

Sustainable land management and restoration of productive landscapes in river basins for the implementation of national targets of Land Degradation Neutrality (LDN) in Panama

Review PIF and Make a recommendation

Basic project information

GEF ID

10588

Countries

Panama

Project Name

Sustainable land management and restoration of productive landscapes in river basins for the implementation of national targets of Land Degradation

Neutrality (LDN) in Panama

Agencies

FAO

Date received by PM

4/27/2020

Review completed by PM

6/12/2020

Program Manager

Pascal Martinez

Focal Area

Land Degradation

Project Type

MSP

PIF

Part I – Project Information

Focal area elements

1. Is the project/program aligned with the relevant GEF focal area elements in Table A, as defined by the GEF 7 Programming Directions?

Secretariat Comment at PIF/Work Program Inclusion

May 1, 2020:

Yes, cleared.

Agency Response

May 21, 2020

No response required.

Indicative project/program description summary

2. Are the components in Table B and as described in the PIF sound, appropriate, and sufficiently clear to achieve the project/program objectives and the core indicators?

Secretariat Comment at PIF/Work Program Inclusion

May 1, 2020:

Yes but please clarify what "MIDA" and "IDIAP" stand for. In general, please make sure to entirely write the names of the acronyms the first time they appear in the text (at least the acronyms that are not internationally recognized ones).

June 19, 2020:

Thank you for the clarification. Cleared.

Agency Response

May 21, 2020

Point taken. Acronyms have been spelled out the first time they appear in the PIF. MIDA refers to Ministry of Agriculture, and IDIAP is the Institute for Agricultural Development.

Co-financing

3. Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines, with a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized?

Secretariat Comment at PIF/Work Program Inclusion

May 1, 2020:

Yes, the co-financing estimated at this stage is \$15,730,891. Cleared.

Agency Response

May 21, 2020

No response required.

GEF Resource Availability

4. Is the proposed GEF financing in Table D (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):

Secretariat Comment at PIF/Work Program Inclusion

May 1, 2020:

Yes, cleared.

Agency Response**May 21, 2020**

No response required.

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion**May 1, 2020:**

Yes, the total budget required for the project is \$2,100,000 and the STAR allocation available at the time of submission is \$9,505,193.27. Cleared.

Agency Response**May 21, 2020**

No response required.

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion**May 1, 2020:**

No, but the country makes use of its allocated marginal adjustment option of \$2,000,000 to reassign \$1,000,000 from the Climate Change FA and \$100,000 from the Biodiversity FA to the Land Degradation FA. The country still has \$900,000 left of marginal adjustment possibility. Cleared.

Agency Response**May 21, 2020**

No response required.

The LDCF under the principle of equitable access

Secretariat Comment at PIF/Work Program Inclusion

N/A

Agency Response

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion N/A

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion N/A

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion N/A

Agency Response

Project Preparation Grant

5. Is PPG requested in Table E within the allowable cap? Has an exception (e.g. for regional projects) been sufficiently substantiated? (not applicable to PFD)

Secretariat Comment at PIF/Work Program Inclusion**May 1, 2020:**

Yes, the requested \$50,000 is within the allowable cap. Cleared.

Agency Response**May 21, 2020**

No response required.

Core indicators

6. Are the identified core indicators in Table F calculated using the methodology included in the correspondent Guidelines? (GEF/C.54/11/Rev.01)

Secretariat Comment at PIF/Work Program Inclusion**May 1, 2020:**

1. Please indicate what methodology was used to estimate the Greenhouse Gas Emissions mitigated.
2. As the project aims also at reducing the use of agrochemicals through improved SLM practices, can the Core Indicator 9 be also considered?

June 19, 2020:

Thank you for the clarification. cleared.

Agency Response

1.- The Ex-Ante Carbon-balance Tool (EX-ACT), developed by the Food and Agriculture Organization of the United Nations (FAO), was used to provide estimates of Greenhouse Gas Emissions (GHG) mitigated. Calculations have been uploaded into the portal as a supporting document.

2.- During PIF design, FAO approached the GEF Secretariat informally to inquire about potential alignment of the project with the CW focal area. Unfortunately, the conclusion from GEFSEC was that the case for CW involvement was not clear. Therefore, at this point we do not feel comfortable including targets for Core Indicator 9.

