

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC2309

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Project Name	El Salvador FCPF REDD Readiness (P124935)
Region	LATIN AMERICA AND CARIBBEAN
Country	El Salvador
Sector(s)	Forestry (100%)
Theme(s)	Climate change (100%)
Project ID	P124935
Borrower(s)	Ministry of Finance
Implementing Agency	Ministerio de Ambiente y Recursos Naturales
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	13-Dec-2013
Date PID Approved/ Disclosed	13-Dec-2013
Estimated Date of Board Approval	

I. Introduction and Context

Country Context

El Salvador is a lower middle income country which stands out in the Latin America region for its structural economic reforms and stable macro policies. A small and densely populated country in Central America, with a population of 6.3 million people and a GNI per capita of US\$3,580 (2012). El Salvador has pursued an outward oriented development strategy, including being the first nation to implement a regional free-trade agreement (DR-CAFTA) with the U.S. in March 2006. Facilitated by a dollarized monetary regime, a sound macroeconomic framework and a strong record of economic reforms, El Salvador has diversified its export sector, and improved its access to international financial markets.

Since emerging from a 12-year civil war in 1991, El Salvador has made remarkable progress in consolidating peace and democracy. Major economic reforms in the 1990s helped spur El Salvador's 4.9 percent annual average growth in Gross Domestic Product (GDP) between 1991 and 2000. Poverty levels in the country declined significantly between 1991 and 2002 (about 27% points), with extreme poverty dropping by half over the same period. There were also important social advances, as infant and maternal mortality rates were reduced and school enrollment and access to reproductive health and water services increased. Since then, annual GDP growth has slowed to an average of only 2%, while reaching again close to previous levels of growth at 4.7% in 2007. However, the effects of the global financial crisis in 2008 resulted in a drop in exports and remittances, higher levels of unemployment and rising food and energy prices. Between 2007 and

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2008, the percentage of people in poverty increased from 35.5% to 42.3%. In 2009, the Salvadorian economy experienced a GDP contraction of 3.1%. Since then, it has begun to recover at a slow pace from the impact of the international crisis: it registered a modest growth of 1.4% in 2010, 1.5% in 2011, 1.3 % in 2012, and it is forecasted to grow 2.3% in 2013.

Sectoral and Institutional Context

El Salvador faces severe environmental degradation, especially its natural forests, soil, and water resources. According to a recent study , in El Salvador, only 2 percent of natural (i.e. primary) forests remain, which in the region compares only with Haiti. The following demographic and geographic features characterize the pressure that environmental resources face in El Salvador: a small territory of around 21,000 square kilometers; the highest population density in Latin America (approximately 310 people per square kilometer); a hilly topography (50 percent of total land mass has slopes of over 15 percent); highly erodible soils; and the lowest per capita availability of freshwater in Central America. On the positive side, there is evidence of a significant recovery of secondary forests and biodiversity, as reported by ongoing studies (Hecht et al. 2005). Water availability of 1,600 cubic meters per year (m³/year) for human consumption and productive activities is increasingly critical, generating severe water shortages, constraining economic activity, and generating conflicts among users. The health impact of environmental degradation has been estimated at around 2.5 percent of GDP (Panayotou 1998 ; Strukova 2005), of which inadequate water and sanitation services, poor hygiene, and ambient and indoor air pollution constitute the highest costs.

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In El Salvador vulnerability to natural disasters is exacerbated by problems of environmental degradation. Due to its geographical location and geotectonic characteristics, the country is exposed to a variety of natural hazards, and is one of the most seismically active regions on earth. According to the Ministry of Environment and Natural Resources (MARN for its acronym in Spanish), around 10 percent of the country is exposed to floods, approximately 20 percent is prone to landslides, 50 percent can be affected by drought, and almost 75 percent of the country can be affected by earthquakes. The country is also increasingly susceptible to climate change forces, which exacerbate the risk of natural disasters. As a result of the increment in climate variability, the country has experienced an unusual rain pattern that has had an impact on the population wellbeing, their productive activities and on the economy in general. In fact, natural disasters in the country have increased from one or two natural disasters by decade, to 8 events in the last two decades.

Vulnerability to Climate Variability. El Salvador's vulnerability to adverse natural events, exacerbated by environmental degradation and extreme climate variability, also compromises the country's sustainable development and long-term economic growth. El Salvador has the second highest economic risk exposure to two or more hazards, according to the World Bank funded Natural Disaster Hotspot study . Natural disaster data from El Salvador indicate 41 natural disaster events for the period 1982 to 2007 , with total economic damages estimated at US\$4.57 billion . It has also been estimated that these extreme climatic events have a direct impact to 90% of the population, 95% of the territory and 90% of the GDP (MARN, 2013) .

Recent Environmental Reforms. During the current administration, significant progress has been made to broaden and strengthen the existing environmental legal framework. Achieved under the leadership of the MARN, and through a close coordination with other relevant line ministries, important milestones include: the approval of the Territorial Planning and Development Law - which became effective in July, 2012-; the new Water Law (Ley General de Aguas), -which was recently submitted to Congress for evaluation, and characterized having gone through an inclusive process of consultations-; a new approach for the National Environmental Management System (SINAMA); and amendments to the Environment Act (Ley del Medio Ambiente), incorporating a specific chapter of Climate Change, and establishing specialized environmental tribunals, to be created by the Supreme Court.

MARN has the legal mandate and the basic institutional and territorial coverage as the country's leading sectoral agency on environmental and climate change policy, including representing El Salvador in international fora on environment, biodiversity, and climate change. In May 2012, the Ministerial Council approved the National Environmental Policy (Política Nacional de Medio Ambiente) to "reverse" environmental degradation and reduce vulnerability to climate change". Amongst other things, this policy promotes concrete actions for an inclusive restoration and conservation of natural resources, including biodiversity and water; incorporation of the environmental dimension to strategic territorial planning instruments; adaptation to climate change and associated risk reduction; and contribution to improve food security and poverty reduction. The main tool for the implementation of this policy is the National Environment Strategy, composed by four interrelated National Strategies: Climate Change, Biodiversity, Water and Environmental Sanitation.

National Program for the Restoration of Ecosystems and Landscapes (PREP). Within this new institutional framework, MARN launched PREP (for its acronym in Spanish) on May 2012, as one of its climate change adaptation efforts. This program aims at halting degradation and restoring key ecosystem services. PREP also represents the basis under which the country is preparing its national strategy to REDD+, with an emphasis on an innovative approach called Adaptation-based Mitigation (MbA for its name in Spanish). This approach seeks to respond to conditions where critical environmental thresholds have been reached and are now magnified by the impacts of climate change variability, as well as address current dynamics that threaten livelihoods and governance conditions in various territories in the country. It simultaneously combines strategies, goals and resources that seek to contribute to mitigation actions, while at the same time laying the groundwork for climate change adaptation, and thus address the challenges of high the vulnerability affecting rural communities, including food security. Despite the innovative and strategic nature of PREP, and the expectations to access new financial resources through a future REDD+ regime, for now, the scope and impacts of the program have been limited. A larger budgetary allocation and

institutional support will be needed from the government before significant results are seen at the local level.

10. Forest Sector. The country does not yet have a comprehensive natural resources/forestry policy that recognizes the strategic value of the sector in rural development. Sustainable forest management is limited to a few isolated areas, and has failed to create synergies with other related sectors. The demand for forest products, mainly for rural home construction and fuel wood consumption, is obtained from the scarred remaining forest areas mostly illegally. The current administration, under the Ministry of Agriculture and Livestock (MAG), in close coordination with MARN, has launched a new National Forestry Policy based on principles of sustainability and oriented to promote a more comprehensive approach for forest and watershed management, and irrigation for agriculture. Among other aspects, this policy addresses issues such as: integration of forestry activities into the local and regional strategic territorial zoning and national development plans, improved stakeholder participation in program design and implementation and, incentives and legal certainty to promote long term investments in forestry activities.

Deforestation and Forest Degradation. El Salvador has a land area of 21,041 km². In 1998, it was estimated that the country had an area of forest, including mangroves, of 3,226 km² which amounted to 15.3% (322,600 ha) of the territory. An estimate made in 2008 showed an extension of natural ecosystems of 2,743 km² (MARN 2010), i.e. a 13% (274,321 ha) of the territory. This indicates that, apparently, during this period the country experienced a loss of forest cover of 48,280 hectares (2.3%). Coffee plantations also make an important contribution to tree cover in the country, as in El Salvador they are mainly managed under the modality of shade coffee, serving as a complex system of agroforestry. Coffee plantations are also undergoing a sharp decrease at the national level. In 1994, they were estimated at 215,358 hectares; in 2010, this figure went down to 174,330 hectares.

The main causes of deforestation in El Salvador are complex and vary from one zone to another. For many decades, policies that promoted the increase in agricultural exports were fostered, and the country underwent the conversion of its forested areas to a variety of agricultural uses since the end of the 19th century, including cotton, coffee, sugar cane and livestock. This agricultural production has been based on a model of intensive use of agrochemical and other non-sustainable practices that led to severe soil erosion, loss of soil fertility, water and soil contamination, and loss of biodiversity. Also, as noted in the El Salvador Land Sector Assessment, recently concluded by the Bank, given the high population density, there is significant pressure for land use change for agriculture in rural areas. Opportunity costs for forest lands have also increased due to the elevated rate of urban expansion and the decrease in agricultural productivity in degraded landscapes.

A preliminary analysis included in the R-PP indicates that current key drivers of forest loss and landscape degradation include: expansion of non-sustainable agricultural and livestock activities; urban growth and infrastructure development; illegal logging and firewood extraction; forest fires; and the expansion of productive activities into mangrove ecosystems. Other indirect causes driving forest loss include a strong rural-to-urban migration (with the associated demand for urban land and fragmentation of rural land); the remittances of migrants that distort the prices of land; the high levels of poverty and lack of economic opportunity in rural areas near forests; and the confusing and inaccessible mapping and cadaster information on forest limits and land ownership. Underlying causes of these phenomena can also be associated to an inadequate legal and institutional framework, and poor intersectoral coordination and policy harmonization for the sustainable management and conservation of forest ecosystems.

El Salvador's involvement in REDD+ and the FCPF. El Salvador became a member of the FCPF in 2008. The Bank has been assisting the country's REDD+ process since early 2009, when a REDD+ Country Participation Agreement was signed with the Bank under the FCPF. In early 2011 El Salvador also signed a grant agreement with the Bank for US\$200,000.00, from the FCPF's readiness fund, to formulate their Readiness Preparation Proposal (R-PP; see Annex VII). This document contains a detailed assessment of the drivers of deforestation and forest degradation, a preliminary methodology to define its emissions reference level based on past emission rates and future emissions estimates, a Monitoring, Reporting and Verification (MRV) system for REDD+, and actions for integrating environmental and social considerations into the REDD+ Readiness process, including the national REDD+ strategy (ENA-REDD+). The R-PP was approved by the FCPF Participant Committee on October 2012, and a "completeness check" was issued by the Facility Management Team (FMT) of the FCPF in March 2013 (for a more detailed background on REDD+ and the FCPF's policies and procedures see Annex XII).

The proposed grant would support El Salvador's sectoral policies and programs through the development of REDD+ actions at the landscape level, which are conducive to the adoption of land use practices to restore degraded ecosystems, improve resilience to climate change, and mitigate greenhouse emission. Within the framework of the National Climate Change Strategy and PREP, El Salvador suggests options to address, not only drivers of deforestation and forest degradation, but the underlying causes that limit restoration efforts in critical rural landscapes with severe loss of biodiversity, and soil cover and fertility. An indicative list of strategic options for an ENA-REDD+ has been elaborated in the R-PP (see Annex VIII) and will serve as the basis for further dialogue on REDD+ options. The final selection of strategic options and the eventual formulation of the REDD+ Strategy will require further analytical work, consensus building, prioritization and operationalization during the Grant implementation period.

Relationship to CAS

In 2009 the World Bank Board of Directors approved a Country Partnership Strategy (CPS) covering the period from 2010 to 2012 (Report No. 50642-SV) with a proposed \$650 million lending program, technical assistance and analysis to support Government efforts to reduce poverty. After the 2011 Progress Report, the current CPS period was extended to 2014 (Report No. 61113-SV). The El Salvador CPS focuses on addressing poverty and inequality through the following three strategic objectives: (i) strengthen fundamentals for economic recovery by addressing the macroeconomic and institutional vulnerabilities; (ii) improving the provision of social services for vulnerable groups; (iii) expand economic opportunities, particularly for the poor. The country Environmental Assessment (EA), completed in FY08 also remains valid.

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The ultimate goal of the proposed REDD+ Readiness support is to harness the potential of forests in reducing poverty, integrating forests in sustainable development, while protecting vital local and global environmental assets. To this end, it is therefore fully in line with the objectives pursued in El Salvador's CPS. The CPD 2011 Progress Report explicitly states that "As are other Central American countries, El Salvador is increasingly embracing the climate change agenda—both on the adaptation and mitigation side. Further to the on-going dialogue and support to the national disaster risk mitigation and reduction agenda, the Bank will provide support to the REDD+ agenda (Reducing Emissions from Deforestation and Forest Degradation) which is widely recognized as a key strategy for climate change mitigation/adaptation at the global level. El Salvador will participate in activities financed by the Bank-led Forest Carbon Partnership Fund, which will help El Salvador develop a vision for managing and monitoring its forest resources and prepare for forest carbon transactions."

II. Proposed Development Objective(s)

Proposed Development Objective(s)

The Project Development Objective (PDO) is to assist El Salvador in the implementation of key REDD+ readiness activities identified in its R-PP including: (i) institutional arrangements and participatory processes, (ii) development of a ENA-REDD+, and (iii) establishment of a national forest reference/emission levels, and a national system to monitor greenhouse gas emissions

Key Results

The PDO will be accomplished by financing targeted activities to design and implement policies and programs to reduce emissions from deforestation/degradation, with an MbA approach. This will be conducted under sound social and environmental principles that contemplate the full and meaningful engagement of potentially impacted stakeholders. The main results expected at project closure are presented below.

- a. A cross-sectoral coordination body for REDD+ and a multi-stakeholder participatory platform have been established and are under operation;
- b. An ENA-REDD+ including the design of specific legal, economic and technological instruments (i.e. a REDD+ incentives system, an national REDD+ fund, technological packages for REDD+) has been designed with the support of a broad stakeholder participation;
- c. A Strategic Environmental and Social Assessment (SESA) has been carried out and a technically strong safeguard instrument such as an Environmental and Social Management Framework (ESMF) has been prepared, adequately consulted and disseminated;
- d. The capacity and progress to establish a National Forest Reference Emission Level and/or a Forest Reference Level has been significantly improved;
- e. The capacity and progress to develop a National Forest Monitoring System (NFMS) for the Measurement, Reporting, and Verification (MRV) of Green House Gases (GHG) emissions reductions from REDD+ activities has been significantly improved.
- f. The capacity and progress to monitor the non-carbon impacts of the implementation of the REDD+ strategy has been significantly improved.

These results encompass the main elements needed by El Salvador to develop the country's "Readiness Package" (R-Package) under the FCPF, and provide the foundation for the country's participation in any future REDD+ mechanism under the United Nations Framework Convention on Climate Change (UNFCCC) that El Salvador may consider.

III. Preliminary Description

Concept Description

The Readiness Preparation Proposal (R-PP) identifies a broad set of activities aimed at strengthening the technical and institutional capacities for the GoES to participate in a future REDD+ mechanism. The financial envelope for these activities is estimated at US\$8.187 million. The activities to be financed by the FCPF Preparation grant were selected jointly with MARN, and in coordination with other donors, considering the following criteria: (i) activities needed to strengthen the immediate institutional capacity of MARN to conduct participatory and consultation processes for REDD+; (ii) fundamental readiness activities for which the GoES had specific financial needs, not covered by other donors; (iii) a discrete set of activities that would generate a specific outcome (with no- or minimal parallel-financing that could jeopardize the achievement of the project objective); and (iv) a activities that complemented those of other donors and the government, and that could serve to strengthen the achievement of the project objective.

23. Below is a detailed description of the grant components and the activities to be financed by the FCPF as portion of the REDD+ Readiness in El Salvador. It should be noted that these activities do not include the implementation of REDD+ programs or activities on the ground. The FCPF support is limited to analytical studies, capacity building, and consultation processes at the national and sub-national levels.

Component 1: REDD+ Readiness Organization and Consultation (US\$1.208M).

1.a National Readiness Management Arrangements. (US\$318,000.00). This subcomponent will support efforts initiated by MARN to establish, strengthen and operate the national Committee on Climate Change, integrated by MARN, Ministry of Public Works, Housing and Urban Development (MOP for its acronym in Spanish), MAG, Ministerio de Hacienda (MH), and Ministry of Foreign Affairs (MIREX for its acronym in Spanish) under the SINAMA. Within this institutional framework, MARN will also complete the participatory design and initiate operations of the Interministerial Consultative Platform (PCI for its acronym in Spanish), as the consultative body for climate change, including REDD+. The PCI will operate at both national and local levels and will be integrated by a broad array of actors previously identified by MARN under a stakeholder analysis and mapping developed during the formulation phase of the R-PP. Activities to be funded by this subcomponent include salaries for consultants to administrate the platforms, travel costs for participants, studies, workshops and meetings.

1.b. Information Sharing and early Dialogue with Key Stakeholders Groups. (US\$ 280,000.00). Under this sub-component a national communications and dissemination strategy for REDD+ will be designed and implemented. This activity will strengthen the communications capacity of MARN in the areas of climate change and REDD+ by designing and implementing a national communications strategy. A communications specialist will be hired to develop and produce knowledge, attitudes and abilities baseline, and a communications and training strategy based on annual implementation plans. The strategy and its plans will be designed based on the principles of

communication for development, which emphasizes the broad and effective participation of all REDD+ stakeholders with a culturally sensitive approach. The subcomponent will finance salaries for a communications specialist, studies for the design of the strategy, dissemination campaigns, operating costs and materials.

1.c. Consultation and Participation Process and Grievance Redress Mechanism. (US\$ 610,000.00). This subcomponent will support the design and implementation of a national participation and consultation plan for REDD+, which will be developed in close coordination and with the support of the communications and dissemination strategy. The strategy will include specific guidelines and activities for the engagement with indigenous communities. In addition, this subcomponent will also finance the strengthening of the national Grievance Redress Mechanism (GRM) as outlined in the general R-PP template. The general R-PP template indicates that such a mechanism needs to be available to REDD+ stakeholders from the earliest stages of R-PP implementation in order to facilitate the handling of any requests for feedback or complaints by any REDD+ Readiness stakeholders, wherever they originate, with particular attention to providing access to geographically, culturally or economically isolated or excluded groups. The Bank considers the GRM to be a key element of social accountability and meaningful participation. In terms of activities, the subcomponent will finance consultancies and analytical work required to prepare the participation and consultation plan and the GRM as well as implementation costs such as workshops (national and regional) and production of materials including necessary adaptation and translation.

Component 2: National REDD+ Strategy (US\$965,000.00).

2.a Drivers of Deforestation and Landscape Degradation. (US\$150,000.00). This subcomponent will focus on expanding and deepening the analysis of the critical direct and underlying causes of deforestation and degradation, focusing on those identified during the engagement of national and local stakeholders and in the first phase of the SESA process. Emphasis will be put in those drivers that reduce the resilience of local communities to climate variation and that continue to exacerbate ecosystem degradation in areas that have already lost forest cover. Attention will also be given to the analysis of legal and institutional elements that need to be in place to ensure the harmonization, coordination and synergy of policies and programs of the various relevant sectors affecting REDD+. Among others, these will include a revision of access to land and forest tenure rights by local stakeholders. The subcomponent will finance specialized national and international consultancy services, studies, and dissemination/consultation activities.

2b. REDD+ Strategy Options (US\$250,000.00). This subcomponent will contribute to the design of policies and programs for the implementation of REDD+ activities with an MBA approach and under the institutional framework of the PREP program currently in implementation by MARN. Some of these would include incentive and compensation mechanisms and technology transfer packages to promote the conservation and sustainable management of natural resources and agricultural/livestock practices (e.g. agro-silvo-pastoral systems). The technical and social soundness, and long term viability of these instruments will also be assessed at the local level, and with additional technical support from the Bank. The subcomponent will finance specialized national and international consultancy services and studies, and dissemination/consultation activities.

2c. REDD+ Implementation Framework (US\$200,000.00). This subcomponent will focus on the design of legal and technical instruments needed to ensure effective implementation of the national

REDD+ strategic options. These include a legal framework analyses to identify possible legal/institutional perverse incentives that induce deforestation/degradation, inter-sectoral harmonization plans, and a national entity to be in charge of managing REDD+ funds in a transparent fashion, with robust fiduciary and safeguard standards. The subcomponent will finance specialized national and international consultancy services and studies, and dissemination/consultation activities.

2.d Social and Environmental Impacts (SESA and ESMF). (US\$365,000.00). This subcomponent will finance activities that are outlined in the National SESA Workplan, including an update of the stakeholder map, analytical studies to evaluate possible social and environmental impacts associated with the REDD+ strategic options and a comprehensive consultation and participation process. One of the main products of the SESA will be an ESMF, or other safeguard instrument as appropriate, that will be prepared in order to manage risks and impacts and maximize the potential benefits of any future REDD+ investments. A preliminary list of the analytical work that will be undertaken includes research on: indigenous rights; land tenure and property rights in forest lands (including protected areas); carbon ownership and benefit sharing for REDD+; social and environmental assessments of areas that may be subject to REDD+ activities; traditional knowledge related to climate change adaptation; and gender analysis and role of local governments in REDD+ processes. This subcomponent will finance consultancies, studies, training events, and consultation and participation workshops as outlined in the budget in the attached National SESA Workplan.

Component 3: National Forest Reference/Emission Level (US\$247,000.00).

Establishing a national Reference Emissions Level/Reference Level (REL/RL) for the forest sector based on historical data is one of the key pillars of a ENA-REDD+, as it constitutes the benchmark against which future REDD+ efforts will be assessed as measured by the national forest monitoring and MRV system. The GIZ will play an important role in the development of the REL/MRV system in El Salvador as it is providing the bulk of technical support as well as the necessary hardware/software through its Regional REDD Program for Central America and the Dominican Republic.

The component will complement existing support from GIZ to assist MANR in the definition of methodologies, identification and collection of major data requirements, and institutional capacity needs to design and establish a REL/RL scenario for El Salvador. Given the emphasis of El Salvador's REDD+ strategy on adaptation, particular attention will be given to define reference levels for the conservation of remnant forests lands (e.g. mangroves, native and riparian forests), sustainable forest management, and enhancement of degraded forest lands (e.g. agroforestry and silvo-pastoral systems). The component will finance studies, equipment, software, training; and information sharing, outreach, and consultation with key stakeholders to conduct the following activities: (i) establish a forest definition for REDD+ (US\$ 25,000.00); (ii) develop a consistent time series of land use change based on standardized protocols (e.g. Intergovernmental Panel on Climate Change (IPCC)) as a basis for the country's REL/RL (US\$ 100,000.00); (iii) Develop potential Business as Usual scenarios based on econometric and spatial modeling (US\$ 17,000.00 with parallel financing); (iv) strengthen the capacity of key institutions on IPCC methodologies for the compilation of GHG inventories for the Land Use, Land-Use Change and Forestry (LULUCF) sector (US\$ 105,000.00).

Component 4: National Forest Monitoring Systems (NFMS) (US\$960,000.00).

As in the case of the REL/RL GIZ will play an important role in the development of the MRV systems in El Salvador. Complementary support is necessary to conduct several key activities at the national level and to strengthen the focal team of staff across the key agencies in charge of the design, planning and implementation of the national MRV system (MARN, MAG, National Geographic and Cadaster Institute (CNR)). In addition, given the contribution of GIZ to the national REL/MRV systems the FCPF preparation grant will place a strong emphasis in supporting the design of the information system for multiple benefits responding to El Salvador's national circumstances, related to environmental degradation and extreme climate variability.

4.a. National Forest Monitoring Systems. (US\$460,000.00). This subcomponent will complement existing support by GIZ to assist MANR in developing national forest monitoring systems to measure, report and verify (MRV) GHG emissions reductions and removals from the implementation of REDD+. As in the case of REL/RL, special attention will be given to activities related to sustainable management, conservation, and enhancement of carbon stocks. Protocols for the monitoring of multiple benefits and other impacts potentially generated from the implementation REDD+ activities will also be designed an established. The subcomponent will finance salaries, studies, computer equipment, software, and information sharing, outreach, and consultation with key stakeholders in order to carry out the following activities: (i) establish the logical framework and required institutional arrangements for MRV (US\$ 50,000.00); (ii) strengthen the institutional capacity of key agencies involved in the NFMS for REDD+ (hiring of four specialists, hardware and software) (US\$ 310,000.00); (iii) develop and pilot community-based carbon monitoring methodologies (US\$ 50,000, co-financed); (iv) support a research program on forest monitoring (US\$ 50,000.), with parallel financing).

4.b National Information system for Multiple Benefits, Other Impacts, Safeguards and Governance (US\$500,000.00). Given El Salvador's priorities on climate change adaptation, it is important to develop systems and protocols to report on the co-benefits generated by the country's REDD+ strategy. This sub-component thus will assist MARN in assessing non-carbon benefits, and design protocols and methodologies for their monitoring. This system will also address other impacts related to the implementation of the REDD+ strategy including information on safeguards compliance. The component will finance studies, equipment, software, training; and information sharing, outreach, and consultation activities with key stakeholders to conduct the following activities: (i) development of monitoring protocols to assess the environmental impacts of the REDD+ strategy (e.g. biodiversity, soils, water) (US\$ 150,000.00 co-financed); (ii) development of monitoring protocols to assess the socioeconomic impacts of the REDD+ strategy (livelihoods, governance, safeguards, adaptation) (US\$ 300,000.00 co-financed); (iii) develop and pilot community-based, non-carbon monitoring methodologies (US\$ 50,000.00 with parallel financing).

Component 5. Monitoring and Evaluation Framework and Grant Administration (US\$220,000.00). This component will support the establishment and operation of a technical/administrative implementation unit that will be in charge of coordinating and executing the technical and fiduciary activities of the readiness phase, including a monitoring and evaluation framework. This unit will be integrated by highly qualified staff in each of the areas of specialization required by the project (e.g. communications, social, environmental, forestry/carbon, fiduciary). Given the limited capacity of MARN to execute its mandate, and the relevance of the elements of the REDD+ process to El Salvador, an exit plan will be discussed and agreed with MARN at project initiation to ensure that

staff, initially hired as external consultants for this project, would remain or formally be incorporated as regular staff of the ministry by project closure. In addition to salaries, the grant under this component would also cover operating costs, office equipment and supplies, computers, software and consulting costs necessary to develop internal grant audits.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
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	

V. Financing (in USD Million)

Total Project Cost:	3.60	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.00
Readiness Fund of the Forest Carbon Partnership Facility			3.60
Total			3.60

VI. Contact point

World Bank

Contact: Gerardo Segura Warnholtz
 Title: Senior Rural Development Specialist
 Tel: 473-8983
 Email: gsegura@worldbank.org

Borrower/Client/Recipient

Name: Ministry of Finance
 Contact: Oscar Anaya
 Title: Sr. Advisor
 Tel: (503) 2237-3051
 Email: oscar.anaya@mh.gob.sv

Implementing Agencies

Name: Ministerio de Ambiente y Recursos Naturales
Contact: Herman Rosa Chavez
Title: Ministro
Tel: 503-2132-9432
Email: hrosa@marn.gob.sv

VII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>