



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project

THE GEF TRUST FUND

Submission Date: December 11, 2008

Re-submission Date: February 3, 2009

PART I: PROJECT IDENTIFICATION

GEFSEC PROJECT ID¹:

GEF AGENCY PROJECT ID:

COUNTRY(IES): Antigua & Barbuda, Grenada, St. Kitts & Nevis, St. Lucia, St. Vincent and the Grenadines

PROJECT TITLE: Sustainable Financing and Management of Eastern Caribbean Marine Ecosystems

GEF AGENCY(IES): World Bank

OTHER EXECUTING PARTNERS: Regional EA: The Nature

Conservancy and OECS. National EAs: Antigua & Barbuda: Prime

Ministers Office; Grenada: Ministry of Agriculture - Department of Fisheries and Dept of Forestry; St. Kitts & Nevis:

Ministry of Sustainable Development; Department of Planning; St. Lucia: Ministry of Agriculture, Department of

Fisheries; St. Vincent & the Grenadines: Ministry of Tourism, National Parks Authority.

GEF FOCAL AREAS: Biodiversity,

GEF-4 STRATEGIC PROGRAM(S): BD-SP 1, BD-SP 2

A. PROJECT FRAMEWORK (Expand table as necessary)

Project Objective: To improve the management effectiveness of existing and expanded Protected Area networks across the Eastern Caribbean through the establishment of sustainable financing mechanisms.

Project Components	In, TA, or STA*	Expected Outcomes	Expected Outputs	Indicative GEF Financing*		Indicative Co-financing*		Total (\$M)
				(\$M)	%	(\$M)	%	
1. Establishment of Sustainable Financing Mechanisms:	Inv	Sustainable financing mechanisms provide resources for long term management and use of marine ecosystems in each participating country (measured with financial scorecard) Sustainable financing mechanisms provide at least US\$2 million annually for the management of protected area networks	National Sustainable financing plans and strategies completed, adopted by governments and being implemented Institutional mechanisms for sustainable finance establishment and management defined Regional Endowment and National level Trust Funds (TFs) created and capitalized for each country, with minimum of US\$3 million within the endowment	7.5	45	9.0	55	16.5
2. Establishment and strengthening of policy, legal and institutional framework for sustainable financing	TA	Institutional capacity (regional, national and local) in sustainable financial management improved Priority actions for sustainable financing identified and implemented consistent with National PA System Plans	Institutional mechanisms for sustainable finance establishment and management defined Training provided to relevant personnel in the management of regional endowment and national trust funds A harmonized tourism fee structure defined and implemented Legislative arrangements and enabling	0.3	15	1.7	85	2.0

¹ Project ID number will be assigned initially by GEFSEC.

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				(\$M)	%	(\$M)	%	
			<p>policies for effective management of PA established in all countries</p> <p>Coordination mechanisms for trans-boundary management established</p>					
3. Expansion, Consolidation and Strengthening of Eastern Caribbean Marine Protected Areas (MPA) Networks	Inv	<p>111,160 hectares of near shore and shelf marine habitat effectively included in the MPA networks (10%);</p> <p>213,568 hectares of near shore and shelf marine habitat granted legal MPA status (20%)</p> <p>Management effectiveness scores increase an average of 25% from its baseline across priority MPAs</p> <p>Viable demonstration projects in MPA implemented and relevant lessons generated for replication and scaling up across region.</p>	<p>At least 6 MPAs receive Government endorsement.</p> <p>Legal declaration of at least one new MPA per country</p> <p>At least 2 demonstration sites established to pilot coping and threat abatement strategies for climate change, sustainable fishing, control of land-based sources of pollution and sustainable tourism.</p> <p>Management effectiveness assessments completed during years 1, 3, and 5</p>	0.35	26	1.0	74	1.35
4. Deployment of regional monitoring and information system network:	Inv	<p>A regional monitoring network deployed to support decision-making</p> <p>Relevant biodiversity indicators identified and monitored</p>	<p>Inventory of species of global significance completed</p> <p>Updatable, interactive, information management system deployed for use by PA managers, decision makers, scientists</p> <p>Relevant staff trained in system management and monitoring</p> <p>An Eastern Caribbean PA network website established</p> <p>Electronic newspaper established to build awareness, encourage stewardship and assist decision makers to support the conservation of marine ecosystem</p>	0.4	21	1.47	79	1.87
5. Project management and coordination				0.2	11	1.63	89	1.83
Total Project costs				8.75	37	14.80	63	23.55

* List the dollar amount by project components/activities.

