

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC240

Date ISDS Prepared/Updated: 01-Jun-2012

I. BASIC INFORMATION

A. Basic Project Data

Country:	Brazil	Project ID:	P128968
Project Name:	Marine Protected Areas Project (P128968)		
Task Team Leader:	Adriana Moreira		
Estimated Appraisal Date:	03-Dec-2012	Estimated Board Date:	28-Mar-2013
Managing Unit:	LCSN	Lending Instrument:	Specific Investment Loan
Focal Area:	Biodiversity		
Sector:	General agriculture, fishing and forestry sector (100%)		
Theme:	Biodiversity (60%), Other environment and natural resources management (40%)		
Financing (In USD Million)			
Financing Source		Amount	
BORROWER/RECIPIENT		0.00	
Global Environment Facility (GEF)		18.20	
Financing Gap		98.40	
Total		18.20	
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Global Environmental Objective(s)

11. The project's global environmental objective (GEO) is to contribute to the conservation of trans-boundary ocean life, including migrating species, through the protection of important areas where these species feed, rest and/or breed along the Brazilian Coast.

12. The project's development objective (PDO) is to support the creation and implementation of a representative and effective marine and coastal protected areas (MCPAs) system in Brazil to reduce the loss of coastal and marine biodiversity. Protected ecosystems will maintain their capacity to produce food, maintain good water quality, and increase their capacity to recover from disturbances,

bringing far-reaching social and economic benefits.

13. The specific objectives of the proposed project are to:

- # Increase the area under protection to at least 5% of the total Brazilian marine area;
- # Implement and consolidate the already existing marine and coastal protected areas; and
- # Design and test financial mechanisms to ensure the long-term sustainability of the MCPA system.

C. Project Description

The marine and coastal area in Brazil covers 3.5 million km², an area equivalent to 41 percent of the Brazilian terrestrial territory (8.5 million km²) and comparable in size to the Brazilian Amazon (4.1 million km²). Despite its vastness, only 1.57% of this area is currently officially protected.

Brazil has one of the most extensive coastlines in the world, measuring over 9,000 km including bays and promontories. Along this coastline there is an immense variety of environments and wildlife. The Brazilian marine and coastal zones shelter the greatest continuous stretch of mangrove ecosystems, which are important as nursery sites and biological filters and include the only coral reefs in the South Atlantic, ecosystems with high biodiversity and ecological relevance. They also shelter many endemic species and distinct ecosystems, such as dune fields, lagoon complexes, islands, restingas (sandy-coastal plain vegetation), flood plains, estuaries, etc. Also, five out of seven marine turtle species found around the world nest along the Brazilian coast and many migratory birds and mammals come to this region for rest stops, feeding and reproduction. Furthermore, 15 seabird species use Brazilian oceanic islands as nesting sites. Unfortunately, these environments have been subjected to intense human pressure.

In Brazil, 43 million inhabitants live on the coastal zone, which concentrates 18% of the national population and 16 of the 28 larger metropolitan regions (MMA, 2008). Economic activities in coastal areas account for roughly 70% of the Brazilian GDP (MMA, 2007). Coastal zones can be considered one of the most environmentally threatened regions in the country and are the main geographic area for economic growth for many industries, including the oil and gas industry which engages in significant off-shore drilling. Additionally, the waters off the Brazilian coast have traditionally been rich with fisheries, but significant fish populations have been overexploited and in some cases have become extinct. The creation of protected areas is considered an important measure to protect and maintain the productivity of fish stocks.

Marine and coastal protected areas (MCPAs) include protected areas which are adjacent to the ocean, but which may or may not include intertidal or subtidal areas. According to the CBD these are areas inserted in or adjacent to the marine environment, including its water, flora, fauna and historical and cultural features that have been preserved by law or other effective means, so that the biodiversity and marine life therein is under a greater level of protection than the adjacent areas. Both the CBD and IUCN (International Union for the Conservation of Nature) definitions consider that these areas should be established with the a priori objective of conservation, although they may have additional or consequential objectives such as improved quality of life, education, etc. Therefore, the definition of MCPAs for this project includes: protected areas, governed by the SNUC act; permanent preservation areas, set forth in the Forestry Code; no-take zones, established under the National Strategic Plan for Protected Areas (PNAP, according to Decree 5758/2006), where fishing is completely prohibited; and other fishing management instruments such as limited access rights and establishment of refugia to protect breeding or nursery areas which provide for the sustainable use of

coastal and marine areas in a permanent or seasonal manner.

