

Promoting sustainable landscapes in the Motagua River watershed

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10263

Countries

Guatemala

Project Name

Promoting sustainable landscapes in the Motagua River watershed

Agencies

UNDP

Date received by PM

11/18/2020

Review completed by PM

4/20/2021

Program Manager

Pascal Martinez

Focal Area

Multi Focal Area

Project Type

PIF

CEO Endorsement

Part I ? Project Information

Focal area elements

1. Does the project remain aligned with the relevant GEF focal area elements as presented in PIF (as indicated in table A)?

Secretariat Comment at CEO Endorsement Request
December 7, 2020:

Yes, cleared.

Agency Response Project description summary

2. Is the project structure/design appropriate to achieve the expected outcomes and outputs as in Table B and described in the project document?

Secretariat Comment at CEO Endorsement Request
December 7, 2020:

1. In Table B, as in other sections of the project description, we are informed that 20,000 ha of coffee and palm oil will be produced under sustainable production systems. Nevertheless, the core indicator table indicates that 19,400 ha are areas under improved practices (the rest of 600 ha being the area of HCVF loss avoided). Please ensure the information provided is consistent throughout the project description and the documents provided.

2. To promote sustainable food production practices, the participation of financing institutions is not clearly presented. Please elaborate further on how these institutions will participate in the project and contribute to its objective.

3. In Component 3, the output on 25,000 land restored is vague. Please be more specific about what kind of land will be restored and how. In addition this component include the output "Presence of key species such as the jaguar, etc...": Does this mean that none of the mentioned species are currently present in the project area? Please clarify this output if it is not the case.

4. In Component 3, it is unclear how the outcomes will actually and concretely lead to restoration of forested land on the ground. These outcomes are much focused on the elaboration tools, plans and guidelines and we don't see clearly what will make the actual restoration happen. Please clarify.

5. In general, please reduce the text and make more specific the Outcomes and Outputs of the project. As written, they are quite detailed, and it is difficult to determine their focus.

April 13, 2021:

Thank you for the clarification and complements. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

1. In Table B, as in other sections of the project description, we are informed that 20,000 ha of coffee and palm oil will be produced under sustainable production systems. Nevertheless, the core indicator table indicates that 19,400 ha are areas under improved practices (the rest of 600 ha being the area of HC VF loss avoided). Please ensure the information provided is consistent throughout the project description and the documents provided.

1. The information regarding the area of sustainable production systems (i.e., 19,400) was updated throughout the project description and the documents, noting that there will be 600 ha of HC VF loss avoided and that the total area of landscapes under improved practices (Core Indicator 4, 20,000 ha) is the sum of both areas. **LOCATION: Table B. Project Description Summary, and other sections of the project description**

2. To promote sustainable food production practices, the participation of financing institutions is not clearly presented. Please elaborate further on how these institutions will participate in the project and contribute to its objective.

2. Public and private institutions will provide incentives in the form of direct cash payments (e.g., PINPEP and PROBOSQUE) and favorable loans, respectively, to facilitate the transition from unsustainable production practices to sustainable production practices.

Cash payments/incentives:

Cash payments/incentives will be made as part of the national forest incentives through the Incentives Program for Small Holders of Land Suitable for Forestry or Agroforestry

(PINPEP) and the PROBOSQUE Law Incentive Program, which is administered by the INAB.

The PINPEP program is directed to beneficiaries and landholders who lack legal ownership titles in the municipalities that are prioritized according to their levels of poverty. This program covers agroforestry activities, forest plantations (only native species will be used in this project), and forest management activities to reverse the processes of deforestation, reduce vulnerability to extreme weather events, mitigate or adapt to the effects of climate change, and reduce the level of extreme poverty in the country. Projects usually receive payments during 6 to 10 years; on average the PINPEP will pay the following:

?Incentive amount for natural forest management for the purpose of protection per year for 10 years: a) from 0.1 to 5 ha: \$370 per ha; b) over 5 ha: \$1,853.84 for the first 5 ha + \$95.10 per additional ha.

?Incentive amount for natural forest management for the purpose of production (plantations with native species and agroforestry) per year for 10 years: a) from 0.1 to 5 ha: \$396.86 per ha; b) over 5 ha: \$1,984.28 for the first 5 ha + \$110.78 per additional ha.

The PROBOSQUE program provides cash incentives for managing natural forests to protect and provide environmental services, establishing and maintaining agroforestry systems, managing natural forests with production aims, and restoring degraded forest lands, among other things. The program is directed to a wide group of stakeholders such as municipalities, CSOs, cooperatives, individuals, and indigenous communities. Projects usually receive payments during 5 to 10 years. Payments through the PROBOSQUE program for the restoration of degraded forestlands average \$225.54 per ha.

In order to access forest incentives (PINPEP and PROBOSQUE), in addition to owning or possessing land, the main requirement is the preparation of a forest management plan that must be developed following the guidelines provided by INAB. Both programs use a results-based payment scheme.

Loans:

Banks (e.g., Rural Development Bank [BANRURAL/Prestamo Mi Cosecha and National Coffee Trust], Banco Agromercantil, Promerica, and credit unions) will provide low-interest loans for sustainable production practices. The project will use as a guide the National Coffee Trust administered by BANRURAL that awards loans of up to \$12,000 for up to 15 years to small producers at 2% annual interest (Decreto 4-2019 Ley para la reactivaci?n econ?mica del caf??; <https://www.anacafe.org/productores/fideicomiso>). Although the modality and conditions for the loans to small producers may vary according to the financial institution, at a minimum the beneficiary of the loan must demonstrate ownership of the producing agricultural unit (either as owner, usufructuary, or legitimate possessor) and present an investment plan.

The number of coffee producers who will benefit from the mobilization of financial resources (loans and/or cash payments/incentives) is 300 coffee producers (women: 115; men: 185). The number of producers from other food systems for which the project will provide secondary support will be determined during project implementation once the final sites for investment are established within the prioritized area of connectivity in the project landscape. The project will not support palm oil producers through loans or incentives. **LOCATION: 3) The proposed alternative scenario with a description of**

outcomes and components of the project. Part II: Project Justification; 4. Private Sector Engagement; 10. Benefits

3. In Component 3, the output on 25,000 land restored is vague. Please be more specific about what kind of land will be restored and how. In addition this component include the output "Presence of key species such as the jaguar, etc...": Does this mean that none of the mentioned species are currently present in the project area? Please clarify this output if it is not the case.

3. The restoration of 25,000 hectares includes: a) restoration of natural vegetation and establishment of plantations with native species for production = 11,500 ha; and b) agroforestry and silvopastoral systems with permanent crops, and agroforestry systems with annual crops = 13,500 ha.

Regarding the indicator of presence of key species, it is noted that these species are present in the project landscape. Accordingly, the wording of the indicator was updated as follows: "Continued presence of key species such as the jaguar (*Panthera onca*); the mantled howler (*Alouatta palliata*); the endangered endemic lizard *Heloderma charlesbogerti*; the golden-winged warbler (*Vermivora chrysoptera*); and six species of endemic amphibians (*Duellmanohyla soralia*, *Nototriton brodiei*, *Craugastor nefrens*, *Cryptotriton monzoni*, *Bolitoglossa conanti*, *Craugastor adamastus*).? LOCATION: Table B. Project Description Summary. Table F. Project's Target Contributions to GEF 7 Core Indicators. 3) The proposed alternative scenario with a description of outcomes and components of the project

4. In Component 3, it is unclear how the outcomes will actually and concretely lead to restoration of forested land on the ground. These outcomes are much focused on the elaboration tools, plans and guidelines and we don't see clearly what will make the actual restoration happen. Please clarify.

4. Restoration will be accomplished primarily through the implementation /planting of landscape management tools. Please note that "Landscape Management Tools" are defined as micro-corridors, enrichment of the forests, hedges, live fences, wind barriers, agroforestry, home gardens, etc. (Output 3.1.1). LOCATION: Table B. Project Description Summary. 3) The proposed alternative scenario with a description of outcomes and components of the project

5. In general, please reduce the text and make more specific the Outcomes and Outputs of the project. As written, they are quite detailed, and it is difficult to determine their focus.

5. Please refer to Table B in the CEO Endorsement Request document REFERENCE Table B. Project Description Summary

3. If this is a non-grant instrument, has a reflow calendar been presented in Annex D?

Secretariat Comment at CEO Endorsement Request N/A

Agency Response

Co-financing

4. Are the confirmed expected amounts, sources and types of co-financing adequately documented, with supporting evidence and a description on how the breakdown of co-

financing was identified and meets the definition of investment mobilized, and a description of any major changes from PIF, consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

The co-financing from Guatemalan National Coffee Association (Anacaf?) and from Guatemalan Palm Growers Association (GREPALMA) is referred as "Investment mobilized" and "in-kind" in the Portal. Please explain how it can be both "Investment mobilized" and "in-kind" and amend as needed, considering the co-financing letters from these organizations say it is "In-kind".

April 13, 2021:

Thank you for the amendments. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

Considering that the co-financing letters from Anacaf? and GREPALMA say that their contribution will be "In-kind,? the information on the corresponding column in Table C. Confirmed Sources Of Co-Financing for The Project by Name and by Type, was changed to ?Recurrent expenditures.? **LOCATION: Table C. Confirmed Sources Of Co-Financing for the Project by Name and by Type.**

GEF Resource Availability

5. Is the financing presented in Table D adequate and does the project demonstrate a cost-effective approach to meet the project objectives?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

In the budget, we note that the expenses include the purchase of 2 vehicles for a total of \$70,000. Please note that per GEF Guidelines, the use of GEF funds to purchase vehicles is strongly discouraged. Such costs are normally expected to be borne by the co-financed portion of PMCs. Any request to use GEF funding to purchase project vehicles must be justified by the exceptional specific circumstances of the project/program. Please provide a justification for not utilizing the co-financing for the motor vehicle support and consider at least sharing the cost with co-financing.

April 13, 2021:

Thank you for the justification. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

The purchase of at least one vehicle is needed as it will constitute an essential tool for the mobilization of project staff, covering more than 5,000 km² in 6 municipalities, allowing for proper monitoring of field activities. This need takes into account the limited existing equipment of local organizations, the long distances between communities and field sites, the lack of public transportation and the condition of the roads.

During the last quarter of 2020, Guatemala has faced the devastation of several tropical storms as well as the COVID19 pandemic, with severe negative effects both in the national economy as well as government finances and budget distribution. The 2021 budget for the Ministry of the Environment and Natural Resources (MARN) and other government agencies has been reduced, and it is expected a further reduction for non-essential expenditures as the government will struggle with economic recovery and a deep health crisis; for this reason it will not be possible to use the co-financing for the motor vehicles.

The cost of one vehicle (\$35,000) was relocated to Project Component 4 to support knowledge management activities. **LOCATION: UNDP-GEF Project Document; Section X. Total Budget and Work Plan; Annex 1: GEF Budget.**

Project Preparation Grant

6. Is the status and utilization of the PPG reported in Annex C in the document?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

1. The PPG status reported in Annex C is global and doesn't include the detailed funding amount of the PPG activities. Please complete as needed.
2. The PPG box has not been selected in the Portal. Please select this box.

F. Project Preparation Grant (PPG)

PPG Required

PPG Amount (\$) PPG Agency Fee (\$)
200,000 18,000

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)
UNDP	GET	Guatemala	Biodiversity	BD STAR Allocation	100,000	9,000
UNDP	GET	Guatemala	Land Degradation	LD STAR Allocation	50,000	4,500
UNDP	GET	Guatemala	Climate Change	CC STAR Allocation	50,000	4,500
Total Project Costs(\$)					200,000.00	18,000.00

April 19, 2021:

Thank you for the clarification. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

1. The PPG status reported in Annex C was updated as follows:

<i>Project Preparation Activities Implemented</i>	<i>GETF/LDCF/SCCF Amount (\$)</i>		
	<i>Budgeted Amount</i>	<i>Amount Spent To date</i>	<i>Amount Committed</i>
Component A: Technical studies (desktop and field-based studies and data collection, Gender Analysis, Environmental and Social Safeguard Assessments, Baseline analysis of palm oil and coffee value chains, Identification of project sites, Social Safeguard Assessments, Financial planning, Stakeholder analysis, etc.)	59,800	54,408	6,337
Component B: Formulation of ProDoc, CEO Endorsement Request, and mandatory and project specific annexes	120,500	123,845	4,000
Component C: Workshops (Inception, Results Framework, and Validation)	19,700	10,510	900
Total	200,000	188,763	11,237

2. We tried to put a tick on the box, but the system seems locked and we are unable to click on it. When the mouse cursor is placed over the tick box a ?prohibited sign? is shown. Please advise or if you can do it directly. It seems to be technical issue with the portal.

Core indicators

7. Are there changes/adjustments made in the core indicator targets indicated in Table E? Do they remain realistic?

Secretariat Comment at CEO Endorsement Request
December 7, 2020:

1. There is only forested lands that are restored and no agriculture lands. Doesn't the project also include agroforestry and silvopastoral systems with permanent crops and agroforestry systems with annual crops as mentioned in the core indicators description? Please explain and revise the core indicator 3 accordingly.

2. The area of landscapes under improved practices (core indicator 4) is very low and there is no area of landscapes under improved management to benefit biodiversity. Please consider raising the targets and amend the proposal accordingly, including Biodiversity target considering the relative importance of the GEF funding coming from the Biodiversity Focal Area. In addition, the information on the documentation that justifies HCVF is lacking: please complete as needed.

3. The result in terms of GHG emissions mitigated is much lower than at PFD stage (21.4 Mt CO₂e and not 6.4 Mt CO₂e as indicated in the CEO ER). Even if the assessment is supported by an Ex-ACT calculation, the expected result remains relatively low anyway for such level of investment. Please consider the possibility of raising the ambition. In addition, the anticipated start year of accounting should be from the beginning of the project and not 2040. Please correct accordingly. Please also provide the calculation so that we can better know the rationale and understand the result.

4. What about the results of "conserving 506,135 hectares (ha)" (we understand it is "conserving")? Please indicate how such conservation is reflected in the core indicators.

5. Surface water and groundwater pollution is one of the main problems the project aims to address in the ToC. Considering this aspect of the project, why is it not reflected in the Core Indicators table?

6. RIO markers for CCM and CCA are selected. Please ensure the benefits are captured for Climate Change Adaptation.

April 19, 2021:

Thank you for the clarification and adjustments. Cleared

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

1. There is only forested lands that are restored and no agriculture lands. Doesn't the project also include agroforestry and silvopastoral systems with permanent crops and agroforestry systems with annual crops as mentioned in the core indicators description? Please explain and revise the core indicator 3 accordingly.

1. The project includes the implementation of agroforestry and silvopastoral systems, which will contribute to the restoration of agricultural lands. Accordingly, Core Indicator 3 was updated as follows and in line with the information included in Annex 12: GEF focal area specific annexes (2. Estimation of avoided GHG emission reductions): Indicator 3.1. Area of degraded agricultural land restored (agroforestry and silvopastoral system) = 13,500 ha; Indicator 3.2. Area of forest and forestland restored (riparian forest restoration and reforestation) = 11,500 ha. The GEF 7 Core Indicator

Worksheet (Annex of the CEO Endorsement Request) was also updated. **LOCATION:**

Table F. Project's Target Contributions to GEF 7 Core Indicators. Annex F: GEF 7 Core Indicator Worksheet

2. The area of landscapes under improved practices (core indicator 4) is very low and there is no area of landscapes under improved management to benefit biodiversity. Please consider raising the targets and amend the proposal accordingly, including Biodiversity target considering the relative importance of the GEF funding coming from the Biodiversity Focal Area. In addition, the information on the documentation that justifies HCVF is lacking: please complete as needed.