** STA = Scientific & technical analysis.

B. INDICATIVE FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	Project Preparation	Project	Agency Fee	Total
GEF Grant		8,750,000	875,000	9,625,000
Co-financing		14,800,000		14,800,000
Total		23,550,000	875,000	24,425,000

C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE (\$), IF AVAILABLE

Co-financing Source	Cash	In-kind	Total
Project Government Contribution	1,860,000	1,500,000	3,360,000
Bilateral Aid Agency(ies)	3,000,000		3,000,000
NGO	5,000,000		5,000,000
Others	3,140,000	300,000	3,440,000
Total co-financing	13,000,000	1,800,000	14,800,000

D. GEF RESOURCES REQUESTED BY FOCAL AREA(S), AGENCY (IES) SHARE AND COUNTRY(IES)*

GEF Agency	Focal Area	Country Name/ Global	(in \$)			
			Project Preparation	Project	Fee	Total
World Bank	Biodiversity	Antigua & Barbuda		1,750,000	175,000	1,925,000
World Bank	Biodiversity	Grenada		1,750,000	175,000	1,925,000
World Bank	Biodiversity	St. Kitts & Nevis		1,750,000	175,000	1,925,000
World Bank	Biodiversity	St. Lucia		1,750,000	175,000	1,925,000
World Bank	Biodiversity	St. Vincent & the Grenadines		1,750,000	175,000	1,925,000
Total GEF Resources				8,750,000	875,000	9,625,000

* No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

PART II: PROJECT JUSTIFICATION

A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:

1. The Caribbean has been identified as one of the top five global biodiversity hot spots, based primarily on the high number of globally important species that are endemic to the region. In the countries that constitute the Organization of Eastern Caribbean States (OECS)² there are 51 regionally endemic vertebrate species, 34 of which are unique to only one of the islands. They also contain 23 floral endemics and 31 threatened floral species. Additionally, the marine area surrounding the OECS states is home to 250 species of reef fish and over 50 species of coral.
2. The Small Island Developing States (SIDS) of the Eastern Caribbean (EC) rely heavily on these biodiversity assets both for tourism, which accounts for 75% of the OECS countries' collective GDP, and is a source of livelihoods for a significant proportion of the population (mainly fishing). As tourism based economies, these SIDS directly depend on maintaining the natural beauty, health, and services provided by their marine and terrestrial ecosystems. Unfortunately, marine and coastal resources across the Caribbean (and throughout the world) are overexploited and under-protected.
3. Key threats to the region's ecosystems include loss of natural habitats, loss of biodiversity, changes in water quality and quantity, and climate change. The sources of these threats include increases in exotic invasive species, poorly planned and regulated coastal development (and the associated issues of land-based sources of pollution, sedimentation, habitat destruction and increased human activities), and unsustainable extraction of the natural resources (mainly from overfishing in the marine ecosystem). If current trends continue, it is projected that between \$350 million and \$870 million will be lost annually through declining fish catch, dive tourism and shoreline protection associated with coral reef degradation across the Caribbean.
4. Sustainably managing the EC countries' natural resource base, especially its marine ecosystems, in the face of these threats is particularly challenging due to: (i) the lack of reliable and consistent sources of funding for the management of protected areas (PAs); (ii) the lack of functioning and well defined legal and institutional frameworks; (iii) increased pressure on marine resources due to overfishing, unregulated tourism and other human activities; (iv) fierce competition within and among SIDS for tourism that has ramifications for financing and sustainably managing national and regional PAs; (v) current and expected impacts from climate change; and (vi) lack of sufficiently trained professionals in the monitoring, conservation and PA management of marine ecosystems and biodiversity.
5. It has been shown that effectively managed Marine Protected Areas (MPAs) can contribute to reversing the risks of marine and coastal resource degradation. Their inherent ecosystem approach allows for the integration of multiple stakeholder and conservation goals, making MPAs the preferred choice to achieve sustainable ecological, economic and social development objectives.³ Those that are most successful in addressing threats are those that have taken into consideration concerns of the different resource users.⁴ Applied in the context of the resource conservation challenges of the EC region, MPAs have the potential to significantly contribute to the protection of regional marine biodiversity and ecosystems.
6. However, available government funding for natural resource conservation in the Eastern Caribbean (EC), especially in MPAs, does not fulfill even minimum needs. The gap in funding is mainly due to: (i) budgetary limitations these SIDS are facing; (ii) a lack of sustainable financing that compels the countries to depend on foreign donors to finance the sustainable management of their conservation activities; (iii) a failure to recognize the urgency of addressing resource degradation; and (iv) low capacity that frustrates their efforts

