within and between PAs. The harmonization of the management of natural resources and ecosystems inside and outside PAs is furthermore hindered by the limited degree of communication that exists between stakeholders at local level, for example between the local dependencies of different (environment and productive) sector ministries, between neighbouring landowners, between local populations applying traditional production systems and external investors applying intensified systems, and between land managers in areas that generate hydrological and other environmental services and the beneficiary populations of these services.

28. *Habitat conservation in the landscape:* In part through the successes of previous GEF projects there is an increasing awareness amongst civil society on the importance of biodiversity. Indeed a number of private and corporate property owners are interested in setting aside areas for conservation or adopting production practices that would reduce impacts on natural habitat within their properties. Nonetheless due to a combination of limited technical knowledge and sometimes still limited motivation, the development plans of land managers (most significantly, the growing number of large-scale corporate producers) fail to make provision for BD conservation and connectivity, for example through the designation of corridors and set-asides. Even where incentive and market conditions are favorable for the modification of production systems to promote BD, there are limited capacities and experience at local level for putting incentive and market mechanisms into practice, for example through agricultural, livestock and/or forestry production plans that make provision for set-asides and diversified production practices, and by compliance with environmental certification criteria.

29. *PA Site level core functions for addressing growing threats from landscape:* Despite Uruguay significant effort to create the SNAP many of its constituent PAs are still in the process of establishing core function. Of the 5 PAs in the areas to be targeted by the project, only two have management plans under preparation. To date these are following the existing norms that as indicated in the above barriers do not include landscape-level ecological and productive considerations needed for increasing the integration with management in the landscape. Furthermore financial planning is incipient and only addresses 'core aspects' of PA management. If the management of PAs and their integration into the landscape are to be effective the cost implications and income generation opportunities associated with increased integration with surrounding landscapes, and emerging threats to PAs such as IAS and fire, need to be defined. Capacities and systems are also lacking at present for the monitoring of external threats, the effective enforcement of environmental regulations, and for the generation of levels of funds that reflect the true economic values of the PAs.

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

30. *The objective* of the project is to strengthen the effectiveness of protected areas in Uruguay as nuclei for the conservation of globally important species and ecosystems. This will be achieved by creating enabling conditions of institutional collaboration, policies, capacities and resources to support the implementation of this approach, tailoring and strengthening the management of the PAs in accordance with their insertion into the wider landscape, and promoting local level biodiversity-friendly land uses; set asides and local corridors in the landscapes surrounding the PAs. A two pronged approach will be adopted. At the systemic level the project will focus on adapting national and sub-national land-use regulatory frameworks for including specific instruments for protecting biodiversity-important areas within production landscapes; provision of management and financial tools to incorporate the landscape approach into the SNAP regulatory and financial frameworks; and the development of a decision support system and training for integrating PA management with productive landscapes. This will provide the system support for site level work and provide the vehicle for replication of lessons learnt from the target areas to all other PAs that constitute the SNAP. At site level project interventions will strengthen land use planning to identify biologically important areas around PAs and strengthen and expand sets asides in properties alongside the uptake of BD friendly production practices; build governance frameworks for harmonising management of clusters of PA within the broader landscape and strengthening their core functions to address growing threats.

31. Taking into account the budget available, the project will focus largely on the two target areas (890,186 ha) that include a large proportion of the country's species of high conservation priorities and a diversity of globally important ecosystems including Uruguayan Pampa, Atlantic forest and wetlands designated as Important Bird Areas (A. Table3). The total area of PAs is 120,742ha (93,706ha for PAs in the north and 27,036ha for PAs in the west). The total area of surrounding landscapes is 769,444ha (with 501,934ha for PAs in the north and 267,510ha for PAs in the west). The total area of the ecosystems that will be positively affected is 517,174ha. Both target areas have a cluster of protected areas surrounded by production landscapes whose management is becoming increasingly unfavourable for BD conservation. The two areas selected are located in the north and west of the country (see Table 2).

32. Without the project there would be an increasing focus on the transition from largely sustainable and species-rich traditional production systems to more intensified industrial-scale production systems in the agricultural, ranching and forestry sectors in the target landscapes. The PA within these would continue to function but capacities deficiencies and resources shortages would impede the development of management actions at the levels required to address the increasing threats from these changes in the production landscape surrounding them. Land-use planning would continue without clear guidance and links to PA needs and an opportunity would be lost to identify and undertake focused conservation actions to protect habitat blocks in the landscape and integrate them with PA and their buffer zones. At the system level without the project the GoU would continue its work on incorporating PAs into the SNAP and advancing with their mid and long term plans. However these would not count with site level tested landscape

approaches to PA management or the strategic planning and guidance on the costs and resource mobilisation opportunities linked to potential finance mechanisms in production landscapes. The result would be that while specific areas are brought under protection they would become increasingly isolated and vulnerable to growing threats eroding their role in conserving globally important biodiversity.