Nonetheless, the project will work with local stakeholders to further understand the actual use of agrochemicals in the proposed agricultural production systems in the selected watersheds and the potential to reduce the use of these agrochemicals. Within the LDN context, the project will use a proxy indicator related to water quality for measuring and monitoring the level of contamination of water resources associated with the use of agrochemicals (including strengthening of institutional capacities on the use of efficient and low cost tools for assessing contamination of water resources). During project preparation, we will explore potential commitments in terms of reduced chemical use and potential targets under Core Indicators 9.4 or 9.5.

Project/Program taxonomy

7. Is the project/ program properly tagged with the appropriate keywords as requested in Table G?

Secretariat Comment at PIF/Work Program Inclusion

May 1, 2020:

Yes, cleared.

Agency Response

May 21, 2020

No response required.

Part II – Project Justification

1. Has the project/program described the global environmental / adaptation problems, including the root causes and barriers that need to be addressed?

Secretariat Comment at PIF/Work Program Inclusion

May 1, 2020:

Yes, cleared.

Agency Response

May 21, 2020

No response required.

2. Is the baseline scenario or any associated baseline projects appropriately described?

Secretariat Comment at PIF/Work Program Inclusion

May 1, 2020:

1. Relevant national laws, plans and strategies are identified. Nevertheless the baseline scenario is unclear about the existing institutional arrangements and regulatory framework regarding the cross-sectoral coordination and the territorial planning at national and local level. Please explain further so that we can better understand the existing baseline the project will build on.

2. There is also a small adjustment needed: please use the correct title of this section which is "The baseline scenario or any associated baseline Programs".

June 19, 2020:

1, 2. Thank you for the complement and correction. Cleared.

Agency Response

1. Point taken. The following text has been added to the PIF, Pages 19 and 20.

"The baseline scenario or any associated baseline Programs" includes a subsection about existing process and instruments for basin planning and inter institutional coordination at local level:

“ Watershed planning is governed by Executive Decree 479 of April 23, 2013. In this decree, three necessary tools for watershed planning are indicated. First, the detailed diagnosis of the basin, with criteria related to the physical, social and economic characteristics of these basins. This diagnosis is used as input to prepare the

territorial environmental planning plan (POAT), an instrument for planning, evaluation and control of human activities compatible with the use and management of the natural resources of the territory of the hydrographic basin. Subsequent to the preparation of the POAT, the decree foresees the formulation of a Plan for the management, development and adaptation of the hydrographic basin, which operationalizes the provisions of the POAT identifying the activities that can be carried out, their conditions and characteristics.

At local level, the Ministry of Environment is the institution in charge for the formulation of these detailed diagnosis and POAT, these instruments are perceived as the sole competence of this institution without taking into account the sectoral implications that this instrument may have. For the implementation of the Basin Management Plan, there is the Basin, sub-basin and micro-basin Committees. Within the conformation of these committees at a more territorial level, a multisectoral conformation is considered depending on the needs of the basins”.

At national level, it is worthwhile to mention two relevant inter-institutional coordination mechanism:

- A. In 2004, the “National Committee to Combat Drought and Desertification in Panama” (CONALSED)” was created to comply with the international agreements signed by the country in the framework of the UNCCD. In this instance, Panamá committed itself to promote actions directed to prevent, mitigate or compensate the impacts of desertification and drought.

In 2017, as the technical secretariat of CONASELD, the Ministry of Environment has been in charge of leading the process to establish the LDN targets in the country with the participation of members of governmental institutions, NGOs, academics, international institutions, national and international companies.

- B. Created in August 2016, the National Council of Water (CONAGUA) is a permanent institution responsible for promoting, orienting, coordinating and ensuring the implementation of the ‘National Plan Nacional on Water Security 2015-2050: Water for All’. Since July 2019, the Ministry of the Presidency is chairing it in close collaboration with the Ministry of Environment and other Ministries (Economy y Finance, Health, Agriculture, Authority of the Canal of Panamá, Nacional Administration of the Public Services and the National Institute of Aqueducts and Sewage systems) and the technical support of international organizations (ex: CATHALAC).

In this context, at national level, the Ministry of Environment will coordinate the process for the implementation of the LDN targets with the participation of CONASELD and CONAGUA, ensuring the adoption of an ecosystemic approach at landscape level for maximizing environmental and socio-economic benefits.