² The member states of the Organization of Eastern Caribbean States (OECS) that will participate in this proposed project are Antigua and Barbuda, Grenada, St Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

³ International Journal of Sustainable Development, Volume 10, Number 3, 25 March 2008 , pp. 233-250(18).

⁴ "Marine protected areas that incorporate multiple stakeholder interests without compromising biodiversity conservation goals are more likely to protect marine ecosystems." See: Conservation Biology, Volume 22, Number 3, June 2008 , pp. 691-700(10)

even when they allocate budgetary resources.⁵ Moreover, in projects with external financing, donors have generally focused on short term projects (2 to 5 years) even with the knowledge that most conservation interventions need a long-term horizon (15 to 20 and even more years) to be effective.

7. To address the EC region's marine and coastal resource degradation threats and management challenges, especially the lack of sustainable conservation funding, the proposed project aims to: (i) establish a system of long-term financing mechanisms⁶ to sustainably fund PAs in the participating countries; (ii) promote collaboration among governments, communities, NGOs and the private sector of the five countries in order to facilitate marine and coastal conservation; and (iii) support efforts to harmonize policy, legal and institutional frameworks among the five EC states. The five preliminary components and related activities are explained below:

Component 1 – Establishment of Sustainable Financing Mechanisms: (GEF US\$7.5 million/ Total cost US\$16.5 million)

8. The aim of this component is to establish a sustainable financing mechanism for national systems of MPAs through the formation of a regional endowment fund and five national trust funds (TFs). The regional fund will be composed of five individual sub-accounts corresponding to each country. It will be invested as one package with each country's share to be a minimum of US\$3 million. Sources of funds will include donations from the GEF, TNC, KfW as well as other financiers. The annual return for such an investment is estimated to be between US\$150,000 and US\$340,000 per country sub-account. Each country's endowment returns will flow directly into their respective national Protected Area Trust Fund (PATF) on an annual basis.
9. The national level TFs will be designed to finance sustainable management activities in PA systems and critical marine ecosystems. Diverse sources of funds will be channeled through the TFs, contributing to a more integrated framework for protected area management financing. Sources of funds will include not only the interest income accruing from the regional endowment fund, but also fees collected from tourism development projects, international tourist fees, water services fees, private donations, entrance fees and other payments for environmental services as determined by each country. Specifically, the interest from the endowment fund that flows to the national TFs will be dedicated to establishing sustainable management financing for the pilot MPAs to be designed under Component 3 of the proposed project. Funds remaining in the national TFs that are not spent within one year of their deposit will be re-invested in the corresponding country sub-account of the regional endowment fund. In this way, the principal (and thus the annual return) of the regional endowment has the opportunity to grow from year to year. Countries may also increase the amount of their principal within the endowment fund including via additional bilateral donor support. Each national TF will be managed by a Board independent of the respective national government; component activities will help to establish institutional frameworks and capacities to better enable Boards to manage their TFs effectively.