2. Please note that the area of landscapes under improved practices (Core Indicator 4) is in line with the information approved by the GEF at the time of the Child Project. However, to increase the area under Core Indicator 4, the target of the area of landscapes under improved management to benefit biodiversity was increased from 0 ha to 2,179.31 ha. This includes an area of connectivity within the Sierra Caral landscape (2,134.27 ha managed by the NGO FUNDAECO) and private lands owned by Agrocaribe/AgroAmerica (45.04 ha) within a palm oil landscape and that serves as reserve/refugee for the mantled howler monkey (*Alouatta palliata*) considered endangered in Guatemala and restricted to isolated forest patches in the department of Izabal. Accordingly, the area of landscapes under improved practices (Core Indicator 4) was increased to 22,179.21 ha and the GEF 7 Core Indicator Worksheet (Annex of the CEO Endorsement Request) was updated accordingly.

The information on the documentation that justifies HCVF was initially included as part of Annex 12: GEF focal area specific annexes of the UNDP-GEF Project Document and now has been included as Annex I of the CEO Endorsement Request. **LOCATION: Table F. Project's Target Contributions to GEF 7 Core Indicators. Annex F: GEF 7 Core Indicator Worksheet**

3. The result in terms of GHG emissions mitigated is much lower than at PFD stage (21.4 Mt CO₂e and not 6.4 Mt CO₂e as indicated in the CEO ER). Even if the assessment is supported by an Ex-ACT calculation, the expected result remains relatively low anyway for such level of investment. Please consider the possibility of raising the ambition. In addition, the anticipated start year of accounting should be from the beginning of the project and not 2040. Please correct accordingly. Please also provide the calculation so that we can better know the rationale and understand the result.

3. The Child Project concept indicated that Greenhouse Gas Emissions mitigated over a 20-year period would be 7,707,499 Mt-CO₂e and not 21.4 Mt CO₂e as indicated by the GEF reviewer. Climate change mitigation benefits (6,403,578 tCO₂e in 20 years) are expected as a result of the implementation of restoration activities in 25,000 ha using landscape management tools (i.e., micro-corridors, enrichment of forests, etc.) and avoided deforestation of 4,807.5 ha by project end. Estimates of direct benefits for a 20-year period have been calculated using FAO's Ex-Ante Carbon-balance Tool (EX-ACT; version 8.5.4c). Please refer to Annex H of this CEO Endorsement Request for estimations of avoided GHG emission reductions. **LOCATION: Table F. Project's Target Contributions to GEF 7 Core Indicators. Annex H: Estimation of avoided GHG emission reductions**

4. What about the results of "conserving 506,135 hectares (ha)" (we understand it is "conserving")? Please indicate how such conservation is reflected in the core indicators.

4. 506,135 ha correspond to the total area of the project landscape. Conservation benefits will be achieved by strengthening ecosystem connectivity through restoration using landscape management tools (Core indicator 3: 25,000 ha) and sustainable production practices (Core indicator 4: 22,179.31 ha). Accordingly, conservation benefits are reflected in the total area under improved management (47,179.31 ha). Please also note that the total area of the project landscape will also benefit from five micro-watershed management plans that will allow harmonizing the conservation of natural resources with palm oil and coffee production and other food production systems (Output 1.3.1), and through Municipal Development and Land Use Plans (PDM-OT) that will incorporate biodiversity conservation objectives. **LOCATION: Table F. Project's Target Contributions to GEF 7 Core Indicators**

5. Surface water and groundwater pollution is one of the main problems the project aims to address in the ToC. Considering this aspect of the project, why is it not reflected in the Core Indicators table?

5. The reduction of surface water and groundwater pollution will result from the implementation of sustainable production practices; accordingly, it is already considered under Core indicator 4 (Area of landscapes under sustainable land management in production systems; 4.3. Area of landscapes under improved practices). **LOCATION: Table F. Project's Target Contributions to GEF 7 Core Indicators. Annex H: Estimation of avoided GHG emission reductions**

6. RIO markers for CCM and CCA are selected. Please ensure the benefits are captured for Climate Change Adaptation.

6. Project climate change adaptation benefits will be achieved by integrating adaptation consideration into land-use planning (PDM-OT) and micro-watershed/watershed management plans), which have the potential to benefit 506,135 ha. In addition, the Inclusive capacity development program for public institutions, the private sector, palm oil, coffee, and agroforestry producers, and secondary support to other food production systems will include modules on adaptation to climate change. **LOCATION: 3) The proposed alternative scenario with a description of outcomes and components of the project.**

Part II ? Project Justification

1. Is there a sufficient elaboration on how the global environmental/adaptation problems, including the root causes and barriers, are going to be addressed?

Secretariat Comment at CEO Endorsement Request
December 7, 2020:

1. The deforestation rate in the targeted landscape is unclear: while it is said to be 1.5% in the whole MRW (17,400 ha per year), we learn that the projected deforestation in the prioritized landscape over the next 20 years is 14,650 ha, which seems to be much less compared to what is happening in the entire watershed. We also wonder how the projection of 14,650 ha relates with the deforestation rate of 4,035.7 ha per year from

2010 to 2016 period. Please clarify these numbers and indicate the current deforestation rate in the project area as it is a key justification for the selection of the project sites.

2. We learn that in the project area the deforestation is first driven by livestock and crops cultivation. Coffee and palm oil are not currently considered the primary agents of deforestation. Why then the project activities will focus on coffee and palm oil in priority rather than the first drivers and livestock in particular? Please clarify what are the environmental consequences of the current unsustainable practices in the coffee and palm oil sectors and demonstrate more clearly how the targeted food systems in the project are the most relevant to achieve the FOLUR Program objectives tackle the identified environmental degradation which includes deforestation.

3. We note the brief narrative on the intersection of these commodities in the targeted landscape, and we appreciate the different maps showing a visual representation of the main sites of production of these food systems within the landscape as well as their proximity to key forest areas and protected areas. Based on information from the 2012 Land Use Map (GIMBUT, 2014), oil palm plantations cover 15,354 ha and coffee plantations cover 19,294 ha. Are there more recent estimations?

4. The context related to the private sector, gender and value chains/actors beyond the landscape level is not clearly presented. Please elaborate further on these elements to allow a better understanding of the context leading to environmental degradation.

April 19, 2021:

Thank you for the clarification and complements. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

1. The deforestation rate in the targeted landscape is unclear: while it is said to be 1.5% in the whole MRW (17,400 ha per year), we learn that the projected deforestation in the prioritized landscape over the next 20 years is 14,650 ha, which seems to be much less compared to what is happening in the entire watershed. We also wonder how the projection of 14,650 ha relates with the deforestation rate of 4,035.7 ha per year from 2010 to 2016 period. Please clarify these numbers and indicate the current deforestation rate in the project area as it is a key justification for the selection of the project sites.

1. The Motagua River Basin (MRW) is the largest in the country; it covers an area of 15,190 km² and is more than 460 kilometers long. The deforestation analyzes that were included in the Child Project concept note showed a deforestation rate of 1.5% (17,400 ha/year) for the entire basin. Based on these values it was projected that the deforestation of the area in 20 years would be 14,650 ha/yr.

The landscape prioritized by the project covers 5,061 km² (506,135 ha) or 34.5% of the MRW and is located in its lower part. As part of the PPG, the deforestation rates in the

prioritized landscape were reviewed; it was found that in the period 2001-2006, 5,648.7 ha/year were deforested; in the 2006-2010 period 4,824.9 ha/year were deforested; and in the 2010-2016 period, 4,035.7 ha/year were deforested. Based on this information, the projected forest cover change would be from 96,321 ha in 2021 to 79,149 ha in 2027. This gives us a deforestation value of 17,172 ha in this period (or 2,862 ha/year).

LOCATION: Part II: Project Justification; 1a. Project Description: 1) The global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description).

2. We learn that in the project area the deforestation is first driven by livestock and crops cultivation. Coffee and palm oil are not currently considered the primary agents of deforestation. Why then the project activities will focus on coffee and palm oil in priority rather than the first drivers and livestock in particular? Please clarify what are the environmental consequences of the current unsustainable practices in the coffee and palm oil sectors and demonstrate more clearly how the targeted food systems in the project are the most relevant to achieve the FOLUR Program objectives tackle the identified environmental degradation which includes deforestation.

2. The project is focused on palm oil as a driver of deforestation since this activity has been established on areas previously used for cattle ranching displacing this activity into remaining forested areas within the prioritized landscape to sustain the demand for meat and milk from the local and national markets. Many of these new areas were established on land unsuitable for grazing, causing deforestation and land degradation. On the other hand, coffee has been directly responsible for the deforestation of natural forests in the upper parts of the Motagua river watershed, which are characterized by highly sloped lands covered with natural forests. In addition, it is expected that coffee production would be pushed to the higher slopes and upstream in the MRW due climate change as temperatures increase.

The environmental consequences of the current unsustainable practices in the coffee and palm oil sectors include loss of habitat for biodiversity, erosion and contamination of soils, increased runoff and impairment of water quality, increased risk of floods and landslides, changes to the hydrological cycle, degradation of ecosystem services due to the loss of forests and riparian buffers, contamination of surface and groundwater due to the excess use of agrochemicals in production processes, generation of solid waste, loss of ecosystem connectivity, among other impacts.

Accordingly, the project will support these sectors for the improvement of productivity, access to incentives and new markets to improve the income of producers, and for the implementation of best practices that prevent environmental degradation and contribute to the restoration of degraded ecosystems and production lands in the project landscape. In addition, this will prevent the expansion of production activities into natural forest areas, protected areas and / or ecologically sensitive areas.

For the oil palm sector, the project will promote the restoration of riverbank areas throughout the landscape covered by oil palm plantations. This will improve connectivity between ecosystems, habitat for biodiversity and the generation of ecosystem services, as well as reducing the risk of floods.

For the coffee sector the project, in close coordination with Anacaf? and FEDECOCAGUA, will strengthen capacities in FOLUR issues for the implementation of good practices for the improvement of coffee production including diversification with agroforestry systems; this will result in the reduction of soil erosion, improvement in water recharge and regulation, as well as the improvement of habitat for biodiversity. It is important to mention that given that coffee crop are found in high-sloped lands, it is strategic that there is no change from this land use to another that may increase

degradation of the soil, water, biodiversity and would increase the risk of landslides and floods in the project area. Additionally as mentioned above, it is important to take into account that coffee production would be pushed to the higher slopes due to climate change and best production practices must be adopted to prevent environmental degradation.

Regarding other food systems with secondary support from the project (i.e., cattle ranching and basic grains production), the project will promote the implementation of the sustainable livestock strategy and the family agriculture program. These are policy instruments from the Ministry of Agriculture, Livestock, and Food (MAGA), for the promotion and implementation of sustainable cattle ranching and basic grains production that would increase productivity and improve the environmental conditions in the project landscape, through soil conservation practices, silvopastoral systems, rational grazing, protection of secondary forest areas on agricultural and cattle ranching farms, and the protection and restoration of riparian forests and other practices consistent with the FOLUR and MAGA policies. **LOCATION: Part II: Project Justification; 1a. Project Description: 1) The global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description).**

3. We note the brief narrative on the intersection of these commodities in the targeted landscape, and we appreciate the different maps showing a visual representation of the main sites of production of these food systems within the landscape as well as their proximity to key forest areas and protected areas. Based on information from the 2012 Land Use Map (GIMBUT, 2014), oil palm plantations cover 15,354 ha and coffee plantations cover 19,294 ha. Are there more recent estimations?

3. The most recent official maps of land use are from 2016 focusing mainly on forest cover; for this reason, they do not have an adequate categorization to make estimates of areas of the project commodities. However, an estimate of the area oil palm was made in 2018 and it was determined that the total area of this commodity in the project area was 16,240 ha. There is no map available of recent coffee coverage, due to the shaded mature of these areas these are difficult to map. The best estimates of this coffee crop were made by the Forest and Land Use Interinstitutional Monitoring Group (GIMBUT) with medium resolution images from 2012. More recent non-official estimates suggest that there are 12,180.61 ha of coffee crops in the project landscape. **LOCATION: UNDP-GEF Project Documents: Annex 12: GEF focal area specific annexes/1. Description of the Project Landscape**

4. The context related to the private sector, gender and value chains/actors beyond the landscape level is not clearly presented. Please elaborate further on these elements to allow a better understanding of the context leading to environmental degradation.

4. Coffee: Coffee is produced in all the departments of Guatemala, in 204 of the 340 municipalities and generates more than half a million jobs a year. It is second in the exports of agricultural products (13%) and represents between 2.5% and 3.5% of the Gross Domestic Product (GDP) of Guatemala. Of the 125,000 coffee producers in the country, 97% are micro and small producers. The rest, 3% of the producers, are medium or large and produce 53% of the country's coffee. Approximately 20% of the coffee producers are women. The discrepancy between producers means there is a big difference between their characteristics and their needs within the value chain, which includes six links that include 4. Coffee: Coffee is produced in all the departments of Guatemala, in 204 of the 340 municipalities and generates more than half a million jobs a year. It is second in the exports of agricultural products (13%) and represents between 2.5% and 3.5% of the Gross Domestic Product (GDP) of Guatemala. Of the 125,000 coffee producers in the country, 97% are micro and small producers. The rest, 3% of the

producers, are medium or large and produce 53% of the country's coffee. Approximately 20% of the coffee producers are women. The discrepancy between producers means there is a big difference between their characteristics and their needs within the value chain, which includes six links that include activities of purchase of goods and services, production, storage, transformation (benefit, roasting, mixing), packaging, and marketing. Most farmers sell their coffee through the Guatemalan National Coffee Association (Anacaf?) and The Federation of Agricultural Cooperatives of Coffee Producers of Guatemala (FEDECOCAGUA). Anacaf? is a non-profit organization that represents the interests of about 125,000 families of coffee farmers. It is responsible for ensuring effective services for coffee farmers, in order to achieve a sustainable and competitive coffee industry. Anacaf? has positioned the brand Guatemalan Coffees, to promote the national product, which is renowned and valued by the most demanding markets around the world. Anacaf? has a gender policy to mainstream the gender approach in all Guatemalan coffee farming and promote the equal participation of women throughout the production chain. FEDECOCAGUA currently brings together 148 cooperatives, farmer associations and other groups with a total of approximately 20,000 small coffee producers around the country that have access to the globalized market. Currently, FEDECOCAGUA does not have an established gender equality policy.