In addition, the Ministry of Environment will not only have a key role to ensure the horizontal co-ordination for the LDN implementation at all levels but it will also have a key role to facilitate the vertical coordination from local to national level for fostering policy alignment, complementarities, co-operation and reporting on LDN across all levels.

2.- Point taken – PIF, page 16, corrected

3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?

Secretariat Comment at PIF/Work Program Inclusion

May 1, 2020:

1. The 3 basins represents a relatively important territory with many small producers. The description is unclear about the concrete implementation of improved practices on the ground. Please explain how the intervention areas and the producers will be selected and which proportion of the productive lands and potential beneficiaries in the basins the project will target.

2. The description informs that "forestry systems" will be carried out which is vague. Please explain what these forestry systems and their purposes are and what are concretely the activities considered in such systems.

3. The project aims at restoring 500 hectares of forests. Please explain what kind of forest restoration will be implemented.

4. Lack of innovative financing mechanisms and access to markets are presented as important barriers preventing small farmer to improve their practices. As the component 3 will be implemented during the life time of the project, it appears difficult to understand how this component will be enough achieved to allow the beneficiary producers to incorporate improved practices soon enough to obtain the expected results before the end of the project. Please explain.

June 19, 2020:

1, 2, 3 and 4. Thank you for the clarification and complements. Cleared.

Agency Response

1. PIF page 22. The table provides a preliminary selection of key land use systems and management options proposed by project.

During the PPG, through a stakeholder consultation process, on the basis of a comprehensive set of selection criteria, key municipalities and producers of the three river basins will be selected. Preliminary selection criteria include: location of municipalities across the river basins (upper, medium and lower parts), relative

importance of selected land use systems and potential for land use change with improved SLM / CSA practices, potential for value chain development based on the presence of private sector (companies and cooperatives) and local organizations (women's organizations), priority areas as defined by key national plans (e.g. plan Colmena – relevant for post-Covid19) for poverty alleviation and food security of smallholder farmers.

Given that the total number of producers is not expected to be more than 20,000 in the three river basins and it can be assumed that one producer supports a household of 4 members, the total number of project beneficiaries (4000 direct beneficiaries, including 1000 producers) will represent about 5% of the potential direct beneficiaries in the project intervention area. In addition, the project will target about 2% of the total area under production systems (about 273, 567 ha of crops, pastures and agroforestry) in the three river basins.

2. PIF pages 7, 31 and 51. The indicator 3.2. 'Area of forest and forest land restored' was wrongly selected and it has been replaced by the indicator 3.1. 'Area of degraded agricultural land restored' to better reflect the proposed interventions related to key agroforestry systems for the restoration of productive landscapes.

3. PIF pages 3, 22 and 23. As mentioned above, the 500 ha are related to agroforestry with permanent crops (such as coffee) and perennial forest buffers for the restoration of degraded agricultural land.

4. PIF page 26 - Project will strengthen financing mechanisms to leverage investment for the implementation of SLM / CSA from potential private and public funding sources, at both territorial and farm levels.

Component 3 will support the required resource mobilization for the implementation of the Basin Management plans, including the implementation of SLM / CSA and restoration practices. For instance, a concrete opportunity exist to include specific SLM criteria into the national Water Fund, in collaboration with CONAGUA, to finance SLM / CSA interventions.

At farm level, smallholder farmers (especially women) will be organized and receive support from cooperatives which will play an instrumental role to provide access to information services, financing and markets for their members. Therefore, farmers will be able to make more informed and secure investment in SLM/CSA practices for key commodities. Their capacities will be strengthened to elaborate farm business models with application of tools, such as Rural Invest, in order to facilitate access to credits and increase investment into SLM practices during the project duration of 3 years.

N.B: The national team is already working on establishing synergies and complementarities with other large projects on climate finance (GCF). Forest restoration in the upper and lower parts of the basin will be carried out by a GCF project in the Santa María Basin (located in the centre of the project intervention area).

4. Is the project/program aligned with focal area and/or Impact Program strategies?

Secretariat Comment at PIF/Work Program Inclusion

May 1, 2020:

Yes, cleared.

Agency Response

May 21, 2020

No response required.

