



Global Environment Facility

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April 17, 2001

Dear Council Member,

The World Bank, as the Implementing Agency for the project, *Regional: (Belize, Guatemala, Honduras, Mexico) Conservation and Sustainable Use of the Mesoamerican Barrier Reef System (MBRS)*, has submitted the attached proposed project document for CEO endorsement prior to final approval of the project document in accordance with World Bank procedures.

The Secretariat has assessed the project document. It is consistent with the document approved by the Council in August 2000. Some adjustments have been made during final preparation concerning the budget that are in part a response to the social assessment and Bank safeguard policies, and the need for institutional strengthening and greater coordination within the Central American Commission for Environment and Development (CCAD), the Mesoamerican Corridor Project managed by UNDP/UNEP, and this project. There has been a slight budget increase (of \$0.9 m) from GEF resources to strengthen social participation (local and indigenous communities), the CCAD, and the protected areas and sustainable use components. There has been a substantial increase in parallel financing (total project costs changes from \$17.8 m to \$24.2 m) for both the sustainable use and the regional environment monitoring and information systems components. Hence, while there is a net increase in the GEF budget, the overall co-financing ratio for the project has improved since program inclusion. The attached explanation prepared by the World Bank satisfactorily details how Council's comments and those of the STAP have been addressed. I am, therefore, endorsing the project document.

We have today posted the proposed project document on the GEF website at www.gefweb.org. If you do not have access to the Web, you may request the local field office of the World Bank to download the document for you. Alternatively, you may request a copy of the document from the Secretariat. If you make such a request, please confirm for us your current mailing address.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mohamed T. El-Ashry', written in a cursive style.

cc: Alternate, Implementing Agencies, STAP

OFFICE MEMORANDUM

DATE: March 28, 2001

TO: Mr. Mohamed T. El-Ashry, CEO/Chairman, GEF

FROM: Lars Vidaeus, GEF Executive Coordinator, ENV



EXTENSION: 34188

SUBJECT: **Belize, Honduras, Guatemala and Mexico: Conservation and Sustainable Use of the Mesoamerican Barrier Reef System (MBRS) Submission for Final CEO Endorsement**

1. Please find attached the electronic file of the Project Appraisal Document (PAD) for the above-mentioned Project for your final review and endorsement. This Project was approved for Work Program entry at the July 2000 Intersessional, under streamlined CEO endorsement procedures. Although the Project has been designed as the first phase of a long-term program to achieve a series of ecosystem management, capacity building and regional policy objectives, this proposal requests financing from the GEF for the initial phase only.
2. The PAD is fully consistent with the objectives, scope, and overall cost of the proposal approved at the July GEF Intersessional Council. Within the context of the initial Project, some adjustments have been made during final preparation concerning the budget that are in part a response to the Social Assessment and Bank Safeguard Policies, and the need for institutional strengthening and greater coordination within CCAD between the MBRS Project and the MBC regional project being implemented by UNDP. The requested amount of GEF financing has increased from \$10.1 million to \$11 million, primarily to support: (i) strengthening stakeholder participation of indigenous and local communities whose livelihoods are directly affected by the MBRS; and (ii) institutional strengthening of CCAD to enhance its technical capacity to integrate coastal and marine policy concerns and management interventions into a broader scheme of environmental and economic sustainability for the region. Two indicators to measure CCAD's performance against this objective has been added to the Log Frame (Annex 1). Within this increase, additional resources have also been allocated to the Protected Areas and Sustainable Use Components, per Council comments. Substantial increases in parallel financing for both the Sustainable Use and the Regional Environmental Monitoring and Information System Components have been obtained (see next paragraph). Please see Annex 2 of the Brief for a budget broken down by sub-component.
3. While there is a net increase in the GEF budget, the overall co-financing ratio for the Project has improved since program inclusion. In addition to the co-financing from governments and beneficiaries as stated in the Project brief, additional financing has been mobilized from World Wildlife Fund (\$2.5 million over four years), and from the