Component 2 – Establishment and strengthening of policy, legal and institutional framework: (GEF US\$0.3 million/ Total cost US\$2.0 million)

10. The aim of this component is to establish, strengthen and consolidate a policy, regulatory and institutional framework across the five OECS countries that harmonizes activities for sustainable financing of PAs. This activity will build on existing and past efforts in establishing endowment funds. The project will also support each country in legally establishing national TFs and defining regional cooperation arrangements. To avoid delays in establishing functional national TFs, this component will create a mechanism that allows each country to establish a TF according to its own national priorities and pace of implementation. Activities will include: (i) conduct gap assessments and implement recommendations in the design of national PA networks

⁵ Recently completed Sustainable Finance Plans for National Systems of PAs in Grenada and St. Vincent and the Grenadines (two of the OECS members) demonstrate the extent of the financial gaps.

⁶ As an example of long-term financing mechanisms, the Sustainable Finance plans of both Grenada and St. Vincent and the Grenadines have identified the creation of Protected Area Trust Funds (PATFs) and tourism-based protected area fees as critical components in order to fill the financial gaps in the management of PA systems.

to meet CBD commitments and national goals for biodiversity protection; (ii) determine sustainable fishing levels and demarcate areas for different fishing types; and (iii) provide technical assistance and studies to: (a) demonstrate tourists' willingness to pay in support of national PA systems; (b) conduct economic evaluations of natural resource services to accurately demonstrate the value that PAs and healthy ecosystems provide to local and national economies; and (c) conduct "Carrying Capacity" studies to determine the maximum number of visitors that a specific MPA and the national system as a whole can sustainably support.

Component 3 – Expansion, Consolidation and Strengthening of Eastern Caribbean (EC) MPA Networks: (GEF US\$0.35 million/ Total cost US\$1.35 million)

11. To address the under-protection and under-representation of marine ecosystems in the OECS PA systems, the project will support the designation of at least one marine PA in each country. These five MPAs will be the first beneficiaries of the sustainable financing mechanism. Depending on the flow of funds from the endowment and from the national TFs, coverage will expand to include other PAs. The main outputs expected include: (i) increased management effectiveness of each country's national system of MPAs; (ii) selected MPAs are representative of all EC marine ecosystems; (iii) demonstrated effective management in at least 6 priority MPAs that are not supported by other projects and/or external funding; (iv) in cooperation with other GEF funded projects in the OECS region, the effects of climate change on the marine resources in the EC are modeled utilizing most appropriate methodology; and (v) regional climate change coping strategies are developed and applied to pilot demonstration sites. Outputs (i) through (iii) will be achieved through the completion and implementation of community-based conservation action plans including monitoring of fish stock and catch, control and reduction of land-based sources of pollution, and determining the carrying capacity of the selected MPAs.

Component 4 – Deployment of a Monitoring and regional information system network: (GEF US\$0.4 million/ Total cost US\$1.87 million)

12. The aim of this component will be to establish a decision-support information system that integrates the entire PA network for the EC and the various management institutions into one regional system. The component will support: (i) design of an information system that will monitor financial, biodiversity, administrative and other relevant variables important for the management of the MPA system; (ii) deployment of hardware and software; and (iii) training of appropriate staff at all levels to administer and update the system.
13. The integrated system will build upon available systems in the region, such as the Caribbean Decision Support System (CDSS) that currently includes detailed GIS data layers for ecosystems and major habitat types, PAs, threats modeling, existing infrastructure, and other relevant biodiversity data. The CDSS can be utilized to create maps and conduct analyses of regional to local environments. The monitoring and information system will contribute to improving institutional capacity and will support decision-making by providing relevant actionable information on MPAs. It will also introduce transparency among the participating countries in the management of the TFs.

Component 5 – Project Management and Coordination (GEF US\$0.2 million/ Total cost US\$1.83 million)

14. The project will be executed by The Nature Conservancy (TNC) in coordination with the OECS Secretariat and each member country. Guided by a Steering Committee composed of ministers from each country, the responsibilities of the Project Coordination Unit (PCU) will include: (i) facilitating communication among participating countries; (ii) ensuring that the monitoring and information system network functions smoothly; (iii) procuring goods and services; (iv) overseeing project financial management; (v) preparing reports and annual work plans; and (vi) helping to strengthen the national TF units responsible for managing the sustainable financing of the MPAs. Decentralization of the management responsibilities for the annual return from the endowment fund will be implemented on a case-by-case basis.