33. **Global Benefits** The alternative solution seeks to build on a solid baseline and optimise the ongoing land-use planning and SNAP expansion process harmonizing and integrating the management of PAs with that of the landscapes that surround them in doing so reducing functional isolation and increasing their effectiveness as nuclei for conserving globally significant biodiversity. These global benefits include amongst other at the site level increased direct protection to 517,174ha of high priority ecosystems and species (see tables 2, 3 and project framework for detailed breakdown); increasing the protection to 24,000 hectares in recognised biodiversity-important areas (BIA) in surrounding production landscape and reducing threats by increasing BD friendly production in these BIA. The maintenance of structural diversity in Pampa ecosystems in the face of their increasing conversion to intensified and structurally simplified agricultural, ranching and forestry production systems, will benefit bird species such as the seed eaters *Sporophila* spp., which rely on pasture grasses being allowed to reach a sufficient height to produce the quantities of seed heads on which they depend for their diet. The maintenance of corridors of remnant vegetation in and around PAs will also benefit other pampa bird species such as the IUCN vulnerable *Culicivora caudacuta*, the endangered yellow cardinal *Gubernatrix cristata*, as well as *Emberyzoides* spp. and *Cistothorus platensi*). The maned wolf *Chrysocyon brachyurus* is considered by the IUCN as possibly extirpated from Uruguay, but national biologists report sightings as late as 2006: it is threatened by hunting and habitat loss and consequently would benefit from the existence of habitat refuges in and around PAs. In addition through strengthened systemic level action the project will deliver global benefits indirectly over a further 335,935ha (see project framework for details).

**Table 2. Protected areas in the target regions<sup>5</sup>**

Area	PA name	Total area (ha)	Category	Principal ecosystems	Main threats	Status	Management Plan	Tenure
1	Lunarejo	29,286	Protected Landscape	Canyon forest, swamp forest, hill scrub and grasslands	Beef ranching, rice farming, dryland agriculture	Included in SNAP	Being prepared	Private
	Laureles-Cañas	64,420	Protected Landscape			In process of inclusion	No	Private
2	Farrapos	5,758	National Park	Wetlands and islands, grasslands, riverine forest, <i>Prosopis</i> scrub	Dryland agriculture, beef ranching	Included in SNAP	Well advanced	State
	Mafalda	1,278	N/A			Proposal being prepared	No	Private
	Bosques del Río Negro	20,000	PA with managed resources			Proposal being prepared	No	Private

**Table 3. IUCN Red List Species located in the two project areas**

Area 1: Quebradas del Norte (Lunarejo and Laureles-Cañas)	Area 2: Río Negro (Farrapos, Mafalda, Bosques del Río Negro)
<b>Amphibia</b> <i>Melanophryniscus devincenzii</i> (EN); <i>Melanophryniscus sanmartini</i> (NT)	<b>Bivalves</b> <i>Castalia martensi</i> (VU)
<b>Birds</b> <i>Anthus nattereri</i> (VU); <i>Culicivora caudacuta</i> (VU); <i>Limnoctites rectirostris</i> (NT); <i>Picumnus nebulosus</i> (NT); <i>Polystictus pectoralis</i> (NT); <i>Rhea americana</i> (NT); <i>Sporophila cinnamomea</i> (VU); <i>Sturnella defilippii</i> (VU); <i>Xanthopsar flavus</i> (VU)	<b>Birds</b> <i>Alectrurus risora</i> (VU); <i>Gubernatrix cristata</i> (EN); <i>Polystictus pectoralis</i> (NT); <i>Rhea americana</i> (NT); <i>Sporophila cinnamomea</i> (VU); <i>Sporophila ruficollis</i> (NT); <i>Xanthopsar flavus</i> (VU)
<b>Mammals</b> <i>Ozotoceros bezoarticus</i> (NT)	<b>Mammals</b> <i>Chrysocyon brachyurus</i> (NT); <i>Ctenomys pearsoni</i> (NT); <i>Ctenomys rionegrensis</i> (EN)
<b>Reptiles</b> <i>Acanthochelys spixii</i> (NT); <i>Anisolepis undulatus</i> (VU)	<b>Reptiles</b> <i>Anisolepis undulatus</i> (VU);

**Component 1: System level frameworks consolidated to adopt the landscape approach will include the following:**

*National and sub-national land use planning policy and regulatory framework apply specific instruments for identifying and protecting “biodiversity-important areas” (BIA) within production landscapes.*

<sup>5</sup> During the PPG phase an analysis will be carried out of the feasibility of including an additional, third area, centered on Rocha and Garzón Lagoons on the country’s Atlantic coast, which also features important and threatened pasture ecosystems, as well as coastal and lagoon ecosystems. This coastal area will include two lagoons (Rocha and Garzón) as well as their basins. With this third site the project would involve three pilots representing three different ecosystems.