Government of Canada (nearly \$500K over three years). The latter will be dedicated to research on reef connectivity, to expand the work under the Ecosystem Monitoring and Regional Environmental Information Systems Component (2) of the Project. Resources for this component have also been leveraged from the University of Miami (\$1 million over the next two years). Parallel financing for fisheries co-management arrangements in relation to Marine Protected Areas (Components 1 and 3), and for related policy reform has recently been approved by the Oak Foundation for work in Belize (\$600K over three years), through the World Resources Institute. This will be part of a larger Program (\$5 million over 5 years) targeting NGOs in Belize and neighboring countries of the MBRS to work with local communities and the public sector in the joint management of the full range of coastal and marine resources within and adjacent to marine protected areas of the MBRS ecoregion. Funding for this larger Program is expected to be approved by the Oak Foundation in May of this year. Beyond the \$9 million identified above, further parallel financing for Component 2 is likely to be forthcoming as a result of proposals recently submitted by U.S and European research institutions to fund joint research on ecosystem monitoring and assessment with counterparts in the MBRS region--a direct result of scientific collaboration that evolved during Project preparation.

4. Although co-financing resources have been committed, the precise allocations across Project components are not yet known. These will be programmed annually to maintain maximum flexibility in response to stakeholder needs. The Bank provides assurances that the co-financing of \$3.0 million from WWF and the Government of Canada will be available and spent on activities in direct support of Project objectives. Commitment letters from WWF-US and the Government of Canada are attached for your information.

5. As there were no comments by GEFSEC prior to submission of the brief to the GEF Council, only Council comments have been addressed in the revised Project document. These are discussed in some detail, below.

Comments by Council

Overall Scope and Ambitiousness of Project

The Council Member from Switzerland raised concerns about the ambitiousness of the Project—citing the number of countries involved, the number of Project components / sub-components, and whether Project objectives could be achieved within a five-year time frame.

6. While the overall Project design of four countries, four major components, and a five-year time horizon remains, we recognize that these concerns are valid given the complexity of regional initiatives and the inherent risks involved in trying to implement them. To narrow the objectives and scope of the Project, some modifications to the Project design have been made. Specifically, the focus on harmonization efforts has been limited to existing laws, the number of areas targeted for harmonization efforts has been reduced to three, a portion of the resources for the Protected Areas component has been concentrated in a subset of the fifteen MPAs according to a refined assessment of needs,

and activities related to the attainment of legal status for three of the fifteen MPAs have been dropped. These modifications, and related indicators, are discussed in more detail below in the context of specific comments by Council members. To further ensure that anticipated Project benefits will arise, a well developed M&E plan (as outlined in Annex 1) and the creation of several vehicles for stakeholder engagement (see Section E.6.2 *Participatory Approach* of the Brief, and the Project Management Component of Annex 2) will aid implementation of this complex Project.

7. As background information to this issue, please note that the ambitiousness of the Project was also recognized by the STAP reviewer, but described as essential to addressing the multitude of threats now facing the MBRS (See Annex 15, pages 1-2 for STAP reviewer comments and Annex 13 for a discussion of the threats and root causes). In addition, the Project components were carefully reviewed throughout Project development and preparation in a highly participatory series of consultations involving technical and policy level input from the four countries (see sections *Indications of Recipient Commitment and Ownership*, page 20 of the Brief, and *Consultation and Participation*, page 4 of Annex 16), and endorsed at the highest levels.

8. With regard to the number of countries participating, the Project's design has been formed within the context of the Tulum Declaration. Signed on June 5, 1997 by the Presidents and Prime Minister of the four countries bordering the MBRS, this Declaration committed the four governments to collective action to conserve and sustainably manage the coral reef ecosystem. The engagement of all four of these countries in a regional Project to implement the Tulum Declaration and its Action Plan was deemed essential to ensure the coordinated action required to protect this globally important resource. (See pages 20-21 of the Brief, *Indications of Recipient Commitment and Ownership*). Indeed, despite appeals from other countries in the region to participate in the Project, there was a deliberate decision in view of the complexities involved to limit the number of countries participating in this first phase of the Project to the four signatories of the Tulum Declaration (see *Governments' Strategy*, page 6, and *Project Rationale*, page 16).