Palm oil: Guatemala is the fifth largest palm oil exporter in the world. This commodity has become an engine of socioeconomic development in the country, especially in rural areas of Guatemala, generating 1.2% of the Gross Domestic Product (GDP) of Guatemala and up to 28,000 direct jobs. Palm oil plantations in Guatemala have the highest productivity per hectare of any country in the world. The value chain of palm oil in Guatemala is relatively simple, being dominated by large palm growers and palm oil extractors. Crude oil is exported for refining abroad and a few large companies, some of which also grow palm or buy the fruit from independent producers, dominate the palm extractors. The Guatemalan Palm Growers Association (GREPALMA) groups small, medium, and large palm producers committed to the sustainable production of palm oil; GREPALMA has committed to zero-deforestation production. Currently GREPALMA does not have an established gender equality policy. Guatemala has become a leader in sustainable palm oil production; for example, AgroAmerica (a family-owned business based in Guatemala City with operations in Guatemala, Panama, Ecuador, Peru, the United States and Europe) became the first oil palm company in the world to achieve the top-tier level of certification through the regulations of the Rainforest Alliance Certification program. It was also the fourth company in the world to obtain the ?Preserved Identity? certification through the Roundtable on Sustainable Palm Oil (RSPO). **LOCATION: Part II: Project Justification; 1a. Project Description: 1) The global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description).**

2. Is there an elaboration on how the baseline scenario or any associated baseline projects were derived?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

1. The baseline scenario is limited to a list of projects/initiatives aligning with the FOLUR proposal but with very little description. There is no presentation of the current policies and institutional framework related to integrated land use planning and natural resources management (what are the PEI-POM-POA, PDM-OT, PINPEP and

PROBOSQUE, how do they work?); the land rights; the existing initiatives including from the private sector (what are GREPALMA, Anacaf?, the National Restoration Roundtable for the Forest Landscape and how do they work?); and the roles of involved stakeholders (at local and national level) including a description of the value chains. Please elaborate on all these important elements of the baseline scenario the project will build on so that we can better understand why this baseline is not enough and how the project will articulate with the existing context, including at local level.

2. There are several relevant existing financial institutions. Please explain why the producers need support to have access to existing funding solutions.
3. What is the current context as it relates to the targeted food systems in general. Much of the information under Component 2 (In Section 5) of the project document, would be relevant here. Please also provide perspective on the scale of production of these food systems in the target site, in comparison to other producing areas in the country.
4. The baseline investments/initiatives related to sustainable food production is weak. What are the current efforts by the government to develop and promote sustainable value chains as it relates to palm oil and coffee?
5. There is very little information on the context related to HCVF. Please elaborate further how the commodities including livestock the project focuses on are linked with HCVF.
6. In paragraph 11, the two MARN-UNDP-GEF projects the proposal will build on are unclear. Also, It is unclear what "which h and Integrated environmental management of the Río Motagua Watershed" means. Please clarify.
7. The barriers indicate limited regional or global platform involvement. ?Limited? suggests some engagement does take place. Please include further information on what engagement is taking place.

April 19, 2021:

Thank you for the clarification and all the additional information provided. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

1. The baseline scenario is limited to a list of projects/initiatives aligning with the FOLUR proposal but with very little description. There is no presentation of the current policies and institutional framework related to integrated land use planning and natural resources management (what are the PEI-POM-POA, PDM-OT, PINPEP and PROBOSQUE, how do they work?); the land rights; the existing initiatives including from the private sector (what are GREPALMA, Anacaf?, the National Restoration

Roundtable for the Forest Landscape and how do they work?); and the roles of involved stakeholders (at local and national level) including a description of the value chains. Please elaborate on all these important elements of the baseline scenario the project will build on so that we can better understand why this baseline is not enough and how the project will articulate with the existing context, including at local level.

1. Current policies and institutional framework related to integrated land use planning and natural resources management

Guatemala has a comprehensive policy framework at the national and local level that are in line with FOLUR objectives and that responds to the country's development objectives. This includes: a) the National Strategy for the Restoration of the Forest Landscape: Mechanism for Sustainable Rural Development of Guatemala 2015 ? 2045; b) the National strategy to address deforestation and forest degradation in Guatemala; c) the Forestry incentive program of the PROBOSQUE Law; d) the forestry incentives for small land holders PINPEP Program; e) the Institutional action plan for the prevention and reduction of illegal logging in Guatemala; f) the National Strategy for Sustainable Production and Efficient Use of Firewood; g) the National Biodiversity Strategy and Action Plan; and h) the National strategy of sustainable cattle ranching with low emissions.

Public administration in Guatemala is currently under a decentralization scheme through municipalities based on the legal framework of the Municipal Code (Decree 12-2002); implementation falls to the Municipal Council, which has among its other functions the protection and promotion of renewable and non-renewable resources. The Municipal Code also indicates (article 142) that the municipality is responsible for formulating and executing a Municipal Development and Land Use Plan (PDM-OT), in coordination with the Presidential Secretariat for Planning and Programs (Segepl'n) and in line with the K'atun 2032 National Development Plan (developed in 2014) and the Sustainable Development Goals 2030 (SDGs). The PDM-OT outlines the municipal development vision; the future territorial organization; the future uses of the land; and the future land development model. The PDM-OT is developed and approved by the Municipal Council through a participatory process. Accordingly, the PDM-OT allows for strategic land use planning at the local level; the related investments are achieved through programmatic planning, which includes three interrelated planning instruments: the Institutional Strategic Plan (PEI), which defines institutional strategies and interventions; the Multiannual Work Plan (POM), which guides and strategically organize the steps needed to achieve the results identified in the PEI, identifies the needed medium-term (four years) budgetary resources; and the Annual Work Plan (POA) that allows annual programing and investments. Collectively, these planning instruments are known as the PEI-POM-POA.

The PINPEP and PROBOSQUE programs are national mechanisms that include cash incentives to landowners and/or owners of forested lands for carrying out reforestation, natural forest management, and implementing agroforestry systems according to a plan approved and supervised by the National Forest Institute (INAB) who manages these

programs. The program known as PINPEP offers economic incentives in the form of cash payments to increase the coverage of small land areas through reforestation and natural forest management. The PROBOSQUE initiative (PROBOSQUE Law, 2015) provides economic incentives for the restoration of degraded forest lands at country level. Practical guidelines for forest landscape restoration in Guatemala were developed by INAB, the FAO and IUCN giving priority to the restoration of riparian forests, protected forests in upper watersheds, mangrove, and secondary (degraded) forests.

With the launch of the Bonn Challenge in 2011, the INAB, as a leading national institution in the forestry sector, promoted the creation of the Roundtable of Forest Landscape Restoration, with support from international cooperation. This platform for national dialogue and institutional articulation currently includes around 50 institutional members, representing a wide range of stakeholders (government, community organizations, indigenous peoples' organizations, the private sector, NGOs, academia, municipalities as well as the Food and Agriculture Organization of the United Nations (FAO), the International Union for Conservation of Nature (IUCN) and the United States Forest Service (USFS).

Land rights

Historically, land tenure in Guatemala has been insecure due to unreliable cadastral and legal information, weak inter-institutional coordination, and lack of conflict management mechanisms. The most significant challenges are found in rural areas where the unequal distribution of land and overlapping tenure regimes are a source of conflicts. Recently a new land governance policy has been under discussion, which is part of the overall Rural Development Policy - 2009 (Política Nacional de Desarrollo Rural Integral) that promotes sustainable development through access to land, legal certainty and security of land tenure, land conflict management as well as access to other productive assets that contribute to family farming and more broadly, to attract investments in agriculture. It recognizes and strengthens indigenous communal systems of land tenure and management, including land law and jurisdiction. It also recognizes and promotes women's rights to land and seeks to promote the rural economy and contribute to the competitiveness of rural areas and their full integration into the national economy. Land issues, including access, conflict management, and tenure security, are also central to the Government's 2014 Agrarian Policy, as well as the K'atun 2032 National Development Plan.

Institutional framework related to integrated land use planning

The institutional framework related to integrated land use planning and natural resources management includes several national level institutions. The Ministry of the Environment and Natural Resources (MARN) is charged with formulating and carrying out environmental policies in Guatemala. The MARN has approved Environmental Guides for the coffee, palm oil, and cattle ranching sectors for agricultural production and processing, which include clear guidelines to develop mitigation plans and measures

for the potentially associated environmental impacts. Each producer must implement environmental instruments and tools that will undergo environmental audit by the MARN. However, many of the small producers are not aware of their existence. INAB is the entity charged with the execution and promotion of forestry policies in Guatemala; it administers the PINPEP and PROBOSQUE forest incentive programs. The Ministry of Agriculture, Livestock, and Food (MAGA) is charged with developing and executing the policy for the development of agriculture and the sustainable use of natural renewable resources. Through the Vice-Ministry of Rural Economic Development, the Divisions of Productive Reconversion, Agricultural Development, and Strengthening for Productive Organization and Commercialization, and its network of agricultural extension officers, to support farmers to implement sustainable agricultural practices. The National Council for Protected Areas (CONAP) is responsible for the conservation and the sustainable use of the biological diversity and protected areas of Guatemala.

At the local level municipalities are autonomous local forms of government. According to the Municipal Code, municipalities are responsible for administering and sustainably managing natural resources in their jurisdiction. Municipalities rely on advisory support from the Municipal Development Institute (INFOM), which promotes municipal progress by providing technical, financial, and administrative assistance to municipalities. In addition, Urban and Rural Development Councils have been created with the objective of organizing public administration. At the municipal level, Municipal Urban and Rural Development Councils (COMUDES), presided over by the Municipal Mayor, have the responsibility to promote, facilitate, and support the functioning of Community Councils (COCODES), which are presided over by a coordination body comprised of community members according to the Council's own principles, values, norms, and internal procedures.

Stakeholders and description of the value chains

a. Coffee: The value chain is made up of six steps: inputs, production & storage, transformation, commercialization/export, and final consumption. At each step different stakeholders participate; however, there are institutions that are common to all steps like the Guatemalan National Coffee Association (Anacaf) and the Federation of Coffee Producers' Agricultural Cooperatives of Guatemala (FEDECOCAGUA) that play dominant roles in the granting of export permits, supply of inputs, services and technical support. Anacaf promotes the coffee industry as a profitable, sustainable, and globally competitive agroindustry, in addition to being a leading enterprise that promotes economic growth and social sustainability in the country. FEDECOCAGUA, provides support to small Guatemala producers including technical, financial, and marketing support, as well as oversight of the coffee production and export processes for international markets; it brings together 148 cooperatives, agricultural businesses and associations with approximately 20,000 members. The stakeholders participating in each step of the value chain are: i) inputs: Private companies and Anacaf; ii) production & storage: independent producers and first level cooperatives (in 2017 there were 168

cooperatives that grouped 43,216 people); iii) transformation: second level organizations, including FEDECOCAGUA, independent cooperatives (150), and the Women Coffee Initiative (Iniciativa Mujeres en caf?); iv) commercialization/export: Second Level Organizations, Independent companies (64 in total, 25 are members of the Association of Coffee Exporters - ADEC). The largest 'traders' are also the main buyers of Guatemalan coffee from Guatemala; the five largest Traders are NKG, ECOM, VOLCAF?, LDC, and SUCAFINA; v) consumption: national retailers such as supermarkets and specialist markets including Caf? Barista, Starbucks, McCaf?, among others. In addition, several certification mechanisms are used such as C.A.F.E Practices (Starbucks), Rainforest Alliance, GLOBALGAP, IFOAM organica coffee, Caf? Bird Friendly, FairTrade, Comunidad Cafetalera, AAA Nespresso, Naturaland, and Bio Suisse. Finally, Anacaf?, ADEC, AGEXPORT, MAGA, and second level organizations, as well as programs and projects promoted by international cooperation, provide technical assistance and support.

b. Palm oil: the palm value chain is made up of six steps: service providers, palm growers, oil extractors, oil processors, national and international intermediaries, and markets and buyers. The stakeholders participating in each step of the value chain are: i) service providers: includes MAGA, AGEXPORT, GREPALMA, international cooperation, and private equipment suppliers (irrigation, soils, pesticides and fertilizers); ii) producers: multiple small, medium and large producers, examples are HAME, MEME, REPSA, Santa Rosa, Corporaci?n OLMECA, NaturAceites, Palmas del Ixc?n, Agrocaribe/AgroAmerica, AGROACEITE, and Propalma de M?xico; iii) oil extractors: Agrocaribe/AgroAmerica (La Francia and El Atl?ntico), AGROACEITE AgroAm?rica, Naturaceites, KH Regional Group Inc., Procesadora Quirigua, S. A., Nacional Agroindustrial, S. A., and Olmeca S. A; iv) national and international brokers: AgroAmerica; and v) buyers: UNILEVER, Cargill, and Nestle. It should be noted that a single company might have control over most or all of the steps mentioned making the value chain very simple. In addition, several certification mechanisms are used including Rainforest Alliance, BASC, KOSHER, GlobalSTD, and RSPO. GREPALMA groups together producers of different sizes; it provides political representation and technology transfer for the country's palm growing sector and works in the development of sustainability guidelines and provides strategic communication.

LOCATION. Part II: Project Justification; 1a. Project Description: 2) The baseline scenario and any associated baseline projects

2. There are several relevant existing financial institutions. Please explain why the producers need support to have access to existing funding solutions.

2. Producers need support in overcoming institutional barriers to access financial entities, such as: i) limited information: it implies diffusion and socialization of information regarding financing mechanisms available to promote sustainable production (e.g., objectives, requirements, benefits, modalities, etc.), and ii) transaction costs: the costs derived from institutional standards exceed the capacities of producers to invest in order to have access to financing solutions (e.g., legal procedures, management plans, etc.). This justifies the intervention of the project, which will contribute to correct some of deficiencies of the financial institutions and at the same time facilitate the

mobilization of capital to promote the development of sustainable production systems that strengthen local economies. **LOCATION: Part II: Project Justification; 1a. Project Description: 2) The baseline scenario and any associated baseline projects**

3. What is the current context as it relates to the targeted food systems in general. Much of the information under Component 2 (In Section 5) of the project document, would be relevant here. Please also provide perspective on the scale of production of these food systems in the target site, in comparison to other producing areas in the country.

3. Information on the current context related to the targeted food systems was updated as suggested using information of the ProDoc as follows:

Coffee: The coffee crops in Guatemala are estimated to cover an area of 305,000 hectares, which are distributed in 204 municipalities out of 340 in the country. Recent estimates indicate that there are 12,181 ha (4.0%) ha of coffee crops in the project landscape; coffee is grown in two of the six municipalities covered by the project. Guatemala has one of the most unequal agricultural land distributions in the world. Of the 125,000 coffee producers in the country, 97% are micro and small producers, which usually sell their cherries to intermediaries for a reduced price (typically between 70-85% of the international market price), and have limited access to technical assistance, supplies or financing. The rest, 3% of the producers, are medium or large and produce 53% of the country's coffee. The discrepancy between producers means there is a big difference between their characteristics and their needs within the value chain, which includes six links that include activities of purchase of goods and services, production, storage, transformation (benefit, roasting, mixing), packaging, and marketing. In the prioritized landscape of the project, within the municipality of La Unión and Guatemalá, there are approximately 3,500 men and women coffee producers covering more than 8,500 hectares of cultivation. Approximately 80% of the owners are men and 20% are women. Currently these men and women producers have specific and different needs related to farming, which range from improving quality and increasing coffee production, the implementation of best agricultural and environmental practices, to diversification with different sustainable food production systems. Coffee growers in the project landscape have limited access to financing; a survey conducted as part of the PPG showed that the main sources of financing are currently credit unions (member-owned financial cooperatives), and that 88% of those surveyed do not have forest incentives. In addition, during 2018-2019, only 48 producers benefited from the National Coffee Trust, which is managed through BANRURAL; in addition, 52 coffee farms were financed through a new financial service called "My Harvest Loan (Préstamo Mi Cosecha)," which was developed jointly by Anacaf and the Inter-American Development Bank (IDB)-LAB project, an initiative that supports innovative projects and early stage ventures, and is commercialized through credit cooperatives present in the area. In addition, the coffee produced in the project landscape, lack the differentiation needed to be competitive in national and international markets.

Palm oil: The value chain of palm oil in Guatemala, including the project landscape, is relatively simple, being dominated by palm growers and palm oil extractors. Crude oil is exported for refining abroad and a few large companies, some of which also grow palm or buy the fruit from independent producers, dominate the palm extractors. Currently, palm oil plantations in the municipalities of Puerto Barrios, Morales, and Los Amates in the department of Izabal, covering 16,879 ha are certified under standards such as the RSPO and Rainforest Alliance; these standards promote sustainable food production systems, including that of Agrocaribe/AgroAmerica, the main palm oil producer in the project area. The majority of the producers in the area have carried out studies demonstrating they are free from deforestation and their implementation of best agricultural, environmental, and social practices. Agrocaribe/AgroAmerica is recognized internationally as a business that is differentiated by its best practices and leadership in

sustainability and is the first palm oil producer in the world to have been certified by the Rainforest Alliance, and the first in Central America certified under the RSPO standard. Agrocaribe/AgroAmerica directly exports 100% of the palm oil produced to Europe.

Oil palm plantations in Guatemala cover 165,510.53 ha and are distributed among three regions: 1) south (21.64%; departments of San Marcos, Quetzaltenango, Retalhuleu, Suchitepéquez and Escuintla); 2) north (58.99%; departments of Petén, Alta Verapaz and Quiché); and 3) northeast (19.37%; departments of Izabal and Alta Verapaz). Oil palm plantations in the project landscape cover 16,879 ha (10.2%) northeast.

LOCATION: Part II: Project Justification; 1a. Project Description: 2) The baseline scenario and any associated baseline projects.

4. The baseline investments/initiatives related to sustainable food production is weak. What are the current efforts by the government to develop and promote sustainable value chains as it relates to palm oil and coffee?

4. Current efforts by the government to develop and promote sustainable value chains as it relates to palm oil and coffee include the development of Environmental Guides for the coffee and palm oil sectors for agricultural by the MARN for production and processing, which include clear guidelines to develop mitigation plans and measures for the potentially associated environmental impacts. Each producer must implement environmental instruments, in line with the Environmental Guides and in compliance with the Law for the Protection and Improvement of the Environment, which will undergo environmental audit by the MARN. Environmental instruments are technical documents that assess the potential of the environmental impacts or risks of a project, work, industry or activity, in this case of coffee and palm oil production. **LOCATION: Part II: Project Justification; 1a. Project Description: 2) The baseline scenario and any associated baseline projects**

5. There is very little information on the context related to HCVF. Please elaborate further how the commodities including livestock the project focuses on are linked with HCVF.

5. There are 43,061 ha of HCVF in the project landscape of which 21,037 ha are located within the prioritized areas of connectivity in the project landscape. HCVF were identified a part of the PPG through a connectivity analyzes conducted during the PPG considering the Forests / Areas of High Conservation Values (HCV). The identification of high conservation value forest (HCVF) was made using the Forest Stewardship Council (FSC) methodology developed by the HCV Resource Network. This procedure was used to identify the project conservation priorities, which is based on the evaluation of six criteria to identify the areas with environmental, social, and economic values that should be protected. The Normalized Difference Vegetation Index (NDVI) methodology was used as a complement to identify the forests with the best state of development found in the areas with conservation priorities. The project commodities including livestock are linked with HCVF since they are between the main areas and remnants of HCVF and the expansion of these commodities occurs towards these areas since the rest of the prioritized landscape is already occupied by other production systems.

LOCATION: Part II: Project Justification; 1a. Project Description: 2) The baseline scenario and any associated baseline projects.

6. In paragraph 11, the two MARN-UNDP-GEF projects the proposal will build on are unclear. Also, it is unclear what "which h and Integrated environmental management of the R?o Motagua Watershed" means. Please clarify.

6. The project will build on the GEF-UNDP project Sustainable and resilient landscapes in the central volcanic chain (GEF Project ID 9059). This project (2018-2025) will

mainstream biodiversity conservation and sustainable land management objectives into production landscapes of the Central Volcanic Mountain Range in Guatemala, contributing to the welfare of local populations and the delivery of multiple global environmental benefits. The project proposed herein will build on best practices related to sustainable coffee production, the consolidation of biological corridors, voluntary conservation agreements, the protection of endangered species, and the implementation of PES schemes. In addition, actions for capacity building at the local level will be coordinated on common issues between the two projects.

In addition, the project will build on the GEF-UNDP project Integrated Environmental Management of the Rio Motagua Watershed (GEF Project ID 9246). This project (2018-2023) aims at improving the integrated management of the Rio Motagua watershed and reducing land-based sources of pollution and produced emissions from unintentional formed persistent organic pollutants to mitigate impacts on coastal-marine ecosystems and the livelihoods of the local populations. Actions related to FOLUR will be coordinated based on the integrated management plan of the MRW that is being developed by this project under the GEF International Waters Focal Area.

LOCATION: Part II: Project Justification; 1a. Project Description: 2) The baseline scenario and any associated baseline projects.

7. The barriers indicate limited regional or global platform involvement. ?Limited? suggests some engagement does take place. Please include further information on what engagement is taking place.

7. Engagement is taking place as follows.

a) Engagement in the Roundtable for Sustainable Palm Oil (RSPO), particularly through Agrocaribe/AgroAmerica who became the first company in Central America certified under the RSPO standard.

b) Participation through Agrocaribe/AgroAmerica in the Mesoamerican Palm Oil Alliance ? (Mexico, Guatemala, Honduras and Nicaragua) coordinated by Solidaridad, a Civil Society Organization based in the Netherlands with global presence and a regional central office based in Guatemala City.

c) Participation through Anacaf? in the regional platform for monitoring coffee rust (*Hemileia vastatrix*) in the seven PROCAGICA (Program for the Integral Management of Coffee Rust) countries. **LOCATION: Part II: Project Justification; 1a. Project Description: 1) The global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description).**

3. Is the proposed alternative scenario as described in PIF/PFD sound and adequate? Is there sufficient clarity on the expected outcomes and components of the project and a description on the project is aiming to achieve them?

Secretariat Comment at PIF/Work Program Inclusion

December 7, 2020:

1. One of the identified drivers of environmental degradation are the public policies, which historically have been oriented exclusively towards development of farming, including encouraging farming activities in ecologically sensitive areas. Nevertheless, the project doesn't clearly includes policy reforms. Please indicate how the project will address this important driver.

2. In component 1, what do the "enhanced coordination of actions" and "exchange of information" between key government agencies concretely mean in terms of activities? We learn about the Interinstitutional Coordination Group (GCI) under the innovation, sustainability and potential for scaling section: is this GCI an output of the project? Please ensure the description under the alternative scenario section explain with details all what is presented in table B and not complement it.

3. The Outcome 1.1 is written as an activity. Please indicate what is the outcome that is being sought and reformulate this Outcome accordingly.

4. It is unclear whether linkages between the platforms/agreements for Outputs 1.1.1 & 1.1.2 are expected. Please clarify how these Outputs are related.

5. Further clarity is needed on what is meant by "300 environment assessment instruments enabled"? As presented this activity appears to be a BAU activity. What is the added value of the GEF investment in the preparation of 300 assessment instruments? Please expand on the link to the FOLUR program.

6. Regarding the Outcome 1.3, please clarify what are the mechanisms for institutionalizing/legitimizing and sustaining the micro-watershed governance associations and how will they interact with the other governance frameworks at the local level.

7. We note the importance of the restoration priority maps (Output 1.3.4) but it is unclear how they related with the institutional context. Please elaborate further on their link to a national system of prioritization and to which extent this Component 1 more broadly feeds into or facilitates the improvement of national level policies and plans.

8. In Component 2, we learn that coffee growers are prioritized to access to financial incentives and "the implementation of best production practices will result in the sale of coffee to companies whose corporate standards allow only to purchase deforestation-free commodities or commodities grown under sustainable practices". Please explain why coffee growers are prioritized to access to financial incentives and sustainable market development if (apparently) they don't cause deforestation (cattle ranching is hardly mentioned for secondary support and the "inclusive production program" it will benefit from is vague and needs to be clarified).

9. In general, this Component 2 is focusing on a number of different types of commodities and foods, which tends to dilute the alignment with the FOLUR program. There is the need to clarify the main commodities of focus.

10. Regarding the Output 2.2.2, the result or expectation of the marketing strategies is unclear. Please indicate if this is being supported by co-financing and demonstrate the link to the program and delivery of GEBs.

11. Please clarify the meaning of Outputs 2.2.1 and 2.2.3 and the difference between the two outputs and their intended achievements.

12. It is unclear how the Spatial Verification System (Output 2.2.4) will link with or support the development of existing/new monitoring and verification systems. Please clarify.

13. In Component 3, it is unclear what kind of restoration is considered. This Component also includes the promotion of agroforestry and "best production practices". Out of the 25,000 ha, please clarify the types of lands that will be restored and for which purposes. Please also present the different kind of beneficiaries and agriculture activities in this Component and those included in Component 2.

14. In general, it is unclear how the food systems producers (of coffee, palm oil, livestock and others) who will benefit from the mobilization of financial resources will be selected. Please explain.

15. The project does not include any policy reform related to sustainable finance. This is an important element for influencing the investments toward more sustainability and we note that financial institutions are rightly expected to play a role in this project. Please clarify how the project will make sure to promote sustainable finance in production and market.

16. In Component 3, please elaborate further on the envisioned compensation for water services scheme, explaining who will pay to whom, how much, for what, and how the price will be determined.

17. In Component 4, please clarify the link of the species monitoring activities and the Piloting of the Species Threat Abatement and Recovery (STAR) methodology to the FOLUR program (Output 4.2.1). These are strongly related to biodiversity conservation and the link to the FOLUR program is not clear.

18. When considering the link with the FOLUR Global Platform, the project focuses on knowledge management and sharing. Please also consider all the functions of this Platform, in particular as a forum for enhancing policy and corporate dialogue and engagement. Please refer to the Knowledge to Action Global Platform project of the FOLUR Program (CEO ER already approved and available in the GEF website), as well as the guidance elaborated by the WB, as Lead Agency for the FOLUR Program, which can be requested to GEF Secretariat.

19. In the Theory of Change, the causal pathways are not very clear. We don't see how the Outcomes and Impacts are linked and what are the larger intended impacts of the project (the impacts indicated currently could be classified more as project results than impacts). In addition, some of the items in the Development Challenge could in fact be barriers, such as weak governance. Please revise accordingly.

April 19, 2021:

Thank you for all the information and complements provided. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

1. One of the identified drivers of environmental degradation are the public policies, which historically have been oriented exclusively towards development of farming, including encouraging farming activities in ecologically sensitive areas. Nevertheless, the project doesn't clearly includes policy reforms. Please indicate how the project will address this important driver.

1. Even though incomplete public policies is an important driver of environmental degradation, it will not be addressed by the project. The project does not intend to formulate or reformulate new policies and instruments, since there is currently a regulatory and policy framework at the national and local level that is coherent with the objectives of the FOLUR and with the country's development objectives. In that sense, to support the implementation of the existing regulatory and policy framework and to address the negative impacts of agriculture on the project landscape, the Project will coordinate closely with key government partners (MAGA, INAB, CONAP, MARN, and municipalities) with the primary objective of protecting and sustainably managing forests, implementing good agricultural and cattle ranching practices, as well as the implementation of landscape restoration actions in the project landscape. Some of the key regulatory and policy instruments that the project will contribute to its implementation are: a) National Strategy for the Restoration of the Forest Landscape; Mechanism for Sustainable Rural Development of Guatemala 2015 ? 2045; b) National strategy to address deforestation and forest degradation in Guatemala; c) Forestry incentive program of the PROBOSQUE Law; d) PINPEP Program; e) Institutional action plan for the prevention and reduction of illegal logging in Guatemala; f) National Strategy for Sustainable Production and Efficient Use of Firewood; g) National Biodiversity Strategies and Action Plan; and h) National strategy of sustainable cattle ranching with low emissions.

2. In component 1, what do the "enhanced coordination of actions" and "exchange of information" between key government agencies concretely means in terms of activities? We learn about the Interinstitutional Coordination Group (GCI) under the innovation, sustainability and potential for scaling section: is this GCI an output of the project? Please ensure the description under the alternative scenario section explain with details all what is presented in table B and not complement it.

2. The description under the alternative scenario section was update as suggested, using the information of the ProDoc where a detailed description of activities per output was originally included in the first submission to the GEF Sec.

The GCI is not an output of the project; it was established in 2015 through a technical cooperation agreement that includes the MARN, INAB, MAGA and CONAP. The project will strengthen the GCI with the inclusion of MINECO and by providing its members with tools and training to addresses FOLUR issues in a comprehensive manner, including building partnerships with key stakeholders at the landscape level through MOU to effectively support the implementation and the achievement of the objectives and goals. **LOCATION: Part II: Project Justification; 1a. Project**

Description:3) The proposed alternative scenario with a description of outcomes and components of the project.

3. The Outcome 1.1 is written as an activity. Please indicate what is the outcome that is being sought and reformulate this Outcome accordingly.

3. The outcome that is being sought is to improve cooperation between the government and the palm oil and coffee sectors to implement FOLUR objectives. Accordingly, Outcome 1.1 was reworded as follows: Key public agencies (MAGA, MARN, MINECO, INAB, and CONAP), the palm oil and coffee sectors, and other food production sectors with improved capacity to coordinate actions, exchange information, and promote sustainable food production systems and the restoration of degraded lands through existing platforms (National Restoration Roundtable for the Forest Landscape, GREPALMA, Anacaf?, and FEDECOCAGUA). **LOCATION: Part II: Project Justification; 1a. Project Description:3) The proposed alternative scenario with a description of outcomes and components of the project.**

4. It is unclear whether linkages between the platforms/agreements for Outputs 1.1.1 & 1.1.2 are expected. Please clarify how these Outputs are related.

4. Output 1.1.1 will strengthen the public institutional framework in order to achieve the FOLUR objectives. On the other hand, Output 1.1.2 will allow establishing agreements between the government agencies of Outcome 1.1.1 and the Presidential Secretariat for Planning and Programs (Segepl?) and the private and civil society sector to implement actions to achieve FOLUR objectives. **LOCATION: Part II: Project Justification; 1a. Project Description:3) The proposed alternative scenario with a description of outcomes and components of the project.**

5. Further clarity is needed on what is meant by 300 environment assessment instruments enabled?? As presented this activity appears to be a BAU activity. What is the added value of the GEF investment in the preparation of 300 assessment instruments? Please expand on the link to the FOLUR program.

5. The development of environment assessment instruments (added value of the GEF investment) will allow the implementation of the MARN's Sectoral Environmental Guides for coffee and cattle ranching and for subsequent monitoring and evaluation by the government and the private sector, beyond the project. The Sectoral Environmental Guides under the section on Environmental Management Plan, promotes the implementation of sustainable agricultural practices such as agroforestry and silvopastoral systems, forest protection, management and restoration, sustainable management of soils, efficient use of water resources, conservation of biodiversity, among others. Likewise, it is important to mention that these guides are an instrument for the implementation of the Regulation of Environmental Evaluation, Control and Monitoring (Government Agreement Number 137-2016) and for the implementation of the Environmental and Climate Change Policy of GREPALMA and Anacaf?, as well as the National strategy of sustainable cattle ranching with low emissions of MAGA, which are policies consistent with the objectives of FOLUR. **LOCATION: Part II: Project Justification; 1a. Project Description:3) The proposed alternative scenario with a description of outcomes and components of the project.**

6. Regarding the Outcome 1.3, please clarify what are the mechanisms for institutionalizing/ legitimatizing and sustaining the micro-watershed governance associations and how will they interact with the other governance frameworks at the local level.

6. The Project will promote integrated landscape management at the micro-watershed level within the prioritized municipalities; micro watersheds are key planning units for natural resources management under the guidance of the National Commission of micro-watersheds of Guatemala. In Guatemala, micro watershed associations encompass communities who share water resources in the watersheds of tributary streams. The associations are organized to coordinate resource management of shared water and land resources and, critically, how this can be integrated with community development. In addition, communities living in these micro watersheds are organized in community councils (known nationally as COCODEs); the coordinator of each micro-watershed association to be supported by the project will be part of the COCODE. In turn, the COCODEs have representation in municipal level councils known as COMUDEs, and which are made up of the mayor and the municipal corporation. As a decision-making body, the COMUDEs are key for local territorial and natural resources management. Accordingly, by participating in the COCODEs through its coordinator, and with representation in the COMUDEs, the micro-watershed associations will have continued presence within the existing governance structures at the municipal level, which will ensure their sustainability. Likewise, the municipalities will be supported so that the micro watershed management plans form part of the Municipal Development and Land Use Plan (PDM-OT) of the municipalities in the project landscape. **LOCATION: Part II: Project Justification; 1a. Project Description:3) The proposed alternative scenario with a description of outcomes and components of the project.**

7. We note the importance of the restoration priority maps (Output 1.3.4) but it is unclear how they related with the institutional context. Please elaborate further on their link to a national system of prioritization and to which extent this Component 1 more broadly feeds into or facilitates the improvement of national level policies and plans.

7. The updated map of restoration priorities will be a tool for the implementation of the National Strategy for the Restoration of the Forest Landscape of Guatemala. Likewise, it will become a management tool for the National Roundtable for Restoration of the Forest Landscape with participation from the government (INAB, MAGA, CONAP, MARN), civil society and the private sector. This map will also serve as a tool to facilitate the implementation of other policy instruments directly related to the project such as the PROBOSQUE Law Incentive Program and Incentives Program for Small Holders of Land Suitable for Forestry or Agroforestry (PINPEP), and others such as the REDD + Strategy and Low Emission Sustainable Bovine Livestock Strategy, among others. Finally, it is important to mention that these maps may be used by municipalities to update biophysical information at the territorial level, which in turn may be used to update the PDM-OTs. **LOCATION: Part II: Project Justification; 1a. Project Description:3) The proposed alternative scenario with a description of outcomes and components of the project.**

8. In Component 2, we learn that coffee growers are prioritized to access to financial incentives and "the implementation of best production practices will result in the sale of coffee to companies whose corporate standards allow only to purchase deforestation-free commodities or commodities grown under sustainable practices". Please explain why coffee growers are prioritized to access to financial incentives and sustainable market development if (apparently) they don't cause deforestation (cattle ranching is hardly mentioned for secondary support and the "inclusive production program" it will benefit from is vague and needs to be clarified).

8. Coffee growers were prioritized to access to financial incentives and sustainable market development due to the following. During the interviews carried out as part of the project design, coffee farmers indicated that depending on market conditions, they intend to expand their crops. They indicated that the new producers (young people who are starting their own families) are those who are establishing new coffee farms and existing forested areas are preferred to take advantage of the existing natural shade. This

will lead to the transformation of forest areas to coffee crops, causing deforestation in the short and medium term. In addition, if a positive change in market price were to occur, it could increase pressure on the forest or forest patches (including within protected areas as such as Sierra Caral or Sierra de Las Minas), which in the case of coffee would be accentuated by low productivity and drive the expansion of the areas under cultivation.

The benefits of the inclusive production program for cattle ranching and subsistence crops such as corn and beans that cause deforestation was clarified by indicating that the program will allow: a) identifying and engaging key stakeholders to such as the Izabal and Zacapa Cattle Ranchers Associations and producers, including women and indigenous groups; b) supporting sustainable food production systems including silvopastoral and suitable grazing systems, family farms and food gardens, and others that may be identified and found to be applicable local conditions, and that contribute to food and nutritional security; c) promoting the adoption of agroforestry systems to enhance ecosystem connectivity, promote diversification, and implementation of high-protein-value crops; and d) identifying existing related projects or initiatives to promote replication and to consider lessons learned, and to build synergies with these initiatives.

LOCATION: Part II: Project Justification; 1a. Project Description:3) The proposed alternative scenario with a description of outcomes and components of the project.

9. In general, this Component 2 is focusing on a number of different types of commodities and foods, which tends to dilute the alignment with the FOLUR program. There is the need to clarify the main commodities of focus.

9. The main commodities of focus area palm oil and coffee. Secondary support will be given to cattle ranching and other subsistence food systems (e.g., maize, beans). The project will focus primarily in palm oil and coffee in Component 2 by providing technical assistance and capacity development to promote sustainable production systems (Outputs 2.1.1, 2.1.2, and 2.1.3), and marketing opportunities primarily for coffee (Outputs 2.2.1 and 2.2.2). The project will also provide support but on a secondary basis to cattle ranching and other subsistence food systems (e.g., maize, beans). The text describing the project strategy was updated to emphasize that the main commodities of focus area palm oil and coffee, and that cattle ranching and other subsistence food systems (e.g., maize, beans) will be of secondary focus. **LOCATION: Part II: Project Justification; 1a. Project Description:3) The proposed alternative scenario with a description of outcomes and components of the project.**

10. Regarding the Output 2.2.2, the result or expectation of the marketing strategies is unclear. Please indicate if this is being supported by co-financing and demonstrate the link to the program and delivery of GEBs.

10. The marketing strategy will be supported with GEF funding and through cofinancing from Anacaf?. The marketing strategy will primarily focus on sustainable coffee produced in the prioritized landscape as a result of the project. The marketing strategy aims at maximizing economic benefit for small and medium coffee producers by positioning the different attributes of coffee from the project landscape including quality, environmental and social best practices, zero-deforestation commitments, and gender equality and/or indigenous peoples variables, among others. Coffee from the project landscape will result in GEBs by reducing deforestation, and the restoration of degraded areas and the enhanced ecosystem connectivity through the implementation of landscape management tools, including agroforestry systems associated to shade coffee. **LOCATION: Part II: Project Justification; 1a. Project Description:3) The proposed alternative scenario with a description of outcomes and components of the project.**

11. Please clarify the meaning of Outputs 2.2.1 and 2.2.3 and the difference between the two outputs and their intended achievements.

11. Output 2.2.1 focuses primarily on making coffee produced in the project landscape competitive in national and international markets as currently coffee from the project landscape may not be able to compete among Guatemala's iconic and most prestigious origins, for example Guatemala-Antigua. Output 2.2.1 will also allow providing secondary commercialization support through the differentiation program to cattle beef and other sustainable food production/agroforestry products if they already have consolidated value chains and access to markets. The principal intended achievement of this output is to have a competitive commodity (coffee) originating from the project landscape. On the other hand, Output 2.2.3 focuses only on promoting best practices for cattle ranching and subsistence farming that may be causing deforestation; the intended achievement of this output is to reduce deforestation that results from cattle ranching and subsistence farming. **LOCATION: Part II: Project Justification; 1a. Project Description:3) The proposed alternative scenario with a description of outcomes and components of the project.**

12. It is unclear how the Spatial Verification System (Output 2.2.4) will link with or support the development of existing/new monitoring and verification systems. Please clarify.

12. It has been clarified that the Spatial Verification System (Output 2.2.4) will feed into existing information platforms such as the National Information System for REDD+ (SIREDD/MARN) portal (<http://siredd.marn.gob.gt/siredd>), the INAB website (<http://www.inab.gob.gt>), the National Territorial Information Systems (SINIT) website of Segepl'n (<https://www.segeplan.gob.gt/nportal/index.php/servicios/sistemas-en-linea/sinit>), and the National Information System for Climate Change (SNICC) of the MARN (<https://snicc.azurewebsites.net>), using interactive/online maps and through analytic reports that can easily be consulted by the project stakeholders and general public, and which are periodically published in those platforms and that will have electronic links and sections related to the FOLUR Child project that inform about the results of the Spatial Verification System. **LOCATION: Part II: Project Justification; 1a. Project Description:3) The proposed alternative scenario with a description of outcomes and components of the project.**

13. In Component 3, it is unclear what kind of restoration is considered. This Component also includes the promotion of agroforestry and "best production practices". Out of the 25,000 ha, please clarify the types of lands that will be restored and for which purposes. Please also present the different kind of beneficiaries and agriculture activities in this Component and those included in Component 2.

13. The restoration of 25,000 ha will include degraded forest and agricultural lands, which will enhance ecosystem connectivity between forest remnants in production landscapes and of HCVF. Restoration activities in Component 3 include: a) restoration of natural vegetation and establishment of plantations with native species for production = 11,500 ha; and b) agroforestry and silvopastoral systems with permanent crops, and agroforestry systems with annual crops = 13,500 ha.

Component 3 focuses on the conservation and restoration of natural habitats in production landscapes. Beneficiaries are producers participating in voluntary conservation and/or restoration and best production practices agreements through Component 3 include: a) palm oil producers (Agrocaribe/AgroAmerica and independent producers); b) cooperatives or associations of coffee growers (currently there are around 20 organized groups of coffee growers, including cooperatives, associations, and Friendship and Work Groups, which represent 570 producers); and c) secondary support to other types of producers (e.g., cattle ranchers through the Cattle Ranchers

Associations of Izabal and Zacapa that includes 350 associates, among small, medium, and large producers).

Conservation and/or restoration and best production practices will be achieved by the implementation of LMTs, including agroforestry. The project will use GEF resources (USD 377,712) to implement LMTs, which will be used primarily to provide the needed plant material (native species). These LMTs include micro-corridors, forest enhancement, hedges, live fences, wind barriers, and agroforestry, which will improve connectivity between forest remnants in production landscapes and high-conservation-value forests (HCVF). The project will also use GEF resources to provide technical assistance for the implementation (USD 96,000) and monitoring (USD 60,000) of the LMTs. The labor costs will be covered by the beneficiaries. LMTs may also benefit from forest incentives (PINPEP and PROBOSQUE); the amount of resources to be allocated will depend on demand (for a description on these incentives please refer to the answer to comment 2 in the first page of this response matrix) Beneficiaries of the LMTs will be producers of palm oil, coffee, and other food production systems (including youth groups, women and/or indigenous peoples) through 15 voluntary conservation and/or restoration and best production practices agreements. As part of the GEF-UNDP project Sustainable and resilient landscapes in the central volcanic chain (GEF Project ID 9059), methodologies were developed for the implementation of LMTs; these methodologies will be adapted as needed for restoration activities using LMTs to be implemented as part of this Child Project. Additional details regarding the restoration using LMTs are included in the description provided in Output 3.1.1 of the UNDP-GEF Project Document.

The beneficiaries from Component 2 participating in sustainable agriculture activities include 1,500 small coffee farmers, including women and indigenous peoples, through the diversification of coffee farming as a sustainable food production system. In the case of palm oil, the project will support the socio-environmental responsibility plans of Agrocaribe/AgroAmerica, the largest producer of palm oil in the project landscape and already certified by the Rainforest Alliance and RSPO sustainability standards. More specifically, the project will support the socio-environmental responsibility plans and promote sustainable food production systems in the direct areas of influence of the palm oil plantations. According to the RSPO standard, socio-environmental responsibility plans must be based on the mitigation of negative impacts and contribute to the improvement of the livelihoods of their stakeholders. Accordingly, the project will promote sustainable food production systems among local communities/producers (basic grains, fruits, and cattle ranching) and facilitate access to markets for sustainable food products, enhancing food security and creating opportunities for additional income for households. In addition, the project will benefit 75 production units of producers implementing best practices for cattle ranching (e.g., silvopastoral and sustainable grazing systems), subsistence farming (e.g., family farms and food gardens), and for other crops. **LOCATION: Part II: Project Justification; 1a. Project Description: 3) The proposed alternative scenario with a description of outcomes and components of the project.**

14. In general, it is unclear how the food systems producers (of coffee, palm oil, livestock and others) who will benefit from the mobilization of financial resources will be selected. Please explain.

14. Beneficiaries from the mobilization of financial resources will only include small coffee farmers, cattle ranchers, and subsistence farmers. The project will not benefit palm oil producers from the mobilization of financial resources. Although the selection of beneficiaries will only be done during project implementation and the final criteria will also be defined during project implementation, beneficiaries will include those producers who are willing to be part of voluntary conservation and/or restoration and

best production practices agreements. The project will focus on working with small producers with non-sustainable production practices and most affected by COVID-19, 40% of which will be women. In addition, the selection of beneficiaries will be tied to the final selection of specific project sites within the project landscape where there are better opportunities to enhance ecosystem connectivity and restore degraded lands and based on the assessment conducted as part the PPG that prioritized six areas of connectivity. **LOCATION: Part II: Project Justification; 1a. Project Description: 3) The proposed alternative scenario with a description of outcomes and components of the project.**

15. The project does not include any policy reform related to sustainable finance. This is an important element for influencing the investments toward more sustainability and we note that financial institutions are rightly expected to play a role in this project.

15. A policy reform to promote sustainable finance in production and marketing is not required as the project will make use of existing financial mechanisms that have proved to be successful and sustainable such as the forest-based PINPEP (PINPEP Law, 2010) and PROBOSQUE (PROBOSQUE Law, 2015) incentives mechanisms administered by the INAB. Since 1996 when the Forest Act (Decree 101-96) was approved, forest incentive programs in Guatemala have contributed to the management and conservation of more than 436,000 ha of natural forest areas, and to the restoration of over 166,000 of forested lands through forest plantations and agroforestry systems[1]¹ representing a public investment of more than \$290 million. Economically, these projects have created community employment and improved the economy for more than 900,000 people.[2]². They have also contributed to the provision of timber products and ecosystem services such as water regulation, biological connectivity, and reduced greenhouse gas emissions, among others. Accordingly, the project will make use of these incentives that are sometimes underutilized and not well known among the rural communities that are supposed to benefit. In addition in the case of coffee (Component 2), the project will work closely with Anacaf? to promote a new financial service called ?My Harvest Loan (Pr?stamo Mi Cosecha),? which was developed jointly by Anacaf? and the Inter-American Development Bank (IDB)-LAB project, an initiative that supports innovative projects and early stage ventures, and is commercialized through credit cooperatives present in the area. The project will also make use of other existing financing mechanisms (i.e., loans) that consider environmental aspects and that benefit coffee growers in the project area and that are available through national banks such as Promerica and Banco Agromercantil. **LOCATION: Part II: Project Justification; 1a. Project Description: 3) The proposed alternative scenario with a description of outcomes and components of the project.**

16. In Component 3, please elaborate further on the envisioned compensation for water services scheme, explaining who will pay to whom, how much, for what, and how the price will be determined.

16. The design of the pilot scheme for the compensation for water ecosystem services will be defined during project implementation, including the description of the ecosystem services provided, willingness to compensate, and definition of the payment or compensation mechanism; building of agreements; agreements and commitments between suppliers and users of the ecosystem service (i.e., commercial, production, and household users); and definition of a critical path for the compensation process. Based on the experience under the GEF6-UNDP project Sustainable and resilient landscapes in the central volcanic chain (GEF Project ID 9059) the design phase may take between

one and two years. After this, the implementation process will be initiated including the development of a protocol for managing, following-up, and monitoring of the compensation mechanisms, as well as a management plan for the natural resources associated with the ecosystem service to be compensated. **LOCATION: Part II: Project Justification; 1a. Project Description:3) The proposed alternative scenario with a description of outcomes and components of the project.**

17. In Component 4, please clarify the link of the species monitoring activities and the Piloting of the Species Threat Abatement and Recovery (STAR) methodology to the FOLUR program (Output 4.2.1). These are strongly related to biodiversity conservation and the link to the FOLUR program is not clear.