34. The project will support the development of capacities for informed decision-making and planning in relation to the harmonization and integration of productive and environmental priorities. The capacity development to be provided by the project will be targeted at a number of different institutions (see Sector B5), including DINAMA, DINOT and DINAGUA within MVOTMA, as well as other sector ministries including MGAP, MITURD and the Ministry of Economy and Finance (MEF). In accordance with the provisions of the 2008 LSPSD, it will support DINAMA, in association with DINOT, in generating strategic guidance governing the incorporation of biodiversity considerations into spatial and sector-specific planning processes for example through establishing the criteria for the identification and creation of “BIA” adjacent to PA particularly in areas that support the SNAP plan for connectivity (key watercourses; in ecologically sensitive; and existing and future set asides). Furthermore, methodological guidance will be provided to the processes of environmental regulation and impact assessment for which DINAMA is responsible, and systems will be developed to ensure that these processes are adequately supplied with reliable information on the location and characteristics of biodiversity, the nature and magnitude of the goods and services that it provides, and the implications of productive activities for biodiversity and ecological processes. Operational manuals and guidelines for BD-friendly agricultural and ranching production for including landscape considerations and provisions for set-asides will be prepared; while enforcement strategies such as norms and incentives for multi-stakeholder participation in land use planning and surveillance will be developed.

***National Protected Areas System (SNAP) management tools and financial plans incorporate the landscape approach***

35. The current GEF project (Catalyzing the implementation of Uruguay’s National Protected Area System”) has made major advances with the establishment of legal, administrative, technical and social bases for the SNAP, enabling the principal PAs in the country to exercise their core functions. The expansion of the vision of the SNAP, in order to harmonize PAs with the dynamics of the broader landscape, requires key aspects of the system framework to be strengthened by this project, complementing the advances made to date. This will include the development of system-wide norms for PA management plans and monitoring systems, which incorporate landscape-wide ecological and productive considerations; new management models/categories (e.g. regional parks); buffer zone delimitation. It will also include system-wide Financial Plan and Business Plan for the SNAP, with provision for the a) financial implications of landscape approach (e.g. cost increases due to expanded area of operation vs. cost reduction due to partnerships and reduction of threats at source – including lessons and data from target sites); b) income generation opportunities from landscape financial sources. Subject to further analyses during the PPG phase, these may include, for example, the following: fiscal incentive schemes at national, departmental and/or local levels; direct incentives, building on experiences to date with production incentives provided for under the Incentives Law, and/or in collaboration with the World Bank project “Sustainable Management of Natural Resources and Climate Change”; the recently-established SNAP Fund; and environmental certification schemes. The Investments Law already makes provision for incentives to productive activities, from central Government funds, but is currently focused mainly on promoting industrial forms of production. The project will support the application of these mechanisms to primary sectors, and specifically environmentally responsible forms of production. The Forest Law already makes provision for lands under native forest to be exonerated from property taxes: at present, few landowners have taken advantage of this opportunity by declaring their forests. The SNAP is currently assisting farmers in this process and through the project will focus optimizing this mechanisms to promote set asides in BIA in the landscapes adjacent to PAs. Certification also has significant potential to function as an incentive for the application of environmentally-sustainable forms of production. There is already significant experience in Uruguay with environmental certification of cattle ranching and forestry production (paragraph 21): the project will support land owners and managers in increasing the area under certification in the project’s target areas. The project will also work on developing enabling conditions and exploring the potential of other incentives that may be implemented in the future, such as payments for environmental services (PES). PES is in its infancy in Uruguay but interest has been expressed in this concept among Government and other actors, as expressed for example in the Medium Term Plan of the SNAP. In developing this evaluation on which a future PES system could be developed, STAP guidelines would be incorporated, particularly in regard to the need for setting up clear legal and regulation guidance for the actual transfer of resources between buyer and seller, and the oversight of the continued provision of the service. In addition to this evaluation, the project will already be setting up several of the key features needed for successful PES, for example by setting up best practices in BIA, providing guidelines and manuals on these, and training private farmers to implement them and building local institutions for their oversight.

***Improved MVOTMA decision support system for integrating PA management with production landscapes:***

36. During the PPG phase, a detailed analysis will be carried out of the existing tools for decision making on priorities for conservation actions and institutional capacities for monitoring landscape emerging threats to PA. On the basis of this analysis, a programme of institutional strengthening will be designed and implemented, including a GIS-based monitoring system for tracking landscape-wide trends in land-use and emerging threats to PA (e.g. IAS, climate change and expansion of monocultures); and guiding decision making on priorities for conservation action (mapping for biological connectivity; definition of indicators for monitoring the impacts of climate change on ecosystem status and enforcement effectiveness strategies; cost coefficients of different land-use and conservation approaches). The provision of training will also be given to the staff of DINAMA at both central and regional/local levels in relation to ecological and operational aspects of the integration of PAs with surrounding landscapes, such as the ecological implications and conservation benefits to be expected from increasing species’ effective range size and connectivity, the tailoring of specific management options (such as ecotourism) to landscape scale, and approaches for involving local communities living in the surrounding landscapes in the management of PAs. In addition staff of DINAMA and Departmental governments (in their role as ‘territorial police’) will be trained on issues of enforcement, including the precise provisions of environmental regulation and strategies for increasing enforcement effectiveness (such as the pooling of resources between different institutions and the promotion of the participation of local communities and landowners in conservation and enforcement).