Harmonization of Policies at the Regional Level and Relevance of the GEF Project

The Council Member from Switzerland raised a question as to the appropriateness of the Project's focus on harmonization of policies at the regional level for the conservation of the MBRS, versus enforcement of national policies that already exist. He indicated that the objectives of regional harmonization and associated indicators were not clearly defined, and that the Project focused on an excessively wide range of topics. He suggested that either the Project's approach be further specified, or the focus of the Project be shifted to (i) enforcement of national policies; and (ii) regional harmonization of conservation objectives through defining legally binding regional goals on quality and a regional action plan.

9. Through the Tulum Declaration, much effort has already gone into defining regional goals and an MBRS action plan. In addition, there is \$4.5 million of nationally financed baseline activities which include enforcement of environmental laws. Building on this framework, an extensive review of policies and legislation in all four countries

conducted during Project preparation (see Annex 14) indicates that there are major gaps in the regulatory framework of existing legislation related to the use of MBRS resources, as well as inconsistencies across the four countries. Under these conditions, harmonization of key policies is a necessary next step toward conservation of the MBRS. Specifically, harmonizing key policies to bring them in line with scientific information and international best practice will be required to, *inter alia*, (i) create an even playing field for the enforcement of national laws which affect the state of transboundary resources, such as migratory fish stocks and biological diversity, and (ii) preserve fundamental ecological functions, which depend on the protection of critical habitat as sources of recruitment, breeding or feeding grounds for reef species, and which maintain coastal water quality, particularly in transboundary areas.

10. Taking into account the Swiss Council Member's concerns, the number of areas targeted for harmonization has been reduced to three. While the precise subset of policies to be harmonized will be agreed during Project implementation, with the assistance of the Policy Working Group (see *Project Rationale*, page 15), these are likely to focus on the following: (i) environmental standards for monitoring coastal water quality; (ii) best practice and regional environmental certification programs for sustainable tourism development; and (iii) regulations governing harvesting and conservation of shared fish stocks.

11. Within these three areas, the range of policy instruments to be the focus of the harmonization efforts has been narrowed. Specifically, during Phase 1, the Project will focus on soft policies and regulations for *existing legislation* that could be modified to bring them into harmony with regionally agreed norms (see *Project Rationale*, page 15). For example, during Project implementation, attention to the fisheries sector would focus on harmonizing regulations governing minimum size, closed season, gear and permitting requirements for species whose populations overlapped or were migratory in some stage of the life cycle within the four countries' boundaries. In the tourism sector, regional agreement on standards for coastal water quality and monitoring protocols, the nature and application of EIA and zoning requirements for tourism development on the coast, and a process for regional certification of environmentally and socially sustainable tourism operations, would be pursued.

12. To help monitor this Project activity, two new indicators have been included: (i) "The harmonization of a subset of policies in at least three critical areas of shared MBRS resources management" (Annex 1, page 4); and (ii) "Analysis of tools for voluntary compliance with harmonization policies related to the use of MBRS resources" (Annex 1, page 3). Building on the successes of this effort, a follow-on phase would target legislative reform or promulgation of *new* laws required to bring countries into compliance with international conventions related to conservation of the MBRS.

13. With regard to enforcement of national legislation, this would also be a major focus of a second phase to this 5-year Project. However, compliance with and monitoring of enforcement in transboundary areas is already under discussion among the four countries in the context of MPA regulations and commercial fishing operations, in preparation for possible joint surveillance activities that may be carried out later during

this initial five year phase. The regional Policy Working Group will work with the Technical Working Groups for each component during Project implementation to identify short, medium and long-term policy objectives and achievable benchmarks over the course of a 15-year program in line with the goals of the regional MBRS Action Plan. This phased sequencing of objectives will lend a more strategic perspective to the policy reforms sought in the initial, five year Project.