17. The species monitoring activities and the STAR methodology is linked with the FOLUR Objective 3 Promoting restoration of degraded landscapes for sustainable production and to maintain ecosystem services. To estimate the return on investments in restoration the project will use IUCN's methodology, which uses a biodiversity metric (i.e., STAR). More specifically the STAR methodology allows quantifying the potential for reducing the risk of species extinction and identifying opportunities and guiding conservation and restoration actions. In addition, STAR identifies the potential of different areas to contribute to the conservation of threatened species either through: a) the elimination of all threats to the species in their habitat; and / or b) restoring the habitat they have lost. **LOCATION: Part II: Project Justification; 1a. Project Description:3) The proposed alternative scenario with a description of outcomes and components of the project.**

18. When considering the link with the FOLUR Global Platform, the project focuses on knowledge management and sharing. Please also consider all the functions of this Platform, in particular as a forum for enhancing policy and corporate dialogue and engagement. Please refer to the Knowledge to Action Global Platform project of the FOLUR Program (CEO ER already approved and available in the GEF website), as well as the guidance elaborated by the WB, as Lead Agency for the FOLUR Program, which can be requested to GEF Secretariat.

18. The link with the FOLUR Global Platform was further explained as follows:

There will be exchanges with other FOLUR projects sharing similar situations and working with the same commodities (e.g., coffee: Indonesia, Ethiopia, Peru, and Mexico; palm oil: Indonesia, Malaysia, Papua New Guinea, and Liberia). To take advantage of the high-level technical support and advisory services to be provided to the participating countries by the FOLUR Global Platform, the project will make use of its technical assistance and capacity building services to apply FOLUR-related interventions in the project landscapes and coffee and palm oil value chains, and to strengthen landscape management and food/commodity production systems and train national and local stakeholders, including small and medium coffee and subsistence farmers. In addition, the project will make use of the FOLUR Global Platform as a forum for corporate dialogue and engagement, including support for dialogue on sustainability commitments from multinational companies (e.g., Agrocaripe/AgroAmerica and Exportcaf/ECOM) and the operationalization of these commitments through standards and practices at the production level; and participation in regional gatherings of countries around sustainable palm oil and coffee production, and ILM to showcase success stories to encourage replication of good practices. Also, the project will collaborate with FOLUR Global Platform to develop lessons and evidence from sustainable production practices of coffee and palm oil on the ground in Guatemala and contribute these to global fora and public-private sector dialogues. The project may also request assistance to engage with global market stakeholders in the implementation of the marketing strategy for coffee from the project landscape and for

other food production systems (e.g., cattle ranching) for which the project will provide secondary support. **LOCATION: Part II: Project Justification; 1a. Project Description: 3) The proposed alternative scenario with a description of outcomes and components of the project.**

19. In the Theory of Change, the causal pathways are not very clear. We don't see how the Outcomes and Impacts are linked and what are the larger intended impacts of the project (the impacts indicated currently could be classified more as project results than impacts). In addition, some of the items in the Development Challenge could in fact be barriers, such as weak governance. Please revise accordingly

19. Please see diagram and text in the CEO Endorsement Request.

Weak governance was removed from the Development Challenge; the barrier of weak governance will be addressed through Component 1, particularly by strengthening governance for implementing ILM systems at the national and local levels.

LOCATION: Part II: Project Justification; 1a. Project Description: 3) The proposed alternative scenario with a description of outcomes and components of the project

[1]

http://portal.inab.gob.gt/images/memoria_de_labores/Memoria%20de%20Labores%202019.pdf

[2] M?ndez, Mairon; Palacios, Byron. 2019. The experience of using forest incentives as a tool to reduce the impact of wildfires in Guatemala [Abstract]. In: Gonz?lez-Cab?n, Armando; S?nchez, Jos? J., tech. eds. Proceedings of the fifth international symposium on fire economics, planning, and policy: ecosystem services and wildfires. Gen. Tech. Rep. PSW-GTR-261 (English). Albany, CA: U.S. Department of Agriculture, Forest Service, Pacific Southwest Research Station: 197.

4. Is there further elaboration on how the project is aligned with focal area/impact program strategies?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

The project is globally aligned with the impact program strategies. Nevertheless, as already mentioned above the link between environmental degradation including deforestation and the targeted priority sectors (principally coffee and palm oil) is not clearly demonstrated. Please elaborate further demonstrating the proposal fully aligns with the FOLUR Program including its objectives and suitability criteria.

April 19, 2021:

Thank you for the clarification. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

Studies carried out by Iarna-URL in 2012 *, showed that the lands associated with cattle ranching and agricultural activities (bush and grasslands) are those that have had the greatest transformation into oil palm plantations. Additionally, the analysis of the causes of deforestation in the project area concluded that the causes of deforestation are mostly related to cattle ranching, agriculture, and timber extraction. These assessments suggest that oil palm is not the direct driver of deforestation in the region. However, it should be taken into account that the production activities that the oil palm displaces when it expands (cattle ranching and agriculture) are established in other areas, including protected areas and forest areas.

Evidence indicates there is a strong demand for land to establish oil palm plantations, which has led cattle ranchers and agriculture producers to sell or lease their land and move their production activities to other areas. For this reason, the project considered palm oil as a commodity of interest to avoid the displacement of other production of activities to protected areas or HCVF areas causing deforestation.

Regarding coffee, during the interviews carried out as part of the project design, farmers indicated that depending on market conditions and they intend to expand their plantations. They indicated that the new producers (young people who are starting their own families) are those who are establishing new coffee farms and existing forested areas are preferred to take advantage of the existing natural shade. This will lead to the transformation of forest areas to coffee crops, causing deforestation in the short and medium term. Accordingly, coffee was prioritized as a target priority sector

(*Análisis de la dinámica de expansión del cultivo de la palma africana en Guatemala: un enfoque cartográfico,

<https://www.url.edu.gt/publicacionesurl/FileCS.ashx?Id=40177>) **LOCATION: Part II:**

Project Justification; 1a. Project Description: 4) Alignment with GEF focal area and/or impact program strategies.

5. Is the incremental reasoning, contribution from the baseline, and co-financing clearly elaborated?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

1. In the proposed table, the "current practices" column is focused on the weaknesses and lacks (which is good) but the existing policies/initiatives/stakeholders are not mentioned. As a result, it is difficult to understand how the project complements what already exists. Please elaborate further how this project will build on and articulate with the identified baseline to achieve its objectives.

2. For a better clarity, please arrange this section by Component. Additionally, some of the BAU/Incremental text as presented does not clearly show what is being done differently. The text mainly presents a series of expected results rather than showing

how things are done currently versus how the project proposes to do things differently with the added GEF investment.

April 19, 2021:

Thank you for the clarification. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

For a response to comments 1 and 2, please refer to the CEO Endorsement Request document, Section five (5): Incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, and co-financing. **LOCATION: Part II: Project Justification; 1a. Project Description: 5) Incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, and co-financing.**

6. Is there further and better elaboration on the project's expected contribution to global environmental benefits or adaptation benefits?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

1. Only the core indicators are reported in this section. Considering the comments above in the core indicators box and aligning with the response provided by the agency, please explain what the indicators include concretely (for instance "25,000 ha of land and degraded ecosystems restored" is vague and can include many different elements) and how they were estimated.

2. In addition, please note that the 6,403,578 tCO₂eq target does correspond to the results in the core indicator table but is different to the one mentioned in the alternative scenario (paragraph 20). Please ensure the information is consistent throughout all the project description.

April 19, 2021:

Thank you for the complements. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

1. Only the core indicators are reported in this section. Considering the comments above in the core indicators box and aligning with the response provided by the agency, please explain what the indicators include concretely (for instance "25,000 ha of land and degraded ecosystems restored" is vague and can include many different elements) and how they were estimated.

1. The information regarding the expected GEBs was updated as follows:
? 25,000 ha of land and degraded ecosystems restored. Restoration activities using landscape management tools (LMTs) include: a) restoration of natural vegetation and establishment of plantations with native species for production = 11,500 ha; and b) agroforestry and silvopastoral systems with permanent crops, and agroforestry systems with annual crops = 13,500 ha.
? 22,179.31 ha of landscapes under improved practices. Area of landscapes under improved management to benefit biodiversity = 2,179.31 ha; Area of landscapes under sustainable land management in production systems (including the reduction of surface water and groundwater pollution) = 19,400 ha; Area of High Conservation Value Forest (HCVF) loss avoided = 600 ha.
? 6,403,578 tCO₂-eq mitigated in 20 years. Climate change mitigation benefits are expected as a result of the implementation of restoration activities in 25,000 ha using landscape management tools and avoided deforestation of 4,807.5 ha by project end. Estimates of direct benefits for a 20-year period have been calculated using FAO's Ex-Ante Carbon-balance Tool (EX-ACT; version 8.5.4c). Please refer to Annex H of this CEO Endorsement Request for estimations of avoided GHG emission reductions.
? Improved quality of habitat for endemic and threatened species. Species include: jaguar (*Panthera onca*); the mantled howler (*Alouatta palliata*); the endangered endemic lizard *Heloderma charlesbogerti*; the golden-winged warbler (*Vermivora chrysoptera*); and six species of endemic amphibians (*Duellmanohyla soralia*, *Nototriton brodiei*, *Craugastor nefrens*, *Cryptotriton monzoni*, *Bolitoglossa conanti*, *Craugastor adamastus*).
? 12,966 direct project beneficiaries (40% women; 60% men). Includes primarily small and medium producers of coffee, palm oil producers, and to a lesser extend other sustainable food systems (maize, beans, and banana/plantain) and value chains. Direct beneficiaries are defined as individual people who measurably benefit from the existence of the project, or who use the specific resources that the project maintains or enhances. Direct beneficiaries must be aware that they are receiving this project support. Based on this definition and considering the different activities to be implemented by the project, an assessment was conducted to estimate the direct beneficiaries per participating municipality and agency in the project. **LOCATION: Part II: Project Justification; 1a. Project Description: 6) Global environmental benefits (GEFTF).**

2. In addition, please note that the 6,403,578 tCO₂eq target does correspond to the results in the core indicator table but is different to the one mentioned in the alternative scenario (paragraph 20). Please ensure the information is consistent throughout all the project description.

2. Paragraph 20 was updated to indicate the project expected carbon mitigation benefits would be 6,403,578 tCO₂eq over 20 years. **LOCATION: Part II: Project Justification; 1a. Project Description: 3) The proposed alternative scenario with a description of outcomes and components of the project.**

7. Is there further and better elaboration to show that the project is innovative and sustainable including the potential for scaling up?

Secretariat Comment at CEO Endorsement Request
December 7, 2020:

The potential for scaling up doesn't include the international dimension, particularly in Central America and with other countries dealing with the same agriculture production, using the FOLUR Global Platform. Please complete accordingly.

April 19, 2021:

Thank you for the complement. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

The following was added regarding the potential for scaling-up at the international level:

The potential for scaling-up at the international level using the FOLUR Global Platform includes countries dealing with the same agriculture production in Central America such as Honduras (palm oil, coffee, and cattle ranching), El Salvador (coffee), Costa Rica (coffee), Nicaragua (coffee and cattle ranching), and Mexico (coffee, and also participating in the FOLUR IP), among others. **LOCATION: Part II: Project Justification; 1a. Project Description: 7) Innovativeness, sustainability and potential for scaling up.**

Project Map and Coordinates

Is there an accurate and confirmed geo-referenced information where the project intervention will take place?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

Yes, cleared.

Agency Response

Child Project

If this is a child project, is there an adequate reflection of how it contributes to the overall program impact?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

As mentioned above under the alternative scenario, the synergy with the FOLUR Global Platform should be further explained to demonstrate how the project results are greater

at national and international levels thanks to its interaction with the Platform and the other countries participating in the Program.

April 19, 2021:

Thank you for the complement. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

The link with the FOLUR Global Platform was further explained as follows:

There will be exchanges with other FOLUR projects sharing similar situations and working with the same commodities (e.g., coffee: Indonesia, Ethiopia, Colombia, Peru, and Mexico; palm oil: Indonesia, Malaysia, Colombia, Papua New Guinea, and Liberia). To take advantage of the high-level technical support and advisory services to be provided to the participating countries by the FOLUR Global Platform, the project will make use of its technical assistance and capacity building services to apply FOLUR-related interventions in the project landscapes and coffee and palm oil value chains, and to strengthen landscape management and food/commodity production systems and train national and local stakeholders, including small and medium coffee and subsistence farmers. In addition, the project will make use of the FOLUR Global Platform as a forum for corporate dialogue and engagement, including support for dialogue on sustainability commitments from multinational companies (e.g., Agrocaripe/AgroAmerica and Exportcaf/ECOM) and the operationalization of these commitments through standards and practices at the production level; and participation in regional gatherings of countries around sustainable palm oil and coffee production, and ILM to showcase success stories to encourage replication of good practices. Also, the project will collaborate with FOLUR Global Platform to develop lessons and evidence from sustainable production practices of coffee and palm oil on the ground in Guatemala and contribute these to global fora and public-private sector dialogues. The project may also request assistance to engage with global market stakeholders in the implementation of the marketing strategy for coffee from the project landscape and for other food production systems (e.g., cattle ranching) for which the project will provide secondary support. **LOCATION: Part II: Project Justification; 1c. Child Project? If this is a child project under a program, describe how the components contribute to the overall program impact.**

Stakeholders

Does the project include detailed report on stakeholders engaged during the design phase?
Is there an adequate stakeholder engagement plan or equivalent documentation for the implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

1. Thank you for providing the stakeholder engagement plan. We note that the financial institutions are considered as stakeholders with low importance/low influence. Please explain how this evaluation has been made as we could also considered that the financial institutions should potentially play an important role influencing the system towards more sustainability.

2. A detail: the stakeholder engagement plan is in annex 8 of the Prodoc and not 7 as mentioned in paragraph 37. Please revise accordingly.

April 19, 2021:

Thank you for the amendments. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

1. Thank you for providing the stakeholder engagement plan. We note that the financial institutions are considered as stakeholders with low importance/low influence. Please explain how this evaluation has been made as we could also considered that the financial institutions should potentially play an important role influencing the system towards more sustainability.

1. The evaluation was conducted following UNDP Guidance Note on stakeholder engagement that is part of a set of operational guidance materials related to the UNDP Social and Environmental Standards (SES). The identification of each stakeholder and their interests was done using and ?interest-influence matrix? developed and assessed by the project formulation team. Based on the reviewer?s suggestion, the level of importance of the financial institutions was change to ?high level? (Importance of Stakeholder for Success? +4; and Degree of Influence of Stakeholder over Project: +4) of Project given that as mentioned, the financial institutions should potentially play an important role influencing the system towards more sustainability. The ?interest-influence matrix? was changed as follows:

Importance: low<---->high	Group 1: Stakeholders with high importance/low influence. Indigenous peoples, women, multi-stakeholder platforms	Group 2: Stakeholders with high importance/high influence. Central government, local governments, producers' and exporters' organizations, large-scale producers, medium- and small-scale producers, development partners, conservation stakeholders, national marketing organizations, financial institutions
	Group 3: Stakeholders with low importance/low influence. Academia y technical assistance agencies	Group 4: Stakeholders with low importance/high influence.
Influence: low<---->high		

LOCATION: Part II: Project Justification; 2. Stakeholders.

2. A detail: the stakeholder engagement plan is in annex 8 of the Prodoc and not 7 as mentioned in paragraph 37. Please revise accordingly.

2. The number of the Annex for the stakeholder engagement plan (i.e., Annex 8) was revised as suggested. **LOCATION: Part II: Project Justification; 2. Stakeholders.**

Gender Equality and Women's Empowerment

Has the gender analysis been completed? Did the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities? If so, does the project/program include gender-responsive activities, gender-sensitive indicators and expected results?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

A detail: the Gender Analysis and Gender Action Plan document is in annex 10 of the Prodoc and not 9 as mentioned in paragraph 39. Please revise accordingly.

April 19, 2021:

Thank you for the consideration. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

The number of the Annex for the Gender Analysis and Gender Action Plan (i.e., Annex 10) was revised as suggested. LOCATION: Part II: Project Justification; 3. Gender Equality and Women's Empowerment.

Private Sector Engagement

If there is a private sector engagement, is there an elaboration of its role as a financier and/or as a stakeholder?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

While the information provided in the portal is very general, the presentation of the private sector engagement is scattered in tables within the Stakeholder Engagement Plan of the Prodoc. Please provide in the Portal a specific and detailed description of the

private sector engagement, specifying the role of each private stakeholder along the value chain.

April 19, 2021:

Thank you for the complement. Cleared.

Agency Response

[UNDP Agency Response to GEF Sec comments from December 7, 2020:](#)

The information regarding the private sector engagement in the project's components and outcomes will be as follows:

Component	Outcomes	Key Stakeholders	Actions	Duration
Component 1: Development of integrated landscape management (ILM) systems	Outcome 1.1: Key public agencies (MAGA, MARN, MINECO, INAB, and CONAP), the palm oil and coffee sectors, and other food production sectors with improved capacity to coordinate actions, exchange information, and promote sustainable food production systems and the restoration of degraded lands through existing platforms (National Restoration Roundtable for the Forest Landscape, GREPALMA, Anacaf?, and FEDECOCAGUA)	Private sector (GREPALMA, Agrocaribe/AgroAmerica, Anacaf?, and FEDECOCAGUA)	Exchange information, establish guidelines for sustainable production, conservation, and restoration	12 months
		Private sector (GREPALMA, Agrocaribe/AgroAmerica, Anacaf?, FEDECOCAGUA, and small and medium producers)	Establishment of three agreements with the government, CSOs (including women, youth, and others) for palm oil, coffee, and other production systems. Follow-up on the agreements. Implementation of 300 management plans for best production practices.	6 years
	Outcome 1.2: Existing platforms (restoration, coffee, palm oil, and other food systems improve their socio-environmental performance)	GREPALMA, Anacaf?, FEDECOCAGUA, Agrocaribe/AgroAmerica, AGEXPORT, and CAMAGRO	Development of inclusive action plans and protocols to collect and share environmental and production information. Development of protocol for the prevention and management of production-conservation conflicts. Join the National Roundtable for Restoration of the Forest Landscape.	18 months
Component 2: Promotion of sustainable food production practices and responsible value chains	Outcome 2.1: Strengthened capacity to promote sustainable food production practices and responsible value chains	Anacaf?, producers? associations, financial institutions (private banks: BANRURAL, Banco Agromercantil, credit unions Promerica, etc.	Provide technical assistance to producers to access loans. Provide incentives to producers in the form of favorable loans for the implementation of sustainable food systems.	5 years
		C.A.F.E Practices (Starbucks) and	Coffee certification	4 years

LOCATION: Part II: Project Justification; 4. Private Sector Engagement

Risks to Achieving Project Objectives

Has the project elaborated on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved? Were there proposed measures that address these risks at the time of project implementation?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

1. The climate-related risks and mitigation measures is very limited. Considering this project is land-use based, a more comprehensive analysis is needed at CEO stage. In particular it should consider a deeper dive into the climate information analysis and more discussion with involved stakeholders, including: 1. Further elaborating on existing and projected hazards at project location and rating the key ones to assess the level of exposure (and therefore vulnerability) of the project; 2. Discuss mitigation options and how they have been considered and included (and if not, why) in the project design (including on policy, capacity building, data gathering, mitigation, adaptation); 3. A description of the capacity of the different project stakeholders and institutions involved in collecting relevant information, dealing with the projected impacts and provide adequate monitoring and learning services. The Agency may wish to refer to STAP guidance on climate risk screening (<https://www.stapgef.org/stap-guidance-climate-risk-screening>).

2. In the proposal, the mention of the consequences and risks related to the COVID-19 pandemic is very limited, beyond the fact that the project will prioritize the most affected. Nevertheless, the pandemic can affect different important elements of the project implementation, such as the co-financing among others, and some further risk and opportunity analysis needs to be undertaken at this stage. Please further describe in few paragraphs 1- the current context as it relates to COVID; 2- what are the possible consequences of the pandemic and how important they can be for the project; 3- how the project will deal with with the identified likely impacts during its implementation; and 4- how the project has identified potential opportunities to mitigate impacts and contribute toward a green recovery and building back better with more resilience (for ease of reference, we advise to present the analysis in a specific note after the risk table). For further clarification, the agency may wish to refer to the note "Project Design and Review Considerations in Response to the COVID-19 Crisis and the Mitigation of Future Pandemics" shared by GEF Secretariat with the GEF Agencies on September 14.

April 19, 2021:

Thank you for the complements. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

1. The climate-related risks and mitigation measures is very limited. Considering this project is land-use based, a more comprehensive analysis is needed at CEO stage. In particular it should consider a deeper dive into the climate information analysis and more discussion with involved stakeholders, including: 1. Further elaborating on existing and projected hazards at project location and rating the key ones to assess the level of exposure (and therefore vulnerability) of the project; 2. Discuss mitigation options and how they have been considered and included (and if not, why) in the project design (including on policy, capacity building, data gathering, mitigation, adaptation); 3. A description of the capacity of the different project stakeholders and institutions involved in collecting relevant information, dealing with the projected impacts and provide adequate monitoring and learning services. The Agency may wish to refer to STAP guidance on climate risk screening (<https://www.stapgef.org/stap-guidance-climate-risk-screening>).

1. To further assess potential climate change risks, UNDP has used the following sources: a) Variabilidad y Cambio Climático en Guatemala (INSIVUMEH, 2018; available at <https://www.marn.gob.gt/Multimedios/13247.pdf>); b) Informe de daños ocasionados por las depresiones tropicales ETA e IOTA (MAGA, 2020; available at <https://precios.maga.gob.gt/novedades/informe-de-daños-ocasionados-por-las-depresiones-tropicales-eta-e-iota-y-analisis-de-las-principales-variaciones-de-precios-en-mercados-mayoristas-en-guatemala/>); and c) Climate Risk and Adaptation Country Profile (GFDRR, 2011) https://climateknowledgeportal.worldbank.org/sites/default/files/2018-10/wb_gfdr climate_change_country_profile_for_GTM.pdf (World Bank's Climate Change Knowledge Portal as per STAP guidance). Further discussions with stakeholders are not possible at this time due to COVID-19 related restrictions.

Threats and vulnerability: The most recent official data (INSIVUMEH, 2018) on future climate projections for the Eastern region of the country where the project landscape is located, indicate that there will be marked variability between 2030- 2040 with a decrease in seasonal annual rainfall, and 2040-2050 with an increase in rainfall; temperature projection scenarios from 2020 to 2090 show increases for the region. Decrease in water availability is expected for the department of Zacapa, including an extension of the semi-arid zone. These data coincide with those of the Climate Risk and Adaptation Country Profile (GFDRR, 2011), which indicate that, as yet it is not possible to get a clear picture for precipitation change for Guatemala under a future climate scenario. This is due to large model uncertainties, with multi-model analyses suggesting a drying trend, and some individual models suggesting a more humid future. What is clear, however, is that Guatemala will experience increased climate variability and extreme events. Recent evidence of this is that on November 4th 2020, the tropical depression ETA entered Guatemala, causing widespread damage in the country and a State of Calamity was declared in several departments, including Izabal and Zacapa; these departments were also subsequently affected by the tropical phenomenon IOTA. A report prepared by MAGA (2020) indicated that crops such as corn, beans, plantain,

banana and coffee (all considered in the project) were among the most affected by these storms; the report emphasizes that the impacts should not be limited only to agricultural damage, but also to loss of the ability to access food, loss of income sources both from the sale of agricultural products and from a reduction in the opportunity to hire labor in the sector, loss of assets and increases in prices at the local level, among others. It is emphasized that many of the communities in the project landscape were already among the country's most vulnerable population (families classified by MAGA as of subsistence nature) since March due to the COVID-19 pandemic.

Based on the previous analysis, the moderate risk rating for the project seems appropriate based on the IPCC scale for projects, since under the scenario described above there will be eventual impacts of climate change in Izabal (storms or floods) and Zacapa (drought). However, this scenario is considered to be manageable and is expected to have limited impact on the project's outcomes; rather, the project is expected to enhance resilience to future climatic events in the project landscape through actions such as restoration using LMTs and improved ecosystem connectivity with consequent long-term effect on GEBs.

Mitigation options: Policy changes are not considered as options since there are sufficient policy instruments on climate change in the country (CC Law, Climate Change Action Plan -PANCC-, National System of Climate Change -SNICC-, National Council of CC, etc.); rather, the project will contribute to their implementation. A strategy for access and exchange of information between key stakeholders is considered within the project, which will include climate data in the landscape, both for mitigation and adaptation in productive systems and biodiversity conservation. It is highlighted that the protection of biodiversity in the remnants of forested areas and the connectivity approach (between protected areas and river banks) are in themselves a conservation strategy of the project and that restoration and land use planning actions also contribute to building social, economic and environmental resilience. Given the historical impacts of climate change and the vulnerability previously described in the landscape, a closer work with the BIOFIN Initiative in conjunction with the MAGA (member of the Technical Advisory Committee) is considered as a mitigation option regarding green agricultural insurance as financial mechanisms that reduce producers' crop losses and incentivize resilient management practices to changing climate conditions. Small subsistence farmers (prioritized and most vulnerable beneficiaries) cannot pay to insure their crops, but the project could provide some conditions for them to be considered eligible, such as the conditions for accessing insurance to include: implementation of production sustainable practices and non-expanding their production activities into areas with forest cover, all in line with the FOLUR approach.

Stakeholder capacity: There are limited capacities among project partners, particularly MARN and MAGA, regarding information on climate risks and defining mitigation measures. MAGA is better organized in data collection, but in a more reactive way (damages and losses) and in terms of post-disaster humanitarian aid. That is why the project will carry out a cross-sectional capacity-building that may include special dedication to climate monitoring aimed at government institutions and local

governments, promoting partnerships and learning with other sectors that have strength in these issues in the project landscape; for example, the productive private sector (Agrocaribe/AgroAmerica) and academia. INSIVUMEH and CONRED are government partners with whom collaboration will be established to strengthen early warning systems as part of the implementation of the micro-watershed management plans, and through the micro-watershed committees as enhanced governance platforms to build resilience and promote sustainability beyond the project life time. LOCATION:

2. In the proposal, the mention of the consequences and risks related to the COVID-19 pandemic is very limited, beyond the fact that the project will prioritize the most affected. Nevertheless, the pandemic can affect different important elements of the project implementation, such as the co-financing among others, and some further risk and opportunity analysis needs to be undertaken at this stage. Please further describe in few paragraphs 1- the current context as it relates to COVID; 2- what are the possible consequences of the pandemic and how important they can be for the project; 3- how the project will deal with with the identified likely impacts during its implementation; and 4- how the project has identified potential opportunities to mitigate impacts and contribute toward a green recovery and building back better with more resilience (for ease of reference, we advise to present the analysis in a specific note after the risk table). For further clarification, the agency may wish to refer to the note "Project Design and Review Considerations in Response to the COVID-19 Crisis and the Mitigation of Future Pandemics" shared by GEF Secretariat with the GEF Agencies on September 14.

2. a) Current Context: At the national level, the government has established a COVID-19 Dashboard that is updated every two weeks depending on the number of new cases per 100,000 inhabitants. Two of the project municipalities are on maximum red alert (Puerto Barrios and Zacapa); three municipalities in high orange alert (Morales, Los Amates and Gualquixot); and one on moderate yellow alert (La Unión). Statistics at the country level also indicate that COVID-19 has affected men ages 20-39 the most.

b) Possible consequences and importance: Although there is no disaggregation data by municipality, it is estimated that at the level of project beneficiaries, small producers, women and indigenous peoples have been among the groups most affected, rather than by contagions due to the restrictions of transportation and markets for marketing, and in the case of women due to the loss of informal jobs and together with girls, due to the crisis of care. With regard to partners at the central level, based on the experience of other projects, the virtual relationship has been more manageable, although limitations to mobilization and meetings have also imposed challenges in supervision and M&E of activities in the field. Regarding government co-financing, when the project begins, adjustments will have to be made in terms of the dedication of time and effort initially planned. It is likely that with private sector partners there will be less impact on co-financing, given that they have already been adapting to the restrictions of the pandemic in their production systems and have greater resources and capacities in the field.

c) Dealing with identified likely impacts during project implementation; In line with the Analysis of the effects and socioeconomic impacts of COVID-19 in Guatemala (SNU, 2020), during the implementation of the project a particular effort will be made to facilitate access to information to the most affected beneficiaries in the field.

strengthening a 2. a) **Current Context:** At the national level, the government has established a COVID-19 Dashboard that is updated every two weeks depending on the number of new cases per 100,000 inhabitants. Two of the project municipalities are on maximum red alert (Puerto Barrios and Zacapa); three municipalities in high orange alert (Morales, Los Amates and Gualquén); and one on moderate yellow alert (La Unión). Statistics at the country level also indicate that COVID-19 has affected men ages 20-39 the most.

d) **Opportunities to mitigate impacts, contribute toward a green recovery, and building resilience:** Given the existing information gaps, the project could provide an updated and disaggregated census of small and medium producers as their main beneficiaries in the municipalities. This, in addition to facilitating the recovery of the most vulnerable groups impacted by COVID-19, will ensure a more effective implementation of the Comprehensive Stakeholder Participation Plan, the Gender Action Plan, and the Indigenous Peoples Plan, the latter to be developed during project implementation. Actions to restore connectivity between protected areas, already included as a project strategy, in themselves reduce fragmentation of the landscape, the same case as emphasis on curbing deforestation due to the expansion of commodities (oil palm, coffee and livestock); in both cases, resilience will be built against future pandemics. Given that there is already a specific indicator for threatened fauna species within the results framework, based on more control and surveillance in the project landscape, it will be possible to minimize wildlife trafficking to mitigate future pandemics. The project considers as good practices to minimize the use of agrochemicals, this can be promoted at the community level in farms with species of importance for agrobiodiversity; a new field to explore may be facilitating links with sustainable energy projects and initiatives to, for example, facilitate a transition from the use of firewood to solar panels. All these actions point to a green recovery and nature-based solutions.

LOCATION: Part II: Project Justification; 5. Risks.

Coordination

Is the institutional arrangement for project implementation fully described? Is there an elaboration on possible coordination with relevant GEF-financed projects and other bilateral/multilateral initiatives in the project area?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

1. We note that the selected Executing Agency is IUCN. Please provide a justification for the use of another GEF Agency for the project execution, rather than a national agency and indicate how the capacity of the national agencies will be built in this regard and how the MARN will be involved?

2. We also note that the uploaded Project Cooperation Agreement between UNDP and IUCN is not signed (the draft is uploaded in the Portal). Please clarify.

April 19, 2021:

Thank you for the clarification. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

1. We note that the selected Executing Agency is IUCN. Please provide a justification for the use of another GEF Agency for the project execution, rather than a national agency and indicate how the capacity of the national agencies will be built in this regard and how the MARN will be involved?

1. At the request of MARN, IUCN is engaging in project execution to provide administrative, financial and technical assistance during project implementation. Due to Guatemala's current legal framework for national budgeting, channeling international funds for MARN implies including it in the national budget, presenting challenges with timely budget execution, procurement processes, amongst others. IUCN has a long-standing presence in Guatemala through its national Office working with local and national Governments and NGOs in field projects. As an active member of IUCN and GEF focal point, MARN will lead country ownership efforts: i) as chair of the project's Steering Committee as the overarching governance entity, ii) oversight of project activities and execution under the Vice Ministry of Climate Change with a direct management line to the Project's coordinator; iii) approval of goods and services procurement, actively engaging the Finance Department of MARN; and iv) close coordination with regional offices of MARN and other national agencies

Moreover, the close collaboration of IUCN as a GEF Agency working hand in hand with MARN will strengthen MARN capacities, given that IUCN policies are consistent with GEF standards regarding financial, accountability, social and environmental safeguards among others. This coordination of project activities on a daily basis with MARN different offices will result in a set of guidelines and workflows that can in turn be institutionalized for future GEF projects. Finally, IUCN role as a convening actor for different stakeholders including private sector, government and indigenous peoples, will be translated into stronger capacities through activities envisaged under Component 4 of the project, where experiences will be shared at national and international levels.

LOCATION: Part II: Project Justification; 6. Institutional Arrangement and Coordination

2. We also note that the uploaded Project Cooperation Agreement between UNDP and IUCN is not signed (the draft is uploaded in the Portal). Please clarify.

2. The Project Cooperation Agreement between UNDP and IUCN will be signed and uploaded to the portal following GEF endorsement of the project and as part of the signing of the UNDP-GEF Project Document.

Consistency with National Priorities

Has the project described the alignment of the project with identified national strategies and plans or reports and assessments under the relevant conventions?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

The consistency with national priorities related to the UNCCD is missing. Is the project aligned with Guatemala's commitments in achieving its restoration and Land Degradation Neutrality targets? Please complete accordingly.

April 19, 2021:

Thank you for the clarification. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

Guatemala is a Party to the United Nations Convention to Combat Desertification (UNCCD), which became effective through Decree Law number 13-98 of the Congress of the Republic on March 25, 1998. National priorities related to the UNCCD are outlined in the National Action Program to Combat Desertification and Drought (PROANDYS) developed in 2001. The alignment with the PROANDYS was mentioned in the first submission of the CEO Endorsement document; the PROANDYS has the general objective of "establishing the set of necessary national actions that allow us to face desertification and mitigate the effects of drought, in such a way that the recovery of degraded lands, the rehabilitation, restoration, conservation, and management of natural ecosystems is achieved, as well as the promotion of the quality of life of the affected population.?" The project will contribute to this objective through the rehabilitation of degraded lands in the prioritized landscape in the MRW, and contributing to the rehabilitation, restoration, conservation, and management of natural ecosystems in production lands and areas of connectivity. Guatemala has not yet defined LDN targets; thus, the project alignment with LDN targets cannot be defined at this time. Under the Bonn Challenge Guatemala has committed to restore 1.2 million ha of deforested and degraded areas; project activities will contribute to achieve this target as already mentioned in the first submission of the CEO Endorsement document.

LOCATION: Part II: Project Justification; 7. Consistency with National Priorities.

Knowledge Management

Is the proposed Knowledge Management Approach for the project adequately elaborated with a timeline and a set of deliverables?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

The description does provide some key outputs of knowledge management, such as the 3 "documents" per value chain, "global knowledge management activities" and documenting and the dissemination of lessons learned... Nevertheless, the complete approach remains unclear. At this stage, the Knowledge Management Approach should include specific details on processes to capture, assess and document and share, in a user-friendly manner, information, lessons, best practices, and expertise generated from similar initiatives and during implementation; plans for strategic communications; and knowledge outputs to be produced and shared with stakeholders. Please elaborate further accordingly and with more details the Knowledge Management Approach including a budget, a timeline and a set of clear deliverables. Please also consider the interaction with the FOLUR Global Platform in the approach.

April 19, 2021:

Thank you for the additional information. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

As mentioned in the first submittal of the CEO Endorsement request to the GEF SEC, knowledge management will be achieved through a national-level platform for information and knowledge exchange. The national-level platform, which will operate on-line, will be designed and operationalized during project implementation, the details on the process to capture, assess, document, and share information, lessons, and best practices, in a user-friendly manner, and expertise generated from the Guatemala child project, other child projects participating in the FOLUR IP, and other similar initiatives in the region, will be provided as part of the design of the national-level platform for knowledge management. The national information exchange platform will be coordinated by the MARN with support from the institutions that also form part of the GCI (CONAP, INAB, MAGA), as well as the private sectors (especially palm oil and coffee), and the parts of society represented by NGOs and CSOs, including women's and indigenous organizations. A campaign will be carried out to publicize the platform and a user guide will be developed to access it and exchange information. In addition, periodic newsletters will be disseminated through email and social media (Facebook, Twitter, Instagram, WhatsApp, etc.) to inform registered users of new information available.

The national information exchange will consider direct links to the project's communication strategy, which is part of the project's Comprehensive Stakeholder Engagement Plan included in the UNDP-GEF ProDoc as Annex 8. Given the diversity of the project stakeholders, the communications strategy will use informational formats that are considered to be optimal for contributing to the greatest understanding and appropriation of the project by the project stakeholders. This will be especially

important for the indigenous peoples that should use interpreters if needed. The communication formats to be used for the different stakeholders will include: 1) project website and social networks; 2) brochures, bulletins, and news announcements; 3) radio, TV, and local newspapers; 4) meetings and presentations; 5) Project monitoring reports; and 6) and personal communications.

The national platform for information exchange run by MARN will collaborate with the FOLUR Global Platform to give its registered participants the opportunity to become member-practitioners of the global Green Commodities Community. This will allow registered participants to engage in technical dialogue, access best practice materials, share experiences, profile their project work, and learn from other commodities and landscapes on issues related to the FOLUR.

In addition, a South-South cooperation for exchanging knowledge about value chains, best practices, and market opportunities for sustainable food production systems, among other topics, will be achieved principally through interaction of the project with the FOLUR Global Platform, which groups together the other countries participating in the IP. The link with the FOLUR Global Platform and how the project will make use of high-level technical support and advisory services provided by the Global Platform was specified above (please refer to the response to comment No. 18. Page 24 of this response matrix).

The project budget and timeline for knowledge management is:

? Regional Communicator: Develop and implement the communication strategy and support of communication campaigns in order to achieve the project objectives at different levels and sectors. Management of social networks, media, and website. USD 141,960 during 7 years.

? Monitoring, Evaluation and Knowledge Management Specialist: Systematize lessons learned annually and periodically produce analytical reports, including learning and other knowledge management products. Coordination with the FOLUR Global Platform. Total cost: USD 141,098 during 7 years.

? Information Management Expert. Design and put into operation the national-level knowledge exchange platform in coordination with MARN and conduct an awareness-raising campaign to publicize the platform. Design the project's web page. Total cost: \$28,000. Years 1 and 2.

? Travel costs related to global knowledge management including experience sharing with the FOLUR Global Platform. Total cost: USD 250,000 during 7 years. Knowledge events will include an annual FOLUR global event with all country projects, an annual regional event of FOLUR, and an annual event related with the prioritized commodities (palm oil and coffee), among others.

? Annual production of knowledge management products. Total cost: USD 42,000 during 7 years.

? Total budget: \$603,058

LOCATION: Part II: Project Justification; 8. Knowledge Management

Monitoring and Evaluation

Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

Yes, cleared.

Agency Response

Benefits

Are the socioeconomic benefits at the national and local levels sufficiently described resulting from the project? Is there an elaboration on how these benefits translate in supporting the achievement of GEBs or adaptation benefits?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

The presentation of socio-economic benefits is principally related to training, planning, technical assistance and diversification of production. Please clarify also what are the expected economic benefits the project will generate.

April 19, 2021:

Thank you for the additional information. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

The expected economic benefits the project will generate include cash incentives to producers through the PINPEP and PROBOSQUE programs. On average the PINPEP program has paid the following:

- Incentive amount for managing natural forests for protection purposes per year for 10 years: a) from 0.1 to 5 ha: \$370 per ha; b) over 5 ha: \$1,853.84 for the first 5 ha + \$95.10 per additional ha.
- Incentive amount for managing natural forests for production purposes (plantations with native species and agroforestry) per year for 10 years: a) from 0.1 to 5 ha: \$396.86 per ha; b) over 5 ha: \$1,984.28 for the first 5 ha + \$110.78 per additional ha.[1]

Payments through the PROBOSQUE program for the restoration of degraded forestlands have averaged \$225.54 per ha.[2] At least this level of payments (economic benefits) is expected through the project for those producers that will make use of these incentive programs. In addition, producers will benefit from commercial sales agreements established between national and international buyers of coffee and national producers for the development of sustainable value chains in the prioritized landscape of the MRW. Finally, coffee growers may benefit from the certification (premiums);

benefits from coffee certified as sustainable will depend on market conditions.

LOCATION: Part II: Project Justification; 10. Benefits.

[1] Source: <http://portal.inab.gob.gt/index.php/component/content/article/112-servicios/183-pinpep?Itemid=437>

[2] Custodio De León, L. M. 2017. Boletín Estadístico 1998-2017. Departamento de Incentivos Forestales. INAB Guatemala.

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

1. The Annex B "RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF)" is missing. Some of the Council comments are specific to one country and are not relevant (such as the comment from Canada), others mention Guatemala specifically (US comment) and others are general for the whole Program and may apply at country level. Please consider the STAP and Council comments and provide an answer when they are relevant to Guatemala.

2. Please note that the Annex F is "GEF 7 Core Indicator Worksheet" (and not the budget) and there also should be an annex G "GEF Project Taxonomy Worksheet". Please provide these 2 annexes in the Portal (we note they are in the Prodoc).

April 19, 2021:

Thank you for the additional information. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

1. Annex B: RESPONSES TO PROJECT REVIEWS has been included as requested. Please refer the Annex. LOCATION: Annex B: Responses to Project Reviews

2. Annex F and Annex G were included in the initial submission of the CEO Endorsement request and corresponded to the "GEF 7 Core Indicator Worksheet" and the G "GEF Project Taxonomy Worksheet," respectively. The 2 annexes are now provided in the Portal. LOCATION: Annex A: Project Results Framework.

Project Results Framework

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

The Project Results Framework does not reflect the GEBs for the specific components. Please complete as needed.

April 19, 2021:

Thank you for the additional inputs. Cleared.

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

The GEBs for specific components are reflected in the GEF Core indicators relevant to the project, which are included in the results framework at the objective level as per UNDP guidelines for projects financed by the various GEF Trust Funds. To clarify which core indicators/GEBs result from the implementation of the specific component, a note was added in the description of each core indicator to indicate this relationship as follows:

Indicator 2 (GEF Core Indicator 3; GEB associated to Component 3): Area of land restored (hectares - ha): 25,000 ha

Indicator 3 (GEF Core Indicator 4; GEB associated to Component 2): Area of landscapes under improved practices (excluding protected areas) (ha): 20,000 ha

Indicator 4 (GEF Core Indicator 6; GEBs associated to Component 3): Greenhouse Gas Emissions Mitigated (metric tons of CO₂e): 3,318,725 metric tons of CO₂e (6,403,578 metric tons of CO₂e in 20 years).

GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request

N/A

Agency Response

Council comments

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

Please see the comment above about the missing Annex B.

April 19, 2021:

Thank you for the complement. Cleared

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

Please see the response to the comment above about the missing Annex B, more specifically about the Council comments. **LOCATION: Annex B: Responses to**

Project Reviews.

STAP comments

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

Please see the comment above about the missing Annex B.

April 19, 2021:

Thank you for the complement. Cleared

Agency Response

UNDP Agency Response to GEF Sec comments from December 7, 2020:

Please see the response to the comment above about the missing Annex B, more specifically about STAP comments. **LOCATION: Annex B: Responses to Project Reviews.**

Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request N/A

Agency Response

Other Agencies comments

Secretariat Comment at CEO Endorsement Request N/A

Agency Response

CSOs comments

Secretariat Comment at CEO Endorsement Request N/A

Agency Response

Status of PPG utilization

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

Yes, cleared.

Agency Response

Project maps and coordinates

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

Yes, cleared.

Agency Response

Does the termsheet in Annex F provide finalized financial terms and conditions? Does the termsheet and financial structure address concerns raised at PIF stage and that were pending to be resolved ahead of CEO endorsement? (For NGI Only)

Secretariat Comment at CEO Endorsement Request

N/A

Agency Response

Do the Reflow Table Annex G and the Trustee Excel Sheet for reflows provide accurate reflow expectations of the project submitted? Assumptions for Reflows can be submitted to explain expected reflows. (For NGI Only)

Secretariat Comment at CEO Endorsement Request N/A

Agency Response

Did the agency Annex H provided with information to assess the Agency Capacity to generate and manage reflows? (For NGI Only)

Secretariat Comment at CEO Endorsement Request N/A

Agency Response

GEFSEC DECISION

RECOMMENDATION

Is CEO endorsement recommended? (applies only to projects and child projects)

Secretariat Comment at CEO Endorsement Request

December 7, 2020:

Thank you for the elaboration of this proposal which remains aligned with the concept at PFD stage. Nevertheless, some important issues still need clarification and the CEO endorsement can't be recommended yet. Please address the comments raised by the review. In doing so, please indicate where the documents are amended and provide a version with changes highlighted in yellow to facilitate the review process.

April 26, 2021:

Not yet. Please address the remaining following comments:

1. On project information:
 - a. IUCN should be categorized as GEF Agency and not CSO. Please amend accordingly.
 - b. Expected Implementation Start can't be May 25 given the 4 week circulation to Council. Please adjust accordingly and ensure that, if the project duration is set to 7 years, then the completion date should be one day before the implementation start.
2. On co-financing: Co-financing from IUCN should reported as from ?donor Agency? since IUCN is not the GEF agency for this project.
3. On the M&E Budget: total amount does not match the total amount provided in the Project Budget Table. Please correct as needed.
4. On Budget: the following item should be either removed from the project?s components or charged to the co-financing portion of the PMC as the GEF doesn?t cover Bank fees: Costs for daily bank fees for each transaction during 7 years. USD estimates 150 per month, Total cost USD 12,600 for 7 years.

May 3, 2021:

- 1, 2. Addressed, cleared.
3. Not addressed. Please ensure the M&E Budget is the same in the Portal and in the Project Budget Table, including in Annex E and in the Prodoc. It is currently \$226,470 in the Portal under the section "9. Monitoring and Evaluation" and it is \$1,863,036 in the budget table. We understand that what is called "M&E" in the budget is actually the component 4 including M&E. In the budget table, please clearly distinguish the component 4 and the M&E in two different columns.
4. Addressed, cleared.

May 4, 2021:

Thank you for addressing the remaining comment. The project is now recommended for CEO Endorsement.

Review Dates

	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
First Review	12/7/2020	
Additional Review (as necessary)	4/26/2021	
Additional Review (as necessary)	5/3/2021	
Additional Review (as necessary)	5/4/2021	
Additional Review (as necessary)		

CEO Recommendation

Brief reasoning for CEO Recommendations