## **Component 2: Integration of the management of target PAs with that of the landscapes that surround them**

### ***Land use plans and governance framework strengthened ~ 400,000 ha to increase integration of core PA into the production landscape:***

37. The project will work in the landscapes surrounding PAs in order to maximize the compatibility of their management with the conservation of the flora and fauna centred in the PAs, including the establishment of set-asides and micro-corridors. To this end, it will support DINAMA and DINOT in the emplacement of considerations of connectivity and conservation into the development of inter-departmental; micro-region and sectoral land-use plans that will identify priority habitats; species, connectivity needs and BIA. The project will foster multi-stakeholder participation for land use planning, and for management and surveillance actions. Based on the norms and guidance to be developed at national level under Component 1, it will help to ensure the effective participation of local communities and both environment and productive sector actors in planning, regulation and enforcement in support of PA and landscape management for target areas. The project will take advantage of a number of existing mechanisms to promote constructive interactions between key actors in these different spheres, including Specific Area Advisory Commissions, the Rural Development Platforms promoted by the Ministry of Livestock, Agriculture and Fisheries (MGAP), the Territorial Accord Platform for Quebradas del Norte promoted by actors including MVOTMA, MGAP, MINTURD and Department governments, the Inter-institutional Social Development Platforms promoted by the Ministry of Social Development (MIDES), and the Watershed Councils provided for in the National Water Policy Law. It will also support the enforcement establishing and strengthening joint enforcement teams involving PA authorities and departmental Governments and local communities.

### ***Core functions of selected PAs strengthened for integration with surrounding landscapes.***

38. The project will complete the gazettal process underway in 2 PAs, covering around 100,000 ha, and develop management plans in the target PAs, which will make provision for their integration into the surrounding landscapes, for example, with provisions for spatial zoning in the core zones of the PAs that relate to corridors proposed within the surrounding landscapes; the proposal of specific land uses and management practices that complement those in the surrounding landscapes of land uses (taking into account landscape-wide ecological processes); and the definition or adjustment of mechanisms for local participation in PA management. Additional plans will be developed to address specific issues such as IAS and fire. The specific provisions to be included in the two target areas will be confirmed through PPG studies. The broadening of the vision of the SNAP to include a landscape-wide perspective has additional financial implications beyond those taken into account by the existing GEF/UNDP project, and this project will implement complimentary strategies to ensure the financial sustainability of the target PAs. Firstly, it will support the development of financial sustainability plans that make provision for the cost implications and income generation opportunities associated with increased integration with surrounding landscapes. Secondly, it will contribute to the brokerage of funds through the generation of information on the goods and services generated by natural and semi-natural ecosystems in the target areas, and their actual and potential contributions to sustainable social and economic development and climate change resilience, and the dissemination of this information to policy makers responsible for determining resource allocations. In the northern part of the project area, for example, natural vegetation plays an important role in relation to the recharge of the Guaraní aquifer, which is shared between Uruguay, Paraguay, Bolivia and Brazil and is important for irrigated agriculture; the existence of natural ecosystems is also central to the country's tourism brand, "Uruguay Natural", as promoted by the Ministry of Tourism and Sports (MINTURD). There is considerable potential for generating income through ecotourism: the Medium Term Plan for the SNAP reports a contingency valuation survey carried out in the Quebrada de los Cuervos protected landscape, for example, which indicated that visitors would be prepared to contribute more than three times the current entry fees. Ecotourism is currently being actively promoted by MINTURD, especially in the north of the country, in accordance with the National Plan for Responsible Tourism (PLANTUR). Ecotourism is also being supported by the IADB-funded Programme on Improvement of the Competitiveness of Strategic Tourism Destinations, and the GEF Small Grants Programme. Core PA management functions will further be strengthened through the development of systems for the monitoring and early warning of external threats with potential to affect PAs (such as changes in land use, tenure or social/governance structures) and the formation and strengthening of joint enforcement teams involving PA authorities, local and departmental Governments and local communities.