The Council Member from Switzerland also questioned if the GEF Project was the appropriate vehicle for regional harmonization of national policies, given its limited amount and relevance, and its regional scope, which covers only partially the national territories. He questioned if the intended contributions would be significant.

14. The Project seeks to reduce fragmentation at the national and regional levels in the governance of MBRS resources. It would do this by supporting those actions, including policy harmonization, required *at the regional level* to safeguard global benefits derived from conserving and managing a large marine ecosystem of outstanding ecological importance. The without Project scenario involves a suite of baseline activities at the national level, which, while necessary, are not sufficient to achieve the regional integration of policies and actions required to protect a transboundary system of this size.

15. By offsetting the incremental costs involved, the GEF Project will assist countries to look beyond national boundaries in their decision-making, toward a regional view to ensure the conservation of system wide processes which underlie the integrity, diversity and productivity of the MBRS as a whole. Through strategic support for regional policy dialogue and harmonization of standards, in situ conservation of system wide biodiversity and ecological processes, and improved monitoring and information systems to support resource management decisions and assess progress, the GEF Project creates a regional framework for coordinated management of a transboundary ecosystem. At the same time, it serves as a catalyst for the participation of other donors and partners, thus augmenting the value of its contribution and creating the momentum required to sustain conservation efforts over the long term.

Protected Areas

The Council Member from Switzerland expressed concern that objectives under this component of the Project are too ambitious, given that fifteen MPAs will be supported and that the needs for strengthening and support are enormous.

16. We fully agree with the tremendous resource needs involved in achieving a well functioning regional MPA system. As such, assistance under this five year Project has been designed to lay the foundation for a long-term effort, and will build on existing efforts under way financed by NGOs and other donors. Although the Project will continue to support a network of fifteen high priority MPAs, funding for this initial phase will concentrate on technical assistance and training needs. Since program inclusion, all but three of the fifteen Protected Areas targeted for assistance are now legally established, with the remaining sites well on their way to being gazetted. Thus, the Project will no longer support the creation of new MPAs. Accordingly, the performance

indicator for this output as been dropped in the Logframe (Annex 1, page 4). The Project will focus assistance, instead, on preparation of management plans and design of monitoring systems as essential building blocks for the management of a regionally representative network of Protected Areas.

17. Within this strategy, assistance will be based on priority and need. Preparation of 10 Year Master Management Plans will be limited to the four MPAs without any management plans. The remaining 11 MPAs will receive assistance in preparing or updating two year operational plans to supplement existing management plans, and the basic equipment and training to help implement these. Four MPAs located in transboundary areas will receive more advanced equipment and infrastructure, including support for guard houses, trails, boundary demarcation, signage, and interpretation centers. All will receive basic computer hardware and software to facilitate MPA monitoring and to participate in the MBRS-wide ecosystem monitoring and environmental information management activities under Project Component 2. Four of the MPAs receiving only modest support from the MBRS Project will receive additional support from WWF, including sustainable fisheries certification, ecotourism management planning, and enforcement, under their complementary MBRS Ecoregional Project. A fifth MPA—not among those supported by the GEF Project, off the coast of Honduras—will also receive funding from WWF, as part of a joint effort to conserve a system of MPAs in the MBRS that is biologically and ecologically representative of the ecoregion as a whole.

The Council Member from France requested additional information regarding the financial sustainability of the Protected Areas. And the Council Member from Switzerland indicated that the sustainability of the Protected Areas component needed to be strengthened.

18. The sustainability of activities initiated under this component, including MPA monitoring and training, will be enhanced by virtue of the salaries of Park personnel being provided as counterpart financing by the governments involved, thus built into national budgets, and through complementary efforts of other donors and of local NGOs associated with many of these Protected Areas (as described above). In addition, cost recovery schemes for management and monitoring activities, e.g., via user fees, permits, fines and, trust funds, will be part of the training provided to MPA managers for integration into the management and operational plans that are to be developed under this component (see section on *Institutional Strengthening* in Annex 2, page 6). The allocation of staff for the new MPA sites will be absorbed under annual operating budgets of the agencies involved and not pose a significant burden on central treasuries now or in the future.

