PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: PIDA1111

Project Name	Management and Protection of Key Biodiversity Areas in Belize (P130474)
Region	LATIN AMERICA AND CARIBBEAN
Country	Belize
Sector(s)	General agriculture, fishing and forestry sector (84%), Public administration- Agriculture, fishing and forestry (16%)
Theme(s)	Environmental policies and institutions (25%), Climate change (25%), Land administration and management (25%), Natural disaster mana gement (15%), Other environment and natural resources management (10%)
Lending Instrument	Investment Project Financing
Project ID	P130474
GEF Focal Area	Multi-focal area
Borrower(s)	
Implementing Agency	Ministry of Forestry, Fisheries, and Sustainable Development, Protected Areas Conservation Trust
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	04-Feb-2014
Date PID Approved/Disclosed	09-Sep-2014
Estimated Date of Appraisal Completion	02-Jan-2014
Estimated Date of Board Approval	29-Sep-2014
Decision	

I. Project Context

Country Context

Belize is a small, upper-middle income country with a population of 324,100 (2012) and GDP per capita of US$4,577 (2011). Total national territory covers 46,620 km2, which includes 22,960 km2 of land and 1,060 km2 of cays. The country’s global comparative advantage is derived from its unique natural resource base, which supports the tourism and agriculture sectors, and its advantageous geographical proximity to major markets. There has been a large increase in the service sector, attributed mainly to the growth of the tourism industry. The travel and tourism industry in 2011 directly contributed US$176 million to Belize's economy (12% of Gross Domestic Product (GDP)). The total contribution to GDP in 2011 (including wider effects from investment, the supply chain, and induced income impacts) was US$486 million (33.2% of GDP) .

Belize's principal development challenges are rooted in its high vulnerability to external shocks including terms of trade, climate related hazards and impacts of climate change, while the Government's ability to address these challenges is constrained by high debt levels and limited fiscal space. Belize was adversely impacted by the global downturn and the effects of floods in late 2008. In 2012, the economy grew by 5.3% of GDP compared to 1.9% in 2011, thanks primarily to the robust recovery in agriculture, tourism, construction, and telecom sectors. However, the external current account deficit widened to 1.7% of GDP in 2012, up from 1.1% in 2011 due in particular to higher imports of fuel and electricity. Although the Government successfully restructured its debt in March 2013, the current level of total public debt (73% of GDP) is still higher than a sustainable level (60% of GDP). In order to reduce the public debt to a sustainable level by the end of the decade, the International Monetary Fund (IMF) projects that the Government needs to maintain at least a 2% of primary surplus. The primary surplus was estimated to decline to 1.3% of GDP in FY2012 from 2.3% in FY2011. The FY2013 budget projects a primary surplus of around 1% (passive scenario).

Further fiscal consolidation, in particular expenditure restraints, active debt management, steady financial sector reform, and measures to buttress external sector resilience would therefore be required over the medium-term. These efforts need to be complemented by structural reforms to enhance competitiveness and growth prospects. In light of the projected widening current account deficit, and limited access to external financing, it is critical for Belize to leverage additional funds to complement the limited domestic resources. The investments and grant financing under the Project are critical inputs to this effort.

Sectoral and institutional Context

Belize has a very high level of terrestrial and aquatic biodiversity, including more than 150 species of mammals, 540 species of birds, 151 species of amphibians and reptiles, nearly 600 species of freshwater and marine fishes, high numbers of invertebrates, and 3,408 species of vascular plants. Belize's rich terrestrial and marine ecosystems provide important habitat for these species. Much of the terrestrial area of Belize represents a significant portion of the Mesoamerican Biological Corridor, which stretches from Mexico to Panamá. In fact, Belize has the highest forest cover in both Central America and the Caribbean (62% as a percentage of land, 37% of which are primary forests). Belize has two large, unified blocks of intact virgin forest that are likely to be the last strongholds for species that require large, undisturbed areas for their long-term survival. In order to protect this unique forest and outstanding biodiversity, Belize has 98 protected areas (PAs) covering 34.9% of the country's total land area.