### ***Emplacement of private and corporate set-asides, in the target landscapes and BIAs surrounding the PAs (24,000ha)***

39. Involvement of private sectors that are active in the modification of production landscapes surrounding PAs will be critical. To this end, the project will work in the definition of micro-corridors and farm level planning for linking core PA areas with habitat fragments in surrounding production landscapes. Through the provision of technical support, it will also support the development of incentive schemes to ensure the commitment of private sector landowners and resource managers to modifying their productive practices in the target landscapes surrounding the PAs. Building on the legal provisions contained in the Law for Environmental Protection on tributary incentives for production processes that are environmentally friendly, and learning lessons from the incentives that have been provided by the Government for the forest plantation sector, the project will advise on alternative incentive models for conservation such as direct subsidies for set-asides and for management modifications, and fiscal exemptions. These options will be analysed in detail during the PPG phase and will build on the experiences developed by the corporate sector, which currently includes seven private set-asides totalling over 2,500 ha located in ecologically relevant areas. The project will also explore opportunities for using market-based incentives such as environmental certification in the forest and livestock sectors, including the eligibility criteria for access to certification programmes that reward BD-friendly management practices, and on how to meet them, and for working with the environmental responsibility schemes of the major corporate actors that are involved in the industrial agriculture and forestry sectors. Training will be provided to private landowners and managers on the benefits and practicalities of incorporating BD considerations and set asides into agricultural, ranching and forestry production systems, and

interchanges of experiences between landowners and managers will be supported and facilitated. This training will be provided by DINAMA technicians and, as appropriate, by partner NGOs: furthermore, the project will seek to ‘train trainers’ by targeting MGAP extension agents and technicians working for landowners and managers as well as other private sector service providers (to be identified in detail during the PPG phase). Landowners and managers will also be provided with guidelines on certification, covering for example the types of practices that are eligible to be certified and the procedures for attaining certification. A further strategy, discussed between MVOTMA and MGAP during the process of formulating the PIF, is to make MGAP support to producers conditional on compliance with environmental norms defined with the support of MVOTMA. There is significant evidence of interest among small producers in collaborating with the Government in relation to the conservation and sustainable use of biodiversity, for example the agreement that has been signed (and renewed over four consecutive years) between the National Commission for Rural Production (representing small farmers) and the SNAP, to work together on the promotion of sustainable agriculture. To date 1,050 projects proposed by small farmers in support of biodiversity-friendly production have been supported by the MGAP PPR project.

40. It is expected that the actions described will result in significant changes in the management practices applied by private landowners in the areas surrounding the PAs. These will include the establishment of set-asides and corridors, and the promotion of traditional “natural” grazing systems based on the management of natural pastures, including practices such as rotations between pastures and annual crops, the zoning of herd management practices in accordance with soil and vegetation characteristics and the location of watering sites in such a way as to minimize impacts on aquatic biodiversity. The target areas will be used to demonstrate the norms of good practice provided for in the Law for the Conservation of Soils and Water, which provide, for example, for the control of runoff, reductions in cultivation intensity, rotations of crops and pastures, direct sowing, soil cover crops and mulch, and the use of organic fertilizers. The precise nature of the production *modifications to be targeted will be defined in the PPG phase and reconfirmed for each private land owner during the course of the project*, through participatory analyses and experimentation at local level.

#### **Choice of project approach:**

41. The project is designed to complement, rather than duplicate, the existing GEF/UNDP project in support of the SNAP and the GEF/World Bank project on ‘Rural Development and Biodiversity Management’. Rather than seeking simply to continue the processes of operational strengthening commenced by the GEF/UNDP project, the project will adopt an outward-looking approach that involves putting in place a landscape approach to PA management at local level seizing the opportunity provided by the spatial land planning legislation. This approach was considered to be the most cost effective and realistic way of optimising baseline actions. Furthermore a mainstreaming approach alone would be beyond the scope of a project of this size and duration. By focusing on bridging the landscape –PA divide the project will provide specific impacts and full costs and requirements needed for up-scaling in future sectoral action within the country.

### **B.3. DESCRIBE THE SOCIOECONOMIC BENEFITS TO BE DELIVERED BY THE PROJECT**

42. The project will include four Departments which their municipalities: Río Negro and Soriano, in the west and Tacuarembó and Rivera in the North of the country. In these departments live 333,962 people (Río Negro: 53,989, Soriano: 84,563, Tacuarembó: 90,489, Rivera: 104,921), while near PAs localities that will be directly benefited by this project reach 13,221 people (4,118 in the North and 9,103 in the West). In the North the main productive activity of local communities is cattle ranching based on grazing in natural grasslands, with cattle breeding and wool production, as main production sectors. There is also rice cultivation and industrial forestation in the area. On the west the main productive activity is essentially agricultural production -fodder crops (mainly soybeans and forestry).