19. The budget for this component includes \$533,580 for preparation of operational and management plans, \$749,500 for infrastructure and equipment; \$526,425 for training, and \$814,640 for baseline data and monitoring, \$71,500 for transboundary park commissions, and \$1,930,910 for recurrent costs, most of which is being provided by the four governments as counterpart contributions.

The Council Member from Sweden noted that when marine protected areas are established, their importance to the local artisanal fisheries must be taken into consideration.

20. Please refer to Annex 16, the *Process Framework for Mitigating Potential Livelihood Impacts Associated with Strengthening of MPAs*, for a discussion of how the Project will address this issue.

Regional Ecosystem Monitoring and Environmental Information System

The French Council Member suggested that the level of investment for monitoring and information management in the region was unwarranted, given ongoing ecological monitoring efforts in various projects in the region, and expressed concern about sustainability of the monitoring effort. The Council Member from Switzerland expressed concern about ownership and sustainability of the monitoring effort in light of the cost (\$1 million/year).

21. Regarding the level of investment planned for this component, please note that the objective is to design and facilitate a system of monitoring in the region that will result in an accurate and synoptic view of the health of the MBRS and application of such information by decision-makers and users of MBRS resources. A comprehensive analysis of existing monitoring efforts in the region conducted during Project preparation revealed that monitoring efforts tend to be project-specific, with a limited time frame and highly specific geographic scope. None of the monitoring currently underway has a regional perspective and protocols do not use a common methodology, making data sharing difficult. This, along with major gaps in temporal and spatial coverage throughout the MBRS, render interpretation of results at the regional scale close to impossible. Moreover, little of the monitoring currently being carried out is being used for decision support. The net result is a collection of fragmented data sets with little or no application.

22. The combined ecosystem monitoring and EIS component of the GEF Project is designed to overcome these weaknesses. First, decisions on what, where and how to monitor will be determined collectively by the four participating countries, based on the guidelines developed during Project preparation and available in the Project files. Protocols for sharing data between institutions will be agreed at the outset. Second, the EIS has been designed as a decentralized system using web technology. All data entered into the EIS will remain at the collecting institution. Thus, no one institution will own the data at the end of the Project. Rather, all participating institutions will have access to data through a web-based network. Only meta-data will be housed centrally, within the regional node that is maintained by the Project, in the PCU initially. Copies of remotely sensed data and legacy data from earlier databases, which the Project will collect and archive, will be available to many participating agencies through the node. The system is open (to public and private institutions) and voluntary.

23. Regarding financial sustainability, no support for salaries of those involved in monitoring or training in data management (other than staff of the PCU) is covered under the Project. After the initial up-front investments financed by the Project in hardware,

software and training, data collection and management will be maintained by those same stakeholders who are currently collecting data as an ongoing part of their institutional mandate. Thus, sustainability of the regional monitoring and information system is incentive-based. It will depend on the utility to contributors and users of the system of their ability to access comparative data from the region as a whole. Computer equipment purchased by the Project will remain at the nodal agencies within each country to help sustain this effort. (For further details, please see Annex 2, page 7.)

24. Please also note that the Project's EIS activities will be complemented by assistance from other partners, including WWF, Wildlife Conservation Society and the University of Miami, to prepare digitized, coastal and marine habitat GIS maps of key areas within the MBRS. Together, the website, GIS and information generated during the Project will become a very effective decision support tool for managers and create a demand for continuing the EIS among its users.

Sustainable Use Component

Comments from the Council Member from France on this component suggested it was under-funded relative to the Protected Areas and Monitoring Components, citing: (i) mounting pressures from development, which make the identification of sustainable options a high priority; and (2) other projects already focused on ecological monitoring and conservation. The Council Member from Switzerland indicated that the objectives of this component appear ambitious considering the budget of the component and its scope (4 countries, 2 sectors and over 5 years.)