Consistent with the Ecosystem-Based Management principles, sites will be selected where compatibility and integration with other coastal activities and their management is feasible or where supporting measures such as fish access limits can be effectively implemented. Potential to offset climate change and generate revenues through the carbon market (Blue Carbon), establishment of community or individual access privileges (such as fish quotas) within MCPA and surrounding areas, or payment for ecosystem services mechanisms could also be considered. This project will help mainstream biodiversity concerns in coastal zone planning, in particular for the fishing, tourism and petro-chemical industries. The partnership with Petrobras is especially encouraging in this regard.

The specific areas to be created under this project will be more precisely defined during project preparation. Initial exercises have been carried out by the National Wetlands Committee (CNZU) to define additional criteria and refine the priority classification of coastal and marine areas listed among the Priority Areas for the Conservation and Sustainable Use of Brazilian Biodiversity. Further studies and analysis will be carried out, and the additional specialized and categorized information gathered will contribute to the planning and designing of the network.

The ecological criteria for the MCPA network creation proposed for this project will include the entire range of biodiversity present within the bio-geographical region and also consider the principles of representativeness, inter-connectivity, replicability, feasibility, and precaution. In addition, specific studies on the existence of conflicts, level of available information about biodiversity, and opportunities for each area may be necessary, as well as the identification of relevant actors, and the status of the existing legal instruments affecting the area (such as closed fishing seasons for species, determination of minimum sizes for capture, etc.).

This project will be funded by a \$US 18.2 million GEF grant and \$US 98.4 million in co-financing. The partnership among the GEF, the Government of Brazil, Petrobras and potentially other private sector players is an innovative and exciting approach to coastal zone management and mainstreaming of biodiversity in Brazil. The proposed project design includes four components:

Component 1 - Creation and Implementation of Marine and Coastal Protected Areas: Protected areas creation activities under this component will focus mainly on marine areas, as the marine zone has the greatest deficit of protection among all Brazilian biomes. This component will also support the implementation of different categories of new and existing MCPAs in the Brazilian marine and coastal zones, establishing and strengthening an effective MCPA system. These areas will be divided between strict protection and sustainable use MCPAs. The selection of new protected areas to be created will be based on the #Priority Areas for the Conservation, Sustainable Use and Benefit Sharing of Brazilian Biodiversity# (SBF/MMA, official list revised in 2007), which list priority areas in all Brazilian biomes, including the coastal and marine zones. An enormous amount of analytical work at the regional and biome-level is available in Brazil, undertaken over the past 15 years by research and government agencies, universities and NGOs. This project will use this regional and macro-level information - not only biodiversity data but socio-economic information as well - and refine it at the local level to define PA creation and implementation actions to be supported by the project, which could include among others the following: decree for protected area creation, demarcation and installation of physical signs indicating the area to be protected, the provision of basic equipment for enforcement, and staffing in protected areas.

The procedures for establishing protected areas are determined by the National System of Protected

Areas (SNUC- federal law No. 9.985, of June 18, 2000, and Decree No. 4.340, of August 22, 2002). The SNUC Law provides a sound legal basis for the establishment and consolidation of protected areas. This project will contribute to improve institutional capacity for implementing this legislation for coastal and marine areas. Public consultations will be carried out for each new protected area to be created, with studies on the environment, land rights (in the case of coastal PAs), and socioeconomic indicators informing the final decisions about the location of new protected areas. Additionally, the implementing agencies will undertake public consultations and circulation of the draft decrees for protected area creation. The partnership with Petrobras is especially important here in that the recommendations made regarding which coastal areas are particularly vulnerable or have high biodiversity value will help inform Petrobras' investment decisions.