43. PAs in most of Uruguay are already typified by a high level of human activity within their boundaries, by long-established local populations. The threats currently affecting PAs largely stem from the expansion of the activities of large-scale corporate actors and as a consequence reductions in the impacts of these on PAs will have limited implications on the livelihood opportunities open to these local populations: on the contrary, the project will help to maintain traditional production and livelihood systems and open up additional livelihood support opportunities such as ecotourism. The promotion by the project of a regional approach to the management of PAs and the landscapes that surround them will emphasize the particular social and cultural characteristics of each of the different localities within the overall target area, in addition to their biodiversity: this will provide opportunities for local communities to develop NRM-related products and services with specific regional ‘brands’ that will feature in their marketing strategies – these will be defined in more detail during the PPG phase, in consultation with local stakeholders, but might include, for example, ecotourism based on ‘birds and wetlands’ in the western part of the project area bordering the Uruguay River, and ‘Pampa tradition’ in the north. The promotion of ecotourism as a BD-friendly option for NRM will open up particular opportunities for women, for example in the form of small-scale lodging and catering businesses. The maintenance of landscape diversity, in order to favour biodiversity and connectivity, will further favour women by diversifying the range of productive options available. Furthermore, the improved conservation of ecosystems in PAs and the landscapes that surround them will directly benefit local communities and farmers by contributing to the stability of hydrological flows on which they depend for drinking water production and irrigation. The project will also help landowners to take advantage of opportunities for incentives capable of compensating the costs BD-friendly actions such as the establishment of set-asides, such as the provision of the Forest Law that exonerates land under native forest from property taxes.

#### **Institutional and financial sustainability:**

44. The principal actors in the project will be established institutions of the Government, such as DINAMA, DINONT and DINAGUA in the environment ministry MVOTMA, the productive sector ministry MGAP which is responsible for agriculture, livestock and forestry, and regional and local governments in the target area, all of which will be the subject of institutional strengthening by the project. The project will promote coordination and harmonization between institutional and other stakeholders through existing mechanisms, such as Rural Development Platforms, Inter-institutional Social Development Platforms and Watershed Councils, rather than attempting to establish new, project-specific structures. In regards financial sustainability the project will include specific actions at systemic and site level to diversification of funds available for PA management including landscape related mechanisms. This will be coupled with the cost savings coming from the development of fiscal, market-based and other economic instruments that will provide incentives for land managers to the adoption of BD-friendly land management practices.

**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:**

RISK	RANKING	MITIGATION STRATEGY
Climate change reduces the viability of BD-friendly production systems and increases the risk of ecosystem fragmentation and wildfires	M	The project will coordinate closely with the World Bank (IBRD/IDA)/MGAP project “Sustainable Management of Natural Resources and Climate Change” and the Adaptation Fund/Rural Development Directorate/MGAP project “Building resilience for climate change and variability among small producers” in the identification and promotion of climate-resilient BD-friendly production systems in PAs and their surrounding landscapes. The support by the project of BD-friendly natural resource management and production systems in the areas surrounding and linking PAs will directly combat processes of ecosystem fragmentation, and the spatial planning and connectivity to be promoted by the project will take into account a range of alternative scenarios of climate change. It will also increase the resilience of ecosystems and productive practices through the incorporation of the landscape approach, which will support the establishment of set-asides and regulation of land use. The strengthening by the project of the regulatory and supervisory roles of DINAMA and Departmental and municipal governments, and the promotion of the involvement of local communities in PA management and protection, will result in increased capacities for detecting and combating wildfires.
Limited commitment among policy makers at national, regional or local levels to the introduction of fiscal and other incentives for conservation	M	In association with the IADB project “Incentives for the Conservation of Natural Pastures in the Southern Cone”, the project will generate and disseminate information on the environmental goods and services generated by PAs and remnant ecosystems in the landscape surrounding them. It will build on learning lessons from the incentives that have been provided by the Government for the forest plantation sector.
Limited lack of support from private land users and managers	M	The project will work directly with land users and managers, as well as with the national organizations representing them, in order to raise awareness of biodiversity conservation issues and to develop national standards for biodiversity friendly practices. Discussions to this end, with the national Society of Forest Producers, have commenced during the development of the PIF and have resulted in agreements on mutual collaboration between SPF members and DINAMA during the PPG and implementation phases of the project. These agreements will be complemented by a combination of market-based incentives (e.g. product certification schemes), self-regulation (taking advantage of corporate environmental responsibility schemes) and enforcement (through the strengthening of the capacities of Departmental governments in their role as ‘territorial police’ and of the capacities of local communities in lobbying and pressure).
Limited effectiveness of the enforcement of environmental regulations, spatial plans	M	The project will provide technical strengthening to environmental authorities, in particular DINAMA and Departmental Governments, support the development of economic incentives for compliance and promote the involvement of local communities in the oversight and protection of PAs and the natural ecosystems in the landscapes that surround them.

**B.5. IDENTIFY KEY STAKEHOLDERS INVOLVED IN THE PROJECT AND THEIR RESPECTIVE ROLES:**

Key Stakeholder	Role in the Proposed Project
National Environment Directorate (DINAMA) of MVOTMA	Project Executing Agency: well positioned in this regard by virtue of its responsibilities for the management of PAs and for environmental regulation in general in the broader landscape.
National Directorate of Spatial Planning (DNOT) of MVOTMA	Responsible for promoting and implementing territorial land use planning processes across the whole country, at national and departmental levels.
National Directorate of Water (DINAGUA) of MVOTMA	Responsible for the promotion of watershed management and integrated water management throughout the country, and would therefore play an important role in planning and overseeing the management of watersheds in and around the target PAs, and with project initiatives related to the demonstration and internalization of the hydrological services generated by natural ecosystems within and around PAs.
Ministry of Livestock, Agriculture and Fisheries (MGAP)	Lead institution of the agriculture, livestock and forestry sectors, and therefore plays a key role in determining the policy, regulatory and incentives frameworks for these sectors and their corresponding impacts on the characteristics of the production landscapes around PAs.

Key Stakeholder	Role in the Proposed Project
Ministry of Economy and Finance (MEF)	Responsible for financial and budgetary aspects, including budget allocations to DINAMA for PAs, furthermore, it will have a fundamental role in the development and implementation of economic and financial policies affecting the PA system and surrounding areas
Ministry of Tourism and Sports (MINTURD)	Lead institution in developing and implementing tourism policies, promotion and marketing; in recent years has actively promoted eco-tourism and other tourism modalities related to nature. The Ministry will articulate with DINAMA in the design and execution of demonstration experiences where tourist activities can be developed in balance with conservation; encourage development of tourism as an alternative economic livelihood; assistance to DINAMA in coordinating private tourism operators for local conservation projects.
Department Governments	Under the 2008 Spatial Land Use Planning and Sustainable Development Law, Departmental Governments have lead responsibility for developing land use plans in their areas of jurisdiction and for acting as 'territorial police' ensuring compliance with their prescriptions. Departments of Río Negro and Soriano.
Environmental NGOs	There are a number of environmental NGOs active in the target areas of the project, such as the Grasslands Alliance ( <i>Alianza para los Pastizales</i> ) and these will potentially constitute key project partners, for example in the replication of project activities and in the provision of technical support to land managers.
Commercial forestry and agriculture interests	The activities of these actors constitute the principal influences on the production landscapes surrounding PAs at the moment, by virtue of the expansion and increasing intensification of agriculture and forestry production systems in particular. They will therefore be a key target audience for the project, both directly, through the promotion of their adoption of BD-friendly production systems and practices, and indirectly, through the strengthening of provisions for the spatial planning and regulation of their activities. During the development of the PIF, discussions were held with the Society of Forestry Producers to discuss their participation in the project. It was agreed that the project would work in pilot sites and include criteria of landscape ecology in the General Management Plans of forest management units managed by SFP members in the proximity of PAs, and DINAMA staff would support SPF members in identifying priority biodiversity elements, sites of conservation value and potentially invasive alien species, and in monitoring biodiversity, connectivity and ecosystem services. DINAMA staff will provide training and manuals to these operators in order to assist them to change their management practices, in collaboration as appropriate with partner NGOs. Furthermore, work will be done during the PPG phase to coordinate a similar scheme of activities with other organizations representing private producers, such as the Rural Association of Uruguay (ARU), Rural Federation of Uruguay (FRU), National Commission for Rural Development (CNFR), Federate Agrarian Cooperatives (CAF), Association Rice Growers (ACA) and the National Dairy Farmers Association, all of which are members of the National Advisory Commission on Protected Areas (CNA) It is anticipated that these organizations will also function as channels for the dissemination of messages on environmentally sustainable production to their members.
Tourism related organizations	National and local level organization of private landowners and business people involved in the development of eco and agro-tourism. Important information sources on tourist trends, visitors' interest in PAs, development of business plans, as well as potential mechanisms for transfer/dissemination of information on NPAS, etc.
National Advisory Commission of Protected Areas (CNA)	Established by the Law 17.234, and conformed by delegates of the Executive Power, National Congress of Local Governments, University of the Republic, National Administration of Public Education, private agricultural sector associations, and environmental NGOs, it has an advisory role in the development and implementation of the policy framework related with the National Protected Areas System.

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

45. The project will complement and build on the advances of two other GEF-funded projects nearing completion. The GEF/UNDP project "Catalyzing the implementation of Uruguay's National Protected Area System" (will have placed the SNAP on a firm operational footing and generated initial lessons regarding the application of a regional approach to PA planning and management, in the Laureles-Cañas/Valle de Lunarejo PA complex. The GEF/World Bank project "Integrated Natural Resources and Biodiversity Management" (which is implemented by MGAP has generated important lessons regarding biodiversity-friendly natural resource management options in production landscapes throughout the country, which will where possible be incorporated into the design of this project.

46. The project will be closely coordinated with the World Bank (IBRD/IDA)/MGAP project "Sustainable Management of Natural Resources and Climate Change" and the Adaptation Fund/Rural Development Directorate/MGAP Project "Building resilience for climate change and variability among small producers". The World Bank project will promote the adoption of an integrated approach to natural resources management practices in agriculture and livestock production systems, including improved water use efficiency and the generation of biodiversity benefits in natural pastures. These projects will include some actions in the north of the country and present important opportunities for the models generated to be applied in the landscapes targeted project proposed herein The mechanisms for coordination with these projects will be defined in detail during the PPG phase of this project: one option may be through the Rural Development Platforms promoted by MGAP.

47. The project will also coordinate closely with the IDB regional project "Incentives for the Conservation of Natural Pastures in the Southern Cone", in which the Uruguayan NGO Aves Uruguay is participating. The IDB project will closely complement the GEF investment by developing conservation indices for natural pasture in private properties, best practices and quality standards for the management of natural pastures, and incentives for the conservation of natural pastures.

48. Through its project "Conservation and Sustainable Use of Biodiversity, Ecosystem Resilience and Climate Change", the Spanish Government (AECID), in association with DINOT, will start developing a decision-support system to incorporate



connectivity criteria in environmental management tools in Uruguay. Implementation of this will be developed in conjunction with the GEF investment including applying them in pilot sites and incorporating them into processes of SEA, EIA and spatial land use planning. On the other hand, the project Implementation Pilot Climate Change Adaptation measure in Coastal Areas of Uruguay will contribute to the long term goal of reducing vulnerability of Uruguay's coastal ecosystems to climate change by putting in place adaptive land planning and coastal management policies and practices to enhance the resilience of Uruguay's coastal ecosystem to climate change. While the GEF Small Grants Programme (SGP), which is based in UNDP, will play a key role as a source of lessons on small-scale natural resource management initiatives that will be taken into account during the design phase of this project. It is also anticipated that the SGP will be closely integrated with the implementation of this project, by supporting BD-friendly productive activities in PAs and their expanded buffer zones.

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

49. This project fits under UNDP comparative advantage. UNDP was selected as the GEF IA by the Government in view of its experience in establishing governance systems protected areas systems and mechanisms for their sustainable financing throughout Latin America, the Caribbean and worldwide. Furthermore UNDP has had a long history of supporting the Government in developing and consolidating biodiversity conservation through protected areas and is currently working with several institutions and stakeholders in Uruguay on PA strengthening, environmental and governance issues, ecosystem based adaptation, and synergies between poverty reduction and environmental management. UNDP is the IA of the aforementioned UNDP GEF projects and thus is in a position to ensure a programmatic approach for the project aiming at strengthening the effectiveness of the PA system by including a landscape approach.

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

50. UNDP will be co-financing US\$ 303,661 linked to interventions that will take place in the areas of mainstreaming environment into national development processes, and the strengthening of national development, governance and decentralization policies.

#### **C.2 HOW DOES THE PROJECT FIT INTO THE GEF AGENCY'S PROGRAM**

51. This project is aligned with the environmental sustainability area of the UNDAF for 2011-2015 and will be part of the environment and vulnerability reduction component of the CPD 2011-2015. The project is also closely related with the Local Development Strategy of UNDP Uruguay, incorporating the territorial dimension in the formulation of public policies. To this end, the GEF SGP and the Local Development Programme for the Support to Territorial Networks (ART) are being implemented in order to strengthen the active role of local communities and their capacity to indulge in dialogue with national and local authorities. In relation to conservation of biodiversity and land management, UNDP is currently supporting GEF financed and other initiatives aimed at institutional strengthening of the Ministry of Housing, Land Management and Environment (MVOTMA) and the development of new environmental management instruments. Support is being provided to consolidate the National System of Protected Areas, a model of integrated management of the coastal zone and the bi-national management of the Rio de la Plata. This project complements the existing portfolio.


52. The UNDP Uruguay office is organized in four clusters based on the following topics: 1. Development based on knowledge and productive diversification; 2. Sustainable development and environment; 3. Combating poverty and inequity and 4. Strengthening of national and local democratic governance. Each of them has at least one Program Officer and one Technical Assistant. The sustainable development and environment cluster has experience in terms of capacity development and strengthening regional, national and local government planning and in GEF project design and implementation and works closely with the other three clusters.

**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).

<b>NAME</b>	<b>POSITION</b>	<b>MINISTRY</b>	<b>DATE (MM/DD/YYYY)</b>
María Valeria Pérez Güida	GEF Operational Focal Point	MINISTRY OF HOUSING, TERRITORIAL PLANNING AND ENVIRONMENT	03-07-2012

**C. 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>					
<b>Agency Coordinator, Agency name</b>	<b>Signature</b>	<b>Date (MM/DD/YYYY)</b>	<b>Project Contact Person</b>	<b>Telephone</b>	<b>Email Address</b>
Adriana Dinu, UNDP/GEF Deputy Executive Coordinator		April 2, 2012	Jose Troya	5073024636	jose.troya@undp.org