25. This component remains funded at \$1.9 million. As discussed in Annex 4, there is \$16.4 million in baseline financing for sustainable use activities. Strategically, the emphasis of this Project component is on training and *pilot* activities that can be replicated on a larger scale if successful (see *Project Rationale*, page 16, and Annex 2, page 8, para 18).

26. For example, the fisheries sub-component focuses on improved information generation and promotion of cross country dialogue for management of overexploited, shared fish stocks. It also pilots interventions in alternative livelihoods for fishermen through training and resources for small-scale ecotourism operations adjacent to protected areas. These efforts to promote sustainable fisheries will be reinforced through considerable support from the Oak Foundation and from WWF to promote fisheries co-management, and for certification for lobster, conch and reef fisheries adjacent to key marine reserves in the MBRS. The Project will also build on successful efforts of local NGOs working with fishing communities in Belize and Guatemala to provide training to fishermen in recreational fishing and dive tourism to offset declining yields and potential economic displacement due to restricted access to fishing grounds. (See Annex 2, pages 8 and 10 for more details).

27. The tourism sub-component focuses on information and training for tour operators and the introduction of best practice in sustainable coastal tourism, including setting up systems for environmental certification of tourism related enterprise. This sub-

component will be complemented by activities supported by WWF in eco-tourism planning in several protected areas (e.g., in Xcalak, Mexico; Bacalar Chico, Belize; and Punta de Manabique in Guatemala.) and by the Bank financed Honduras Sustainable Coastal Tourism Project, which is being prepared in parallel with the MBRS Project (see description of Component 1 at the bottom of page 9, and section 5, *Value added of Bank support*, page 21, for further details). In sum, these parallel and complementary investments are examples of the strategic leveraging of resources the Project has generated. Not only will they add value to the efforts supported by the Project, but together they can influence outcomes at both the policy level and on the ground.

28. Understanding local economies and short-term tradeoffs between conservation and economic development is also essential to successful implementation of this component. To address this need for the fisheries sector, a bio-economic model involving a cost-benefit analysis of fishing in relation to other economic sectors, such as tourism, in the coastal zone, will be prepared under the Project. This decision support tool will assist in the identification of tradeoffs associated with future investments in this sector (see Annex 2, page 10). Moreover, to help guide the direction of, and investments in, a longer term program for conservation and sustainable use of the MBRS, an analysis of various development scenarios for the MBRS region will be undertaken at the beginning of Project Year 2. This is described in some detail in section D of the Brief on *Project Rationale*, at the bottom of page 15.

The Council Member from France indicated the importance of the Sustainable Use component relative to the other components on the grounds that it was the only Project component that will benefit the local population.

29. As outlined in the section on *Benefits and Target Populations*, (pages 12-13), all of the Project components, either directly or indirectly are designed to benefit local communities, as all four of the Project components work together to build capacity for managing and ensuring the long-term productivity of resources on which local communities depend. For example, protected areas such as Hol Chan Marine Reserve in Belize have had demonstrable spillover effects in adjacent fishing areas after only 3-4 years of effective management, leading to significant and continuous benefits to local fishermen through dive tourism and increased fishery yields adjacent to protected areas. In sum, the Project is designed so that improved biophysical information on the status of reef resources, socio-economic data on uses and trade-offs, and environmental awareness will create a stronger constituency for conservation and the policy choices required to ensure its protection. These concerted efforts will have long-term benefits for local communities and the MBRS region as a whole.

Stakeholder Participation

The Council Member from Sweden indicated the importance of stakeholder participation and noted the existence of Sustainable Tourism Boards in the Caribbean as a good example of multi-stakeholder participation in coastal development planning. The Council Member from Switzerland requested additional information on how stakeholders would

participate in the process of harmonizing national policies and in promoting sustainable use of the MBRS.

30. Since the initial submission of the Project Brief, a comprehensive Social Assessment was completed and an Indigenous Peoples Development Plan was produced as part of the overall plan for stakeholder participation. (See Annex 12, *Social Assessment* and the *Matrix* on pages 8-9, outlining the kinds of benefits the Project seeks to provide to key beneficiaries, indicators to monitor progress against these, and the resources allocated to deliver these benefits).

