

**PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

Report No.: AB1233

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| Project Name | Land Administration II |
| Region | LATIN AMERICA AND CARIBBEAN |
| Sector | General agriculture, fishing and forestry sector (50%);Housing finance and real estate markets (20%);General public administration sector (20%);Information technology (10%) |
| Project ID | P086953 |
| Global Supplemental ID | P092202 |
| GEF Focal Area | B-Biodiversity |
| Borrower(s) | REPUBLIC OF EL SALVADOR |
| Implementing Agency | |
| Environment Category | <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined) |
| Safeguard Classification | <input type="checkbox"/> S ₁ <input checked="" type="checkbox"/> S ₂ <input type="checkbox"/> S ₃ <input type="checkbox"/> S _F <input type="checkbox"/> TBD (to be determined) |
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1. Key development issues and rationale for Bank involvement

Country and Sector Background

El Salvador's protected area system includes 118 natural protected areas totaling approximately 40,000 ha, as well as an additional 26,800-34,000 hectares of mangrove – all under the jurisdiction of MARN. Of the approximately 3.3% of the country subject to MARN management, only about 7,000 ha, or 0.3% are legally declared and demarcated. Thus, the vast majority of the protected area system constitute “parks on paper”, with inadequate legal framework, and virtually no physical protection.

The lack of clear protected area boundaries is further complicated by the confusing institutional framework governing these lands. Founded in 1974, the National Parks and Wildlife Service – under the Ministry of Agriculture and Animal Husbandry (MAG) – initiated the creation of the national protected areas system, and had declared 47 natural protected areas by 1976. The agrarian reform process, begun in 1980 to facilitate transfer from large landowners to the poor, expropriated 411,151 ha – about 20% of the country –including 22,000 ha of potential natural protected areas for the jurisdiction of the Agrarian Reform Institute (ISTA). When the Salvadoran Protected Areas System (SANP) was first proposed in 1990, it included 118 areas under MAG's jurisdiction – despite the fact that most of those lands officially pertained to ISTA, municipalities and private landholders, and had been selected based on unclear criteria. The first national environmental law (*Ley de Medio Ambiente*, Art. 78), passed in 1998, created MARN and transferred to them responsibility for the SANP. Additionally, the 2002 forest law (*Ley Forestal*), declaring all coastal marine resources, including mangrove forests, under MARN's jurisdiction. Today MARN remains responsible for the oversight of the 118 natural protected areas under six management categories¹, plus between 26,800-34,000 ha of coastal mangroves. but has legal title over

¹ Protected area management categories include national park, natural monument, habitat/species management area, protected landscape or seashore, protected area with managed resources, and protection/restoration area.

only 7,072 ha. Consequently, the vast majority of the lands that theoretically could be part of the SANP have unresolved legal status.

Additionally, MARN lacks the legal tools to adequately manage the protected areas. The *Ley de Medio Ambiente* gave MARN the responsibility to define and implement Protected Area Management Plans, but the instruments for adequately consolidating those areas – virtually all of which have people living in and around them – do not currently exist. A new Protected Areas law will be soon debated in Congress, which defines mangroves as national forest “protected zones” in which sustainable activities can be carried out, subject to MARN’s approval. In these protected zones, residents will be eligible for concessions subject to uses defined in management plans. No management plan has yet been implemented for mangrove forests in El Salvador, despite the fact that the country supports a one of the largest expanses of mangroves in Central America (e.g. Gulf of Fonseca). The development of ecosystem-based management plans for mangroves are of paramount importance given the high population density in El Salvador’s forests – at 269.6 persons/km², El Salvador’s mangroves are subject to population pressures three times higher than any other Central American country.²

In addition to mangroves, natural protected areas are under threat, with invasions (both legal and illegal) expanding. El Salvador – the most densely populated country in Latin America – continues to struggle with land-related issues, as population pressures have resulted in numerous illegal subdivisions (“lotificaciones”), settlements in areas prone to natural disasters, and encroachments into protected areas. Recent CNR data from the Montecristo Park suggest over 1,200 persons are currently living in two expanding settlements. As a result of the associated habitat destruction, it is very likely that many of the protected areas comprising SANP no longer provide ecological values warranting special status.

Despite these significant threats, El Salvador is part of the Mesoamerican Biodiversity Hotspot, as identified by the Critical Ecosystem Partnership Fund, and maintains an impressive diversity of species, comprising 1,477 species of vertebrates (27% of which are threatened, or severely threatened, with extinction), including 510 bird species, an estimated 7,000 native plant species, including more than 700 species of trees, 140 species of reptiles and amphibians, and 800 species of butterflies– all in an area the size of Massachusetts. This high biodiversity persists despite the fact that El Salvador retains just 2% of its original vegetation and less than 1,000 ha of undisturbed primary forest. Yet, despite the importance of these resources, of all the countries in the Mesoamerican Biodiversity Hotspot, El Salvador has the smallest amount of area protected (just 52 km², representing 3% of the total country).³ Consequently, the globally significant biodiversity sheltered within El Salvador’s protected areas system is severely threatened.

The GOES, in an effort to further biodiversity conservation, has developed a strategy to prioritize 30 conservation units, comprising most of the country’s protected areas, building upon the biological corridor concept. The specific approach to consolidate these areas is not yet known, but clearly it must target the primary threats to biodiversity: habitat destruction, and the loss of natural resources stemming from deterioration in the quality of life for local populations (NBSAP, 2000).

The proposed project aims at contributing to this strategy and address the root causes of biodiversity loss in El Salvador by piloting a methodology to consolidate two priority protected areas in El Salvador. This methodology will come out of a participatory process, led by MARN and involving other government

² *Sustainable Management of Mangroves in Central America*. Lara-Dominguez, A.L., L. Yanez-Arancibia, and J. Day. http://www.iucn.org/themes/cem/library/reports/gbf_articles/central_america_anna_laura_lara_dominguez.doc

³ According to the *Ecosystem Profile: Southern Region, Mesoamerica* (Critical Ecosystem Partnership Fund) this is significantly behind Costa Rica (with 24% of the land protected), Guatemala (23%), Nicaragua (17%), Panama (17%), Belize (10%), and Honduras (8%).

agencies addressing land and natural resource issues, as well as civil society and the private sector. Pilot consolidation activities will address the potential conditional regularization of residents in and near protected areas containing globally significant biodiversity, and will develop and implement management plans, including identifying and supporting conservation-friendly income-generation activities for those residents. By developing and testing a methodology for consolidating protected areas and supporting the creation of a strategy to rationalize the protected area system, successful project completion would greatly advance the biodiversity agenda in El Salvador. Additionally, by providing secure tenure, support for environmentally sustainable livelihood activities, and a strategy for quelling encroachment into the few remaining critical biodiversity nodes in the country, as well as strengthening the legal and institutional framework for natural resources management, the project directly contributes to the long-term protection and conservation of globally significant biodiversity.

Linkage To CAS, Sector Strategy, or Global / Thematic Strategic Priority

The new CAS for FY05-08 supports the GOES' agenda and focuses on three priority areas: growth, improving equity through expanding access to assets, basic infrastructure and markets, and enhancing security and reducing vulnerability. The proposed project is included as it increases equity through promoting biodiversity protection that is compatible with improved land tenure and sustainable development.

Link to poverty reduction and social development

The project will support activities aimed at improving land tenure security, promoting sustainable activities that are compatible with biodiversity conservation, and improving natural resource management abilities. It will provide incentives to better land-related investments and will improve land productivity. Furthermore, by piloting mechanisms to increase tenure security in protected areas – lands that are largely occupied by the poorest segment of the population -- the project will be directly improving the livelihoods of those most in need.

Link to public sector reforms

The Project will address the emerging decentralization and local development agenda as it includes decentralization of protected areas management land administration services, including participation of municipalities in the consolidation and management of protected areas.

Additionally, the project will also address the need to strengthen capacity in environmental management as described above. Specifically, the topographical and cadastral data collected through the second Land Administration Project (LAP II), with which the GEF project is partially blended, will be a key input for natural resources management, disaster mitigation and prevention (e.g. hazard mapping), and for identifying the best available risk-free areas in which to resettle the population in the aftermath of natural disasters.

Rationale for WB involvement

The WB has substantial experience with land administration projects in the region, and recognizing the overlap between conservation and land administration objectives, has been strongly promoting the incorporation of conservation objectives into those projects. Following discussions with the GOES, the GOES formally asked for WB assistance for a GEF operation partially blended with the LAP II through a letter sent June 23, 2004 by the Secretario Tecnico de la Presidencia to the WB.

The GOES would greatly benefit from the World Bank competitive advantage on land issues and conservation in the region -- with more than 20 years of experience in land policies and operations and \$600M invested and committed on land programs in LCR. It would also benefit from the WB experience on GEF activities, including GEF operations in most Central American countries and the Mesoamerican Biological Corridor program.

Finally, the WB has already discussed the project with other donors who are interested to coordinate their efforts, including UNDP and IDB. The project would complement other operations supported by other donors, including:

- Consolidation of national parks through IDB ongoing operations and a GEF project under preparation;
- Sustainable management of mangrove ecosystems through and ongoing UNDP-implemented GEF project.

2. Proposed objective(s)

The **objective** of the proposed project – a pilot – is to consolidate two priority protected areas in El Salvador thereby contributing to the rationalization and long-term sustainability of the protected areas system. Specifically, the project would develop and pilot-test mechanisms for the regularization of communities in and near two priority environmentally sensitive lands – as long as those residents abide by use limitations established in broadly consulted management plans – as part of a long-term comprehensive and sustainable development plan for those pilot areas. The project is a priority of the El Salvador Ministry of Environment and Natural Resources (MARN) and the National Registry Center (CNR). The specific pilot areas and mechanisms for regularization will be identified during PDF-B implementation. This methodology could be applied across the Salvadoran protected areas system, as well as across the region.

3. Preliminary description

GEF resources would support the following priorities:

1. *Strengthening of the legal and institutional framework for protected areas.* The project would facilitate a national strategy for consolidating protected areas based on extensive consultations with key stakeholders from government and civil society. Based on the strategy defined during implementation, this project would identify any changes necessary to implement an adequate legal and institutional framework for the national protected areas system.
2. *Piloting protected areas consolidation.* The project would develop and pilot-test a methodology to consolidate two priority protected areas under different conservation categories, including one National Natural Park and one mangrove forest (“protected zone”). Specifically, based on a highly participatory process, the project would produce a methodology for protected area demarcation, management plan development and regularization of parcels, where appropriate, through mechanisms such as concessions, usufruct rights, or conditional titles, subject to the requirements of, and the commitment of residents to comply with management plans;
3. *Sustainable development and conservation of protected areas.* Working with MARN, local governments and NGOs, the project would implement the management plans for the two pilot protected areas, including identification of and support to sustainable development opportunities for protected area residents;
4. *Institutional strengthening and capacity building.* The project would support MARN’s development to oversee the national protected areas system.

A particularly innovative aspect of the project is that it is a partially blended operation⁴ with the second El Salvador Land Administration Project (LAP II) – a recognized best practice case establishing the

⁴ In accordance with World Bank GEF guidelines, “Partially Blended” GEF projects are part of or linked to World Bank lending, but the GEF and IBRD/IDA projects are processed separately, i.e., they have two sets of PADs and presented to the Board separately. However, they are jointly supervised, and therefore, have one PSR.

institutional and technological basis for registering and cadastering lands. The CNR, as LAP II's executing agency, is completing the cadastre and registry of all lands within El Salvador, including protected areas with the help of MARN. As part of this effort, the GEF funds will catalyze the consolidation of key protected areas, and develop a strategy for consolidating other protected areas that is directly linked to the systematic land regularization process. This builds upon the lessons learned from the World Bank's significant regional experience in land administration⁵ -- namely that land administration presents a limited window of opportunity to capture and "freeze" the current state of population distribution in protected areas, limit allowable activities on priority ecologically sensitive lands, and develop a model for promoting sustainable development on those lands. If these issues are well-addressed during the systematic land regularization process, future degradation of critical biodiverse areas can be minimized in El Salvador and many other countries worldwide grappling with these issues.

4. Safeguard policies that might apply

The project triggers Environmental Assessment (OP 4.01), Natural Habitats (OP 4.04), and Involuntary Resettlement (OP 4.12). Project preparation activities include the development of an Environmental Analysis (EA), to identify and mitigation potential environmental impacts, including those to critical natural habitats through project-sponsored sustainable activities as defined in park management plans, as well as a Social Analysis, including a Process Framework to comply with OP 4.12.

5. Tentative financing

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| Source: | (\$m.) |
| BORROWER/RECIPIENT | 11.5 |
| GLOBAL ENVIRONMENT FACILITY | 5 |
| Total | 16.5 |

6. Contact point

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⁵ The World Bank is currently supporting land projects in all but two Central American countries (Costa Rica and Belize are also addressing land issues, but with IADB support), in addition to a large and growing portfolio in Mexico and South America.