Although Belize has managed to preserve its forests and outstanding biodiversity to a great extent, the country still faces serious problems that not only threaten the existing natural environment, but also adversely affect the poorer population and the economic growth prospects of the country. Forest cover in Belize has continued to decrease from 72.90% in 1989 to 61.64% in 2012 and is predicted to continue to do so (Cherrington et al., 2012). Main anthropogenic threats to the forests include the expansion of agriculture, housing, and tourism. Also damaging are illegal logging, looting of archaeological sites, hunting, and poaching, in some areas by communities from across the national border. The data shows that PAs in the country have been effective in protecting forests —only 6.4% of overall deforestation occurred within PAs during 2010-2012; the deforestation rate within PAs is 0.25% while outside PAs is 0.84%. However, pressure on PAs is increasingly high in recent years, especially from agricultural expansion which has resulted in the de-reservation of

some PAs.

Even more threatening to the forests in Belize are natural causes such as wildfires and hurricanes. In addition to the estimated 25,092 ha of cleared lands between 2010 and 2012, another 33,129 ha were estimated to have suffered from fire/hurricane damage during the same period. Belize has been identified as one of the countries that are most vulnerable to the adverse impacts of climate change including more intense and frequent tropical storms and hurricanes, flood damage, and rising sea levels. Like the rest of the Caribbean, Belize has experienced frequent natural disasters of catastrophic proportions , and most recently suffered the impact of a Category 1 hurricane (Richard in October 2010), which led to extensive forest area destruction leaving much debris which accumulated and dried up, causing forest fires. Consequently, during the 2011 dry season Belize experienced some of the most extensive forest fires across the country. The short-term impacts of such disasters and the long-term effects of climate change are expected to undermine the resilience of the natural ecosystems and human vulnerability, increasing the urgency of tackling these challenges.

Interventions to avoid deforestation and to aid reforestation of degraded forests would significantly enhance the country's potential for climate change mitigation. According to the Second National Communication to the United Nations Framework Convention on Climate Change (UNFCCC) (July 2002), over 91% of the country's emission of greenhouse gases (GHGs) come from Land Use, Land Use Change and Forestry (LULUCF). Further, the National Communication notes that Belize is in a unique position to reduce emissions from deforestation and forest degradation and to increase carbon stocks through enhancement of conservation and sustainable management of forests (REDD +).

Loss of forests in deforestation hotspots (Cherrington et al., 2012; Garcia-Saqui et al., 2011), particularly in key watersheds, leads to loss of ecosystem services. Forests are a valuable asset for Belize and generate a range of important ecosystem services such as protection of water quality, biodiversity habitats, non-timber forest products (NTFPs) for local and indigenous communities, fuel for rural communities, and a large untapped potential for the use of medicinal plants in the pharmaceutical industry. Forests provide soil stabilization, which prevents excessive sedimentation of estuaries and reduces the runoff of nutrients from agriculture to sensitive coral reef and mangrove ecosystems, which greatly impacts the tourism and fisheries sectors, critical foreign exchange earners for Belize (approximately US$260 million and US$25 million respectively in 2011).

Striking a balance between the drivers of economic growth and the pressures they exert on natural resources and the environmental integrity of the country remains a key challenge in Belize. The population growth rate over the past three years in Belize is on average 2.46 %. The rural population continues to be larger than the urban population and it is growing faster (2.85%) than the urban areas. This increase places an undue burden on the country's natural resources. The poorest people and communities in Belize are predominantly rural and their livelihoods depend largely on access to land and natural resources. Furthermore, the highest poverty levels tend to occur in forested areas with the highest (e.g., South and West of Belize) or lowest (e.g., North and East of Belize) levels of biodiversity, thus presenting critical poverty-environment challenges (for example with encroachment and enforcement issues). These people use the forest and can contribute to sustainable forest and natural resource management. However, they need income generating and employment options that are not destructive to the forest. It is therefore important that the Project

supports effective and improved management of the environment and natural resources for sustainable livelihoods, contributing to shared prosperity and green growth of Belize.

Belize's sector-specific policies and legislation are generally comprehensive and robust, such as the 2009 Water Resources Management Act, the 1992 National Lands Act, and the 1999 Coastal Zone Management Act. However, problems and weaknesses frequently arise from the complications of different jurisdictions and regulations over management of PAs. The National Protected Areas Policy (NPAP) and the National Protected Areas System and Plan (NPASP) define that PAs of Belize are administered and regulated by different laws and enforced by different Government agencies (e.g., Department of the Environment, Forest Department, Fisheries Department, Coastal Zone Management Authority and Institute, Institute of Archaeology, and Lands and Survey Department). The institutions that are directly responsible for the management of Belize's environment and natural resources are underfunded, understaffed, and in many cases lack the capacity to perform their basic functions including monitoring and enforcement. It is evident that the capacity of most PA staff to assess biodiversity and natural resources is a significant limiting factor to the reliability and use of 'self-assessed' data. There are not sufficient historical information of some indicators to be able to gauge current status, or have a limited understanding of some indicator and threats. Historically, environmental civil society organizations (often co-management organizations in PAs) have been very strong in Belize and have played a crucial yet insufficient role in complementing the existing Government capacity to manage PAs and formulate environmental policies.

II. Proposed Development Objectives

The Project Development Objective (PDO) is to strengthen natural resource management and biodiversity conservation in Key Biodiversity Areas (KBAs) of Belize.

III. Project Description

Component Name

Component 1: Supporting Forest Protection and Sustainable Forest Management Activities in Key Biodiversity Areas

Comments (optional)

This component will support (1) forest protection and (2) sustainable forest management, contributing to reduction of emissions from deforestation/degradation and increase in sequestration of CO2.

Component Name

Component 2: Promoting Effective Management of Key Biodiversity Areas

Comments (optional)

This component will support (1) improving management of the KBAs and (2) monitoring and compliance of PAs.

Component Name

Component 3: Institutional Strengthening and Capacity Building for Enhanced Enforcement of Environmental Regulations

Comments (optional)

This component will support (1) increased coordination for balancing environmental management and development and (2) strengthening and improvement of environmental screening tools and processes.

Component Name

Component 4: Project Management, Monitoring and Assessment

Comments (optional)

This component will support (1) project management and implementation support and (2) monitoring and evaluation, data collection, stakeholder involvement and coordination.

IV. Financing *(in USD Million)*

Total Project Cost:	9.09	Total Bank Financing:	0.00
Financing Gap:	0.00		

For Loans/Credits/Others	**Amount**
Borrower	3.00
Global Environment Facility (GEF)	6.09
Total	9.09

V. Implementation

The Ministry of Forestry, Fisheries and Sustainable Development (MFFSD) is responsible for the overall implementation of the Project with the fiduciary assistance of Protected Areas Conservation Trust (PACT). MFFSD houses key units for the implementation of the Project, including National Protected Areas Secretariat (NPAS), Forest Department (FD), and Department of the Environment (DOE).

The Project Steering Committee (PSC) will support project implementation by providing guidance on national policy and on strategic approaches. The PSC will be chaired by the Chief Executive Officer (CEO) of the MFFSD, and comprised of CEOs of key Government ministries including the Ministry of Natural Resources and Agriculture, Ministry of Finance and Economic Development, Ministry of Labor, Local Government, Rural Development and National Emergency Management, and Ministry of Tourism and Culture.

The Technical Advisory Committee (TAC) will provide technical guidance for project implementation. The TAC is comprised of the Chief Forest Officer, Chief Environmental Officer, Chief Agricultural Officer, the Commissioner of Lands, Head of Climate Change Office, Economist from the Ministry of Finance and Economic Development, NPAS Program Director, the Executive Director of the Association of Protected Areas Management Organizations (APAMO), and PACT.

Project Implementing Agencies (PIAs) within MFFSD would carry out the day-to-day management of the Project, including coordination, supervision, monitoring, quality control, socio-environmental management, and reporting in accordance with the Grant Agreement and the Project Operational Manual (POM). The PIAs will consist of a Project Manager, a Project Officer, staff from NPAS, FD, and DOE, and fiduciary staff of PACT. FD will lead the implementation of Components 1 and 2, DOE for Component 3, and NPAS for Component 4. PACT will be responsible for ensuring sound fiduciary management of the Project's resources. Funds will be transferred to PACT under a Subsidiary Agreement with the Government. No funds will flow directly to the sub-project beneficiaries.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36	x	
Pest Management OP 4.09	x	
Physical Cultural Resources OP/BP 4.11	x	
Indigenous Peoples OP/BP 4.10	x	
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60	x	

Comments (optional)

VII. Contact point

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