31. A major vehicle for participation by various stakeholder groups in the processes leading to harmonization of key national policies will be through the National Barrier Reef Committee set up in each country. The Committee's composition (government, private sector and NGOs) and the objective to have a neutral forum for consensus building and decision-making, echo the intent of the Sustainable Tourism Boards in the Caribbean. The National Barrier Reef Committees and the Technical Working Groups, to be formed in association with each Project sub-component, are described in Annex 2, pages 15-16. At the local level, participation by affected communities in decisions related to MPA management and resource monitoring will be facilitated through local advisory councils associated with each MPA. To promote community participation and implementation of the Indigenous Peoples Development Plan, a sociologist from the region has been hired to join the Project Implementation Team

32. Fishers and communities surrounding Protected Areas will be among the targeted beneficiary groups of the Component on Sustainable Use. They will be the recipients of training in information tools and co-management techniques to promote sustainable fishing, and in skills development for alternative livelihoods, such as tourism and recreational fishing, in areas where commercial fishing is no longer economically viable or has been suspended to allow overfished stocks to recover (see Annex 2, pages 9-10). For a broader discussion of participation by key stakeholders, please see the *Participation Plan* and *Indigenous Peoples Development Matrix*, Annex 12, pages 8-10.

Overall Sustainability of the Project

33. Elements contributing to the sustainability of Project activities beyond the life-of-project have been alluded to earlier in discussions of Project components. These include: (i) training in sustainable financing mechanisms for MPA managers; (ii) training and equipping fishermen to become entrepreneurs in viable eco-tourism operations; (iii) creating incentives for demand driven monitoring and information sharing on MBRS resources and overall health; and (iv) requiring counterpart contributions by governments and institutions in staff time and other in kind resources to maintain operations during Project implementation.

34. Beyond the activities initiated in this five-year Project, however, achieving the objectives of the Tulum Declaration will require a long-term vision and active engagement of a range of partners and stakeholders in the region—from international donors to national and local governments, resource managers and civil society. A

fundamental element of such a strategy is education. The Project will build on the momentum created during Project preparation to raise awareness about the MBRS, to create a regional stake in its future and to build a constituency for its conservation.

35. Finally, as described in paragraph 2 above and in section C 4, page 14 of the Brief, *Institutional and Implementation Arrangements*, support has been built into the MBRS Project to strengthen institutional linkages with the MBC Project. This should create a critical mass not only in terms of attracting investments in the region's biodiversity, but in consolidating public awareness and support for society's role in conserving it. This is discussed in greater detail in Section F, *Sustainability and Risks* in the Brief, pages 30-31.

Importance of Economic Considerations

The Council Member from France noted that the document provides very little economic data, making it difficult to fully understand the situation in the zone.

36. Local economies are very much dependent on the vitality and productivity of the Mesoamerican Barrier Reef, particularly the fisheries and tourism sectors. Socio-economic data at the local level are limited, but to the extent available these have been included in the Social Assessment, summarized in Annex 12. Basic economic data at the national level are presented in Annex 10, *Countries at a Glance*.

37. Please let me know if you require any additional information to complete your review and provide your final endorsement of the Project for Bank Board Approval.

Many thanks.

Distribution:

Messrs.: R. Asenjo, UNDP
A. Djoghlaif, UNEP (Nairobi)
M. Gadgil, STAP
M. Griffith, STAP (Nairobi)
Y. Xiang, CBD Secretariat

cc w/o attachments: Messrs./Mmes. Lafourcade (LCC1C); Dowsett-Coirolo (LCC2C); Kalantzopoulos (LCC3C); Redwood, Serra, Lovejoy, Cackler (LCSES)

cc: Messrs./Mmes. Brizzi (LCC1C); Bowyer (LCC2C); Clark (LCC3C); Rodriguez, Bradley (LCSES); Hatzios, Castro, Khanna, Aryal (ENV).

ENVGC ISC, IRIS4