25. Component 2 - Design of financial mechanisms to support the MCPAs system: The main activities under this component will be an assessment of the financing needs of coastal and marine protected areas and the identification of potential funding sources. The successful experience of the GEF-supported Amazon Region Protected Areas project will be considered, but alternatives other than an endowment fund will also be explored to complement existing governmental mechanisms aiming at ensuring the necessary financial sustainability of the protected areas system. As part of this work, studies on potential returns of income generating activities will be carried out and financial sustainability plans will be generated, taking into account different costs for different types of protected areas. GEF resources will specifically finance studies for potential revenue generating mechanisms for protected areas focusing especially on climate change related mechanisms (Blue Carbon) for payment for environmental services, the initial testing of the most promising options identified, and support to the Brazilian Government in the development of fundraising strategies.

Component 3 - Monitoring and Evaluation - Project monitoring and evaluation will be carried out in three broad areas: (i) financial monitoring, (ii) monitoring of implementation and management of the protected areas, and (iii) environmental/biodiversity monitoring. Financial monitoring will be carried out by FUNBIO, who is responsible for approving and tracking the distribution of funds. The monitoring of project progress in the protected areas will also be carried out by FUNBIO in close coordination with the Project Coordination Unit (UCP) and the Ministry of Environment. The UCP will be responsible for overall project management, and at the strategic level, for evaluating and updating, as needed, project objectives and targets in the project results matrix; and at the management level, to further develop and implement the GEF Management Effectiveness Tracking Tool for project management, and to monitor performance against project goals, supervising FUNBIO. MMA and ICMBio will be responsible for the institutional and legal actions for PA creation, and for the implementation of biodiversity and environmental monitoring. Partnerships with research institutions will be critical for this latter activity, given the lack of capacity within these institutions.

Component 4 - Project Coordination and Management: Coordination among and between the two investment components and among the various actors involved in all aspects of project implementation will require an efficient and well-trained coordination unit. Funds under this component will be used for the improved operation of the Project Coordination Unit (UCP) within the Ministry of Environment (MMA) and the Project Implementation Unit at FUNBIO. Also included in this component is the strengthening and coordination of the project's Technical Commission, which will be responsible for defining action strategies and providing technical guidance, identifying and prioritizing relevant actors, and approving operative plans. It will be composed of representatives from governmental, academic and non-governmental sectors.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The area for the proposed project will encompass the entire Brazilian Coastal and Marine Area, which comprise the most deficient biome in terms of protected areas. Within the target area, the Marine zone is even less protected than the coastal zone. Therefore, project actions related to the creation of new protected areas will be mainly directed towards the marine zone, while both new and existing marine and coastal protected areas will be targeted by PA implementation actions and for the establishment and management of the Marine and Coastal Protected Area System.

The project intends to positively affect the following types of ecosystem, through enhanced protection: marine environments, small coastal and oceanic islands, coral reefs, beaches, estuaries, restingas, mangrove systems, coastal lagoons, and possibly coastal Atlantic Forest.

E. Borrowers Institutional Capacity for Safeguard Policies

The Grant Recipient (federal government), through the Ministry of Environment (MMA), has extensive experience in implementing Bank financed projects and Bank safeguard policies. Recently, MMA and ICMBio have been building capacity to manage MPAs but this has been done at a much lower pace when compared to the land PAs. MMA and ICMBio would carry out project activities at the strategic level, evaluating and updating, as needed, project objectives and targets in the project results matrix; and at the management level, to further develop and implement the GEF Management Effectiveness Tracking Tool to project management, and monitor performance against project goals. Both will also be responsible for the implementation of biodiversity and environmental monitoring. Given the lack of capacity within these institutions related to MPAs monitoring, partnerships with research institutions will be critical. In addition, the project will work, through close supervision and timely actions, to improve the implementation capacity that already exists in both institutions and to assess what kind of additional support might be needed to assure good implementation of Bank safeguards policies.

F. Environmental and Social Safeguards Specialists on the Team

Alberto Coelho Gomes Costa (LCSSO)

Agnes Velloso (LCSEN)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	Given the essentially environmental conservation characteristic of the project, a category B is proposed. The project is expected to have a significantly positive environmental outcome as it will improve the conservation and management of ecologically important areas through the creation and implementation of marine and coastal protected areas, and the establishment of the Marine and Coastal Protected Areas (MCPA) System, to be comprised of new and existing PAs. The project may support small-scale investments in the protected areas to be created or existing PAs

		that will integrate the MCPA system, such as demarcation, possibly interpretative centers, trails, preparation of management plans, etc. Possible negative impacts from these small-scale investments are expected to be small, localized and reversible. As such, project preparation will include the preparation of an Environmental and Social Management Framework by the Grant Recipient (to be reviewed by the Bank) to assess potential impacts and propose a framework for preventing or mitigating them. The framework will also be integrated into the operating rules of the financing mechanisms envisaged as part of component 2. Furthermore, principles of OP4.01 regarding proper consultation will be applied as part of project financed studies for the creation of new protected areas envisaged as part of component 1.
Natural Habitats OP/BP 4.04	Yes	This policy is triggered as the project is expected to have positive impacts on the quality of critical natural habitats. The Environmental and Social Management Framework will ensure the policy is addressed appropriately by identifying the criteria for prioritizing the most biologically valuable and/or threatened areas to be protected and through the application of a precautionary approach to natural resource management in sustainable use protected areas, among other measures and guidance.
Forests OP/BP 4.36	Yes	This safeguard policy is triggered as project actions for strengthening protected areas may include existing coastal protected areas that can contain mangroves or portions of Atlantic Forest. All impacts on forest systems are expected to be positive. The Environmental and Social Management Framework will ensure the policy is addressed appropriately through the application of a precautionary approach to the management of non-timber resources in mangrove and Atlantic Forest in sustainable use protected areas, and by complying with strict protection guidance when recommended by the existing studies on Priority Areas for Conservation. The project will not involve the conversion or degradation of forested areas.

Pest Management OP 4.09	No	As the project will not involve agricultural activities, seedlings production, reforestation, or any other activity that may involve the management of pests that affect plant or public health, OP 4.09 is not triggered.
Physical Cultural Resources OP/ BP 4.11	Yes	The areas to be supported under the project are as yet unknown. However, the potential project protected areas may include historical sites and/or archeological findings. As such, impacts and procedures for "chance findings" from specific investments under Component 1 (if applicable) will be assessed within the Environmental Assessment, and the resulting Environmental and Social Management Framework will include relevant provisions to mitigate any potentially adverse impacts. Such provisions will include compliance with the guidelines defined by the National Institute for Historical and Cultural Heritage (IPHAN) regarding historical sites and/or archaeological findings.
Indigenous Peoples OP/BP 4.10	Yes	During Project preparation it was determined that Indigenous peoples with the four characteristics called for in OP 4.10 are present within one of the Protected Areas to be supported by the Project. A Social Assessment and Indigenous Peoples Plan (IPP) will be prepared, consulted and disclosed, per the requirements of OP 4.10 prior to appraisal.
Involuntary Resettlement OP/BP 4.12	Yes	<p>The creation and consolidation of protected areas could potentially lead to restrictions in access leading to impacts on peoples livelihoods. A Process Framework will be prepared, consulted and disclosed prior to appraisal to ensure that affected people and communities have an opportunity to participate in the definition and design of alternative livelihood activities or other compensation/mitigation measures.</p> <p>The project will not require the involuntary taking of land, and given this, a Resettlement Policy Framework or Resettlement Action Plans are not needed.</p>
Safety of Dams OP/BP 4.37	No	No dams exist in the project area and none of the project activities will involve dam works or operation. Therefore, OP 4.37 is not triggered.

Projects on International Waterways OP/BP 7.50	No	No project activities will occur in international waters, or in areas which border Uruguay or the French Guiana. Therefore, OP 7.50 is not triggered.
Projects in Disputed Areas OP/BP 7.60	No	There are no disputed areas within the project target area (Brazilian coastal zone and marine zone under Brazilian jurisdiction). Therefore, OP 7.60 is not triggered.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 30-Jun-2012

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

Environmental assessment and social framework studies are expected to be disclosed by June 2012

IV. APPROVALS

Task Team Leader:	Name: Adriana Moreira	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Glenn S. Morgan (RSA)	Date: 04-Jun-2012
Sector Manager:	Name: Karin Erika Kemper (SM)	Date: 08-Feb-2012

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.