PROJECT EXECUTIVE SUMMARY
GEF COUNCIL WORK PROGRAM SUBMISSION

AGENCY'S PROJECT ID:
COUNTRY: Regional: Belize, Guatemala, and Honduras
PROJECT TITLE: Environmental Protection and Maritime Transport Pollution Control in the Gulf of Honduras
GEF AGENCY: Interamerican Development Bank
OTHER EXECUTING AGENCY(IES):
DURATION: Five years
GEF FOCAL AREA: International Waters
GEF OPERATIONAL PROGRAM: OP #10: Contaminant-based program
GEF STRATEGIC PRIORITY: ·UNDERTAKE INNOVATIVE DEMONSTRATIONS FOR REDUCING CONTAMINANTS AND ADDRESSING WATER SCARCITY·
EXPAND GLOBAL COVERAGE WITH CAPACITY BUILDING FOUNDATIONAL WORK
ESTIMATED STARTING DATE: June 2004
IA FEE: IDB:

FINANCING PLAN (US$)	
GEF PROJECT/COMPONENT	
Project	4,892,108
PDF A	
PDF B	500,000
PDF C	
Sub-Total GEF	5,392,108
CO-FINANCING*	
GEF Agency	
Others	6,595,635
Sub-Total Co-financing:	
Total Project Financing:	11,987,743
FINANCING FOR ASSOCIATED ACTIVITIES IF ANY:	
LEVERAGED RESOURCES IF ANY:	

*Details provided under the Financial Modality and Cost Effectiveness section

CONTRIBUTION TO KEY INDICATORS OF THE BUSINESS PLAN: This project addresses the issue of increasing the number of transboundary projects where management frameworks will be established. Although the Caribbean Sea has received management attention, the Gulf of Honduras has not received such focused attention.

RECORD OF ENDORSEMENT ON BEHALF OF THE GOVERNMENT(S):
(Enter Name, Position, Ministry) Date*: (Month, day, year)*

Approved on behalf of the *(Enter accountable GEF Agency)*. This proposal has been prepared in accordance with GEF policies and procedures and meets the standards of the GEF Project Review Criteria for work program inclusion

Name & Signature
IA/ExA Coordinator
Date: (Month, Day, Year)

Project Contact Person
Tel. and email:

1. PROJECT RATIONALE, OBJECTIVES, OUTPUTS, AND ACTIVITIES

1.1. This project proposal for the environmental management of the Gulf of Honduras (*Environmental Protection and Maritime Transport Pollution Control in the Gulf of Honduras*) has a primary focus of controlling human activities leading to the degradation of the coastal and marine ecosystems in the Gulf of Honduras. At risk are the extensive barrier and patch reefs, sea grass meadows, mangrove forests, and other sensitive ecosystems in the region. The project objectives include: enhancing the control of maritime transport-related pollution in the major ports and navigation lanes, improving navigational safety to avoid groundings and spills, and reducing land-based inputs to the adjacent coastal and marine areas within the Gulf of Honduras.

1.2. In order to achieve its objectives over the five-year period of execution, the project will implement four main components. Each component has its own associated objectives, which were identified by the root cause analysis, and would be carried out during the project preparation process:

Component 1) Building regional capacity for maritime and land-based pollution control in Central America.

> Objective: Create and consolidate a regional network for land-based and maritime pollution control within the Gulf of Honduras, including the formulation of institutional and economic arrangements that will assure the sustainability of the action program.

Component 2) Creating, analyzing and distributing marine environmental information and developing a strategic action plan for the Gulf of Honduras.

> Objective: Fill technical gaps in understanding the state of the environment, undertake strategic planning to reduce marine pollution in the Gulf of Honduras, and develop the long-term capacity for gathering, organizing, analyzing and disseminating marine environmental information, as a complement to the Regional Environmental Information System being developed by the Meso-American Barrier Reef System (MBRS) project.

Component 3) Enhancing navigational safety in shipping lanes;

> Objective: Enhance navigational safety in key ports and approaches with the goal of reducing marine environmental pollution. This would be accomplished by improving hydrographic capacity, through navigation safety products and services, and by developing a coastal/oceanographic GIS database for use in regional planning to prevent and contain oil and chemical spills.

Component 4) Improving environmental management in the regional network of five ports within the Gulf of Honduras.

> Objective: Improve environmental management in the regional network of five ports within the Gulf of Honduras through preparation and implementation of environmental management programs, including demonstration pilot activities and the active involvement of the private sector.

1.3. These four principal components offer the greatest potential project benefits in terms of environmental protection from both national and transboundary perspectives over the interval of the next five years. Through these components, the project will improve coordination and harmonize regional approaches in the Gulf of Honduras, which is part of the overall Caribbean basin (covered by the framework Cartagena Convention). In addition, this project will assist the region to improve upon environmental management systems designed to mitigate ongoing pollution and to help prevent potentially catastrophic maritime accidents.

1.4. The activities to be undertaken will complement other projects in the region to provide a strong foundation for the long-term sustainable environmental management of the Gulf of Honduras. A preliminary Transboundary Diagnostic Analysis (TDA) has been prepared and serves as the basis for the preparation of this project proposal. The full Global Environment Facility (GEF) project will update and expand the TDA, and will develop a regionally agreed Strategic Action Plan (SAP), following clarification of some aspects of the environmental status of the region. The present project is consistent with the GEF International Waters Focal Area - Strategic Priorities in Support of the World Summit on Sustainable Development (WSSD) Outcomes for FY 2003-2006.

1.5. Key indicators and assumptions for the project include: i) Updated TDA based on improved and expanded data; ii) Regionally endorsed SAP; iii) approved National Action Plans; iv) nine, completed demonstration projects; v) draft improvements to policies, legislation, and regulation provided to appropriate Ministries in each country; vi) fully functional Regional Coordinating Unit, Interministerial Committees, and Steering Committee; vii) completed Public Participation Plan; viii) operational Data and Information Management System for the Gulf of Honduras; ix) agreed and implemented Sustainable Financing Plan.

1.6. Key risks for the project include: i) low socio-economic conditions in the region, leading to weak civil and governmental support for the environment; ii) sustainable financial mechanisms may not be identifiable in the time frame; national and donor commitment to implement SAP may not be strong; iii) governments may not be willing to address complex, inter-sectoral environmental issues such as shipping and integrated coastal area management; and iv) if stakeholders are not allowed to cooperate freely, the sustainability of project will be at risk.

2. COUNTRY OWNERSHIP

A. COUNTRY ELIGIBILITY

2.1. The countries are eligible under paragraph 9(b) of the Global Environment Facility (GEF) Instrument. The Strategic Action Programme is consistent with the relevant provisions of regional and global Conventions relating to International Waters to which the countries are signatories and/or contracting parties.

B. COUNTRY DRIVENNESS

2.2. The concept for this project began in the mid-1990's, as the Comisión Centroamericana de Transporte Marítimo (COCATRAM), Trinational Alliance for the Gulf of Honduras (TRIGOH), and other regional entities recognized the need to focus on marine transport issues to protect the sensitive receptors-at-risk, such as coral barrier reef, seagrass beds, mangroves, and sensitive species. Although the present project has expanded to address land-based activities as well as marine-based, elements of the original concept remain the same. Since the conceptualization of the project, all countries have participated actively in the GEF project preparation, seeing the possibility of their early ideas coming to fruition. They have been actively involved in framing the project and participating in various project development activities. They have held four regional technical workshops (in San Pedro Sula and Tegucigalpa in Honduras, Guatemala City in Guatemala, and Belize City in Belize), and have been actively involved in demonstration project preparation, Project Brief development, finalization of the Preliminary TDA, and other actions.

2.3. Further evidence of the three countries' commitment to the protection of the marine environment in the Gulf of Honduras comes from the investments these countries are also making in order to reduce the degradation of the fragile ecosystems in the Gulf of Honduras (see the Baseline Cost Analysis in Annex A). However, despite these efforts, the poverty experienced in much of the Gulf's watershed, compounded by relatively high population growth rates, has resulted in the overuse and misuse of the region's terrestrial, coastal and marine resources. The present project will strengthen the three countries' capacity to address significant environmental problems in the Gulf of Honduras that have both local and global importance.

2.4. Finally, it should be noted that the countries in the region support reduction in pollution from port operations and maritime transport, through their support of the Cartagena Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region and its Protocol Concerning Co-operation in Combating Oil Spills in the Wider Caribbean Region.

3. PROGRAM AND POLICY CONFORMITY

A. PROJECT DESIGN

3.1. FIT TO GEF OPERATIONAL PROGRAM AND STRATEGIC PRIORITY. This project is in conformity with the GEF Operational Strategy and Operational Programmes, in particular with OP #10 - International Waters: Contaminant-based Program. Under the Contaminant-Based Operational Programme 10, several outputs from the Ship-Related Contaminants Component projects are envisaged. This would include the implementation "of measures to prevent the transfer of non-indigenous species in ship ballast water, demonstration of new technology to help ships avoid collisions in busy corridors and the implementation of measures to prevent unauthorized releases of contaminants while leveraging private sector investment. The new information technology may discourage releases of oil and non-degradable waste, and provide a means of determining whether ballast water was exchanged in accordance with best practices to prevent transfer of species and to address MARPOL issues. Once barriers to use of the new technology are overcome, efficiency gains and reduced insurance costs may raise the profits of the private sector and some of these profits might contribute to financial sustainability following the end of GEF involvement (para 10.16)."

3.2. The present project also is consistent with the recent Draft GEF International Waters Focal Area-Strategic Priorities in Support of WSSD Outcomes for FY 2003-2006. The document lists various priorities, including:

- Priority A. Catalyze financial resource mobilization for implementation of reforms and stress reduction measures agreed through TDA-SAP or equivalent processes for particular transboundary systems. This project will develop a full TDA and a regionally endorsed SAP, with broad participation from development banks, private sector, and other principal economic actors to secure financial resources for implementation of reforms.

- Priority B. Expand global coverage of foundational capacity building addressing the two key program gaps and support for targeted learning. This project includes training and other capacity building measures to expand on the foundational capacity of the Gulf of Honduras region, where capacity issues are at the forefront.

- Priority C. Undertake innovative demonstrations for reducing contaminants and addressing water scarcity issues. This project would develop replicable demonstration projects to reduce contaminant loads to the marine environment -- focusing on issues such as shipping safety, port and harbor operations, watershed management, and integrated coastal planning and management.

3.3. This project also is consistent with the "Action plan to respond to the recommendations of the Second GEF Assembly, the policy recommendations of

the Third Replenishment, the Second Overall Performance Study of the GEF and the World Summit on Sustainable Development" as discussed and agreed at the May 2003 GEF Council Meeting. It is also consistent with the document "Strategic Business Planning: Direction and Targets," also discussed and agreed at the May 2003 GEF Council Meeting. The following internal specific targets are consistent with the Gulf of Honduras project:

- Under Strategic Priority IW-2:

(a) By 2006, GEF will have increased by at least one-third the global coverage of representative waterbodies (an additional 9-10) with country-driven, science-based, joint-management programs with GEF assistance. The Gulf of Honduras represents one of the waterbodies that is of paramount global significance (note its association with the Mesoamerican Barrier Reef System) and that is under-represented in terms of both subject matter (marine shipping threats) and geographic scope.

B. SUSTAINABILITY (INCLUDING FINANCIAL SUSTAINABILITY)

3.4. Good working examples of integrated planning and management among the three Gulf of Honduras states are few, though there are numerous regional bodies and cooperative efforts (see the Regional Programming Context in the Project Brief). Considerable time and effort has already been spent to foster a new paradigm of co-operation in the project preparation phase among the relevant decision makers. The riparian countries have shown their determination to solve problems jointly right from the beginning of the process. During the several regional workshops and meetings held during the PDF-B process, the countries have shown a great sense of commitment. During project implementation, this commitment would need to be continued with a wider set of decision makers as well as the field personnel. The incorporation of a project component into the overall design would establish a more strategic regional coordination framework, and would bolster existing weaknesses at various levels in the area of environmental management and sustainable development. A key feature of an effective regional coordination framework would be to reduce any duplication of efforts by projects funded by various bi-lateral initiatives between the Gulf of Honduras countries and donors.

3.5. To ensure the financial sustainability of the Program, the Financial Sustainability Plan (Annex K) has proposed a variety of funding sources from within the region that are sufficient to keep the core SAP activities on a solid financial footing after the five-year execution period planned for the program. These options include the following:

- Fees for port services, such as treatment of oily bilge water and garbage disposal.

- Port fees directly levied to support SAP activities. This could be based on a per boat basis, or, perhaps better, it could be based on cargo tonnage, with the fee depending on the potential toxicity of the cargo.
- Fees collected from cruise ship tourists.
- Reimbursements in the event of accidents. Money not used in the spill cleanup could be used for SAP activities, such as those related to spill prevention.
- Partnerships with in-kind and monetary contributions from private, non-governmental, and international entities.
- Money from the general fund of each country.

C. REPLICABILITY

3.5. One key intervention contributing to project sustainability and the long-lasting contribution of the GEF contribution is the demonstration projects and their replicability throughout the basin. To be funded, the demonstration projects would need to clearly show the potential for replicability of the lessons learned and the best practices developed in the project. These demonstration projects are consistent with the SAP development process.

D. STAKEHOLDER INVOLVEMENT

3.6. Active Stakeholder involvement is envisioned throughout the project. The various demonstration projects would all have activities designed to actively engage stakeholders. The project itself has a Stakeholder component (1.2) of nearly $700,000 focused on Stakeholder involvement and public participation. Moreover, nearly each element of the project has specific stakeholder-oriented activities, so the total value of the GEF support for direct Stakeholder involvement exceeds the direct budget. Stakeholders will be involved in public outreach, project activities, demonstration projects, Steering Committee meetings, monitoring and evaluation, NAP, TDA and SAP development, and other phases of the project.

E. MONITORING AND EVALUATION

3.7. Monitoring and Evaluation include a series of linked activities, including a complete Project Document, Project Implementation Review (PIR), Tripartite Reviews (TPR), Annual and Quarterly Project Reports (and thence to the GEF Project Implementation Review Process), Work Plan, and independent mid-term and final project Evaluations (see Table 7 in the ProBrief). Monitoring and evaluation begins with preparation of the Project Document, complete with a logical framework matrix (LogFrame) developed according to strict monitoring and evaluation (M&E) procedures, including clear indicators of implementation progress and means of verification. This Project Brief includes the required LogFrame matrix with progress indicators and verifiers. Approximately

US$80,000 will be allocated for M&E and TPRs, which will be undertaken by independent experts and the IDB.

4. FINANCIAL MODALITY AND COST EFFECTIVENESS

4.1. Taking into account all contributions, the GEF alternative amounts to US$ 57,603,084. The difference between the GEF alternative and the baseline amounts to US$ 11,177,695 which represents the incremental cost of achieving sustainable global benefits. The requested GEF grant contribution for the incremental cost is US$4,892,108, excluding the PDF-B resources. Other institutions such as the national governments, USAID, MACHC, or COCATRAM will provide the remaining funds required to meet the incremental costs.

5. INSTITUTIONAL COORDINATION AND SUPPORT

A. CORE COMMITMENTS AND LINKAGES

5.1. IDB is providing a large range of support to Central America that complements activities scheduled under this project. The Project Brief lists nearly two dozen projects associated with the environment with which IDB has a central role in the region. These provide direct linkages to the present project. In addition, U.S. AID is providing nearly $10 million in funding for a major project in the Mesoamerican Biological Corridor -- PROARCA. This project has made linkages with these various projects to leverage the resources associated with this request.

B. CONSULTATION, COORDINATION AND COLLABORATION BETWEEN IAS, AND IAS AND EXAS, IF APPROPRIATE.

5.2. IDB has had extensive consultation in the region for this project and others. Their experience in the region has been enhanced by three IDB country offices, which are providing strong coordination and consultation on the details of this project.

C. PROJECT IMPLEMENTATION ARRANGEMENT

5.3. The project will be implemented by IDB. The Executing Agency for the project will be a collaborative effort between Comisión Centroamericana sobre Medio Ambiente y Desarrollo (CCAD) and COCATRAM. The project itself will be governed by a Steering Committee consisting of the three riparian countries. A Regional Coordination Unit under the Executing Agency will assist the project with all administrative and technical aspects. Each Demonstration project will have a small administrative function associated with it. Finally, each country will have an Interministerial Coordination Unit, to assure broad intersectoral coordination and broad government stakeholder participation.

Required Annexes:

Annex A.	Incremental Cost Annex
Annex B.	Logframe Matrix
Annex C.	STAP Roster Technical Review
Annex C1.	Implementing Agency Response to STAP/IA Comments

Optional Annexes:

Annex D	Demonstration process selection and replicability
Annex E	Preliminary Transboundary Diagnostic Analysis Preliminary analysis of the transboundary environmental issues facing the Gulf of Honduras. (Separate document.)
Annex F	Public Involvement Plan Summary Summary of how various Stakeholders will be involved in the Gulf of Honduras, including governance, management, and implementation, along with reference to the major Objectives/Components where their participation is identified.
Annex G	Baseline Activities and Co-financing Based on input from the countries, as well as the IADB, the baseline and co-financing were identified to assist in the Incremental Cost Analysis.
Annex H	List of Publications Prepared During the PDF-B Published materials available from the IADB describing the process and steps taken to develop the Preliminary TDA and the Project Brief. (Not used at this time.)
Annex I	Institutional Arrangements Schematic of the Implementation Structure for the Gulf of Honduras, including governance, management, regional activities, and national activities.
Annex J	Copies of GEF Operational Focal Point Endorsement Letters
Annex K	Financial Sustainability Plan
Annex L	Projects Financed by the IADB
Annex M	Causal Chain Analysis
Annex N	Draft MOU – COCATRAM-CCAD