B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL PRIORITIES/PLANS:

15. At the international level, governments across the wider Caribbean were some of the first to ratify the Convention on Biological Diversity (CBD). They have taken significant steps toward completing the Programme of Work on PAs (PoWPA), and five of the six OECS member states have ratified the Cartagena

Convention. At the sub-regional level, the OECS member states have endorsed the St. George's Declaration, which includes a commitment to the conservation of biological diversity and the protection of areas of outstanding scientific, cultural, spiritual, ecological, scenic and aesthetic significance. At the national level, the OECS countries have completed and adopted national environmental management plans and comprehensive national environmental profiles. As part of their commitment under the CBD, each country has also completed their National Biodiversity Strategy and Action Plans (NBSAP).

16. The participating OECS countries recognize the importance of establishing MPAs as one of the primary methods of preserving biodiversity and conserving critical marine ecosystems, such as fisheries, and hence, are either revising or preparing new PA system plans. Each country is also conducting and/or implementing site level management plans. Currently, there are more than 100 gazetted PAs in the region.

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH [GEF STRATEGIES](#) AND STRATEGIC PROGRAMS:

17. In keeping with the GEF-4, the project will primarily address the Biodiversity Focal Area Strategy, while specific activities will also address the Focal Area Strategy for International Waters and the GEF-4 concern for climate change adaptation measures. The project targets the Biodiversity Strategic Program 1 ("Sustainable Financing of Protected Area Systems and the National Level") by seeking to increase sustainable funding of PA networks at the national level via a regional endowment fund and national PATFs. Increasing representation of effectively managed MPAs into PA systems targets the Biodiversity Strategic Program 2 ("Increasing Representation of Effectively Managed Marine Protected Areas in Protected Area Systems") and will be the priority of the project; the goal is to improve management effectiveness of selected MPAs by an average of 25 percent from the baseline and to increase the overall coverage of MPAs within national networks of PAs. The project will also incorporate the International Waters Strategic Program 1 ("Restoring and Sustaining Coastal and Marine Fish Stocks and Associated Biological Diversity") through the development of effective policy measures for fishery management and the controlling and monitoring of effluents. Finally, the project will address the GEF-4 concern with climate change adaptation strategies by supporting pilot and demonstration sub-projects for climate change adaptation activities as part of project activities.⁷

D. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

18. The proposed project would partner with the Caribbean Large Marine Ecosystem (CLME) project under preparation; it aims to address over-fishing and improve fisheries management across the Caribbean Basin. Important contributions for MPA management from this project include: (i) root-cause analysis conducted as part of the Transboundary Diagnostic Analysis (TDA); (ii) the specific actions that will be defined as part of the Strategic Action Program (SAP); and (iii) the innovative government approach to medium-sized and artisanal fisheries. While the CLME will focus on the definition of sustainable management at LME level, the proposed project will implement the actions in specific MPAs. In addition, the proposed project plans to partner with the GEF-funded project: Integrated Watershed and Coastal Area Management (IWCAM) for SIDS in the Caribbean. This project aims to address coastal development issues via demonstration activities, improved policies, and better planning coordination. The partnership would provide relevant data on watersheds and coastal zones, which could enhance the sustainable management of the selected MPAs. In addition, the proposed project complements potential GEF projects associated with the "Caribbean Challenge".⁸ These include potential national projects in the Bahamas, Jamaica, and the Dominican Republic (all of whose PIFs have received Council approval), which focus on similar MPA management actions and sustainable finance, with the TNC as a co-financer. Finally, the proposed project is aligned with the Global Island Partnership (GLISPA). Launched in March 2006, GLISPA aims to build leadership and partnerships committed to actively supporting the implementation of the Island Biodiversity Programme of Work under

⁷ The pilot and demonstration sub-projects to be supported fall under the strategy described as a part of the GEF-4 Strategic Pilot on Adaptation. However, the project will not request funds from SPA.

⁸ The "Caribbean Challenge" developed from the concept of the Micronesia Challenge, in which 5 Pacific Island nations pledged to protect 20 percent of their marine resources by 2020 and to leverage \$100 million for conservation.

the Convention for Biological Diversity (CBD) and other related global policies. Of the OECS countries, Grenada is already a member of the Partnership. Additional Caribbean countries that are also members of GLISPA include the Bahamas; others are expected to join in the near future.

E. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING:

19. Healthy ecosystems in the SIDS of the EC are essential for safeguarding regional marine and terrestrial biodiversity, and are equally important for sustainable economic development and the long-term wellbeing of the regions' inhabitants. Without the proposed project, and without GEF intervention, it will be difficult to establish sustainable management of MPAs. To date, donor intervention in support of PAs in the region has been short-term and unpredictable, making sustainable management planning difficult. The proposed GEF project will build on national commitments to conservation which have, up to now, experienced little success due to limited national budgets. Sustainable protected area financing will promote long-term management and planning in order to abate impacts from climate change, unsustainable tourism and land development, the spread of invasive species, and the unsustainable harvest of natural resources (i.e., over-fishing). Project activities will achieve global benefits through enhanced protection of globally important biodiversity, improved marine and coastal ecosystem management, the promotion of sustainable tourism that generates funds for national PA networks, improved and stable fish stocks, diminished threats to species extinction, increased regional economic stability and cooperation, and improved livelihoods for coastal communities and the fishing industry.
20. In addition, GEF support for sustainable financing of MPAs via a regional endowment fund and national TFs will: (i) help to leverage additional resources from other donors; (ii) contribute to worldwide experience in building national and regional-level institutional mechanisms for administering conservation funds; and (iii) help other regional initiatives (e.g., CBD's PoWPA and the Caribbean Challenge) to achieve greater success.

F. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED, AND IF POSSIBLE INCLUDING RISK MEASURES THAT WILL BE TAKEN:

21. Climate change impacts are occurring in the region including an increase in hurricane frequency and intensity, shifting weather patterns, an increase in sea temperatures, and a rise in sea levels. These changes are known to cause degradation of coral reefs (hurricane damage, coral bleaching, coral disease); coastal erosion; and loss of coastal habitats such as mangroves, seagrass beds, and turtle nesting beaches. The risk management measures of this project include: i) reducing the cumulative impacts to near shore marine environments; ii) protecting intact marine habitats; iii) identifying reefs resilient to bleaching events and disease; iv) providing for connectivity and biological corridors; and v) monitoring and evaluating changes for key species and habitats in order to better inform adaptive management.
22. Resource degradation and encroachment into MPAs may continue unabated given the competing priorities (increasing tourism base, coastal development, poverty reduction, increasing fish harvest, industrial development, housing, and infrastructure requirements). The ecosystem valuation studies and technical assistance supported by the project will demonstrate where "win-win" outcomes for tourism, fishery and conservation can be obtained. Economic incentives, and government and community capacity building will be supported by the project. All project components will include public participation and PA awareness building. The management plan for the new MPAs will outline areas for conservation, tourist use, fishing, as well as incentive and enforcement mechanisms.
23. Shifts in priorities due to changes in government, world economy and/or natural disaster could slow efforts to establish effective MPA networks. Experience from other projects in the region indicate that awareness building and close participation by civic organizations and NGOs helps to ensure that a conservation focus is maintained despite changes in government priorities. The establishment of the PA endowment fund and the supporting TFs will buffer the impacts of changing priorities by providing for long-term sustainable financing managed by Boards independent from government.
24. Lack of uniform and sufficient experience in the region for establishing and managing PATF is another risk. The project will provide the technical assistance required to establish national TFs and regional coordination

between the national TFs and the regional endowment fund. The project will utilize well established mechanisms and models from around the world, and from Latin America and the Caribbean region in particular. The establishment and management of conservation trust funds are well tested and the outcomes are known to be effective.

G. DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT:

25. In the Wider Caribbean, resource-based goods and services generate more than \$80 billion annually, largely through tourism and fisheries revenue. Caribbean coral reefs alone generate between \$3.1 and \$4.6 billion a year in fisheries, tourism and shoreline protection. Approximately 11 percent of the Caribbean's reefs are located in the Eastern Caribbean. Protecting 20 percent of these coral reefs would generate benefits worth between \$66 million and \$110 million annually. Although the region's governments are aware of these resource potentials, limited budgets coupled with high levels of unemployment and poverty have prevented them from fully financing sustainable management of such resources. The proposed GEF project will ensure that that the Eastern Caribbean's marine resources are adequately and effectively managed through the creation of sustainable conservation finance mechanisms.
26. During project preparation, a two pronged approach will be used to test the cost-effectiveness of the proposed activities. First, worldwide experience in endowment funds will be utilized and the project will build upon the strong foundation of existing TF performances and lessons learned. Recently, comprehensive evaluation studies have been conducted to review the performance of conservation TFs and have concluded that these mechanisms of financing PA management are successful intervention instruments. Second, incremental cost analysis will be conducted using acceptable methodologies. Economic evaluation of ecosystem services provided by PAs and carrying capacity studies financed through this project will also inform cost-effectiveness during project implementation.
27. Considering the performance of conservation TFs, including those that have benefited from GEF financing, it is estimated that the small amount that GEF is expected to invest in this project will generate a considerable return. Experiences of TFs worldwide indicate that such investments generate on average a 10 percent return. Based on an average endowment of US\$20 million, this return rate is sufficient to provide a reliable cash flow for sustainably managing selected MPAs.

H. JUSTIFY THE GEF AGENCY COMPARATIVE ADVANTAGE:

28. The Bank has a long history of involvement in the OECS countries, including the implementation of several GEF projects. Specifically, the Bank is an IA of the GEF in executing the Mainstreaming Adaptation to Climate Change Project (MACC) that aims to build institutional capacity and develop climate change adaptation strategies in the Caribbean. In addition, climate change adaptation investment projects are also active in St. Lucia, Dominica and St. Vincent and the Grenadines.
29. The project is also consistent with the Bank overall strategy for the region. The "guiding principles" for the Country Assistance Strategy (CAS for FY06-FY09) are: (a) supporting regional integration and coordination efforts; (b) partnering and harmonization with other development partners; and (c) active pursuit of simplification and capacity building initiatives tailored to small states.
30. The Bank has also been building experience engaging in projects that use trust funds to sustainably finance conservation activities in the Latin America and the Caribbean region including in Brazil, Colombia, Mexico and Peru. These experiences will provide knowledge and lessons for the design and implementation of the proposed project.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):
 (Please attach the [country endorsement letter\(s\)](#) or [regional endorsement letter\(s\)](#) with this template).

Ambassador Diann Black Layne, GEF Operational Focal Point, Ministry of Foreign Affairs, Prime Minister's Office, Government of Antigua and Barbuda	Date: <i>December 2, 2008</i>
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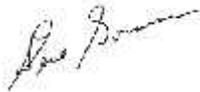
Timothy Antoine, GEF Operational Focal Point, Permanent Secretary, Ministry of Finance, Planning, Economy, Energy, Foreign Trade and Co-operatives, Government of Grenada	Date: <i>December 13, 2008.</i>
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Lavern Queeley for Ambassador Shirley Skerritt-Andrew, GEF Operational Focal Point, Ministry of Sustainable Development, Government of St. Kitts and Nevis	Date: <i>November 28, 2008</i>
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Caroline Eugene, GEF Operational Focal Point, Ministry of Physical Development, Government of St. Lucia	Date: <i>December 11, 2008</i>
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Edmund Jackson, GEF Operational Focal Point, Ministry of Health and the Environment, Government of St. Vincent and the Grenadines	Date: <i>November 30, 2008</i>
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B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.	
Steve Gorman  GEF Executive Coordinator The World Bank	Jocelyne Albert Project Contact Person
Date: February 3, 2009	Tel. and Email: (202) 473-3458 Jalbert@worldbank.org