5. Is the incremental / additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?

Secretariat Comment at PIF/Work Program Inclusion

May 4, 2020:

The description clearly presents the barriers the proposal intend to address with the GEF funds. For a clearer understanding, please explain briefly what would happen without the GEF funding and how it completes and articulates with the co-financing?

June 19, 2020:

Thank you for the additional inputs. Cleared.

Agency Response

Point taken. Additional text for each component and a table summarizing what would happen without the project , with GEF funding and how it articulates with the co-financing were included section 1-5 Incremental/additional cost reasoning. Please refer to page 25 for the table, and pages 30-31 for additional text by component.

6. Are the project's/program's indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?

Secretariat Comment at PIF/Work Program Inclusion

May 4, 2020:

The 3-years life time of the project may be relatively short to obtain the expected results, especially in terms of forest restoration. Please clarify the expected state of the intervention areas at the end of the project and provide references of past experiences that allow such expectation.

June 19, 2020:

Thank you for the clarification. Cleared.

Agency Response

PIF pages 7, 31 and 51. As mentioned above, the indicator 3.2. 'Area of forest and forest land restored' was wrongly selected and it has been replaced by the indicator 3.1. 'Area of degraded agricultural land restored' to better reflect the proposed interventions related to agroforestry for the restoration of productive landscapes.

The following response has been included into the **Alternative scenario – expected results and project components**: Project will assist in developing policy instruments and planning tools to promote agroforestry for landscape restoration. Three systems have been identified as most suitable for landscape restoration: agroforestry with permanent crops, silvo-pastoral systems and riparian forest. At the end of project, cost-effective models for agroforestry restoration will have been designed and integrated into river basin and farm management plans. In addition, natural and assisted restoration practices of agroforestry will have been implemented at landscape and farm levels in a participatory manner.

As mentioned above, Panama is also working on GCF investment project that includes a 'source to sea' approach. Forest restoration in the upper and lower parts of the basin will be carried out by this GCF project in the Santa María Basin (located in the centre of the project intervention area).

7. Is there potential for innovation, sustainability and scaling up in this project?

Secretariat Comment at PIF/Work Program Inclusion

May 4, 2020:

Yes. There is just a format detail requiring attention: The text says the project is especially innovative in four dimensions while six different items are presented. Please correct.

June 19, 2020:

Thank you for the correction. Cleared.

Agency Response PIF page 32. Noted. Changed to six dimensions.

Project/Program Map and Coordinates

Is there a preliminary geo-reference to the project's/program's intended location?

Secretariat Comment at PIF/Work Program Inclusion

May 4, 2020:

The maps of the three selected basins are provided. Cleared.

During the PPG phase, please provide the map of the project implementation areas.

Agency Response

May 21

Point taken. No response required

Stakeholders

Does the PIF/PFD include indicative information on Stakeholders engagement to date? If not, is the justification provided appropriate? Does the PIF/PFD include information about the proposed means of future engagement?

Secretariat Comment at PIF/Work Program Inclusion

May 4, 2020:

For some reason, the National Secretariat of Science and Technology (SENACYT) appears with the word "Secretariat" strikethrough. Please correct.

June 19, 2020:

Thank you for the correction. Cleared.

Agency Response PIF page 9. Changed

Gender Equality and Women's Empowerment

Is the articulation of gender context and indicative information on the importance and need to promote gender equality and the empowerment of women, adequate?

Secretariat Comment at PIF/Work Program Inclusion

May 4, 2020:

Yes, cleared.

Agency Response

May 21

No response required

Private Sector Engagement

Is the case made for private sector engagement consistent with the proposed approach?

Secretariat Comment at PIF/Work Program Inclusion

May 4, 2020:

Yes, cleared.

Agency Response

May 21, 2020

No response required

Risks to Achieving Project Objectives

Does the project/program consider potential major risks, including the consequences of climate change, that might prevent the project objectives from being achieved or may be resulting from project/program implementation, and propose measures that address these risks to be further developed during the project design?

Secretariat Comment at PIF/Work Program Inclusion

May 4, 2020:

Yes, cleared.

Agency Response

May 21, 2020

No response required

Coordination

Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined? Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?

Secretariat Comment at PIF/Work Program Inclusion**May 4, 2020:**

In the Part I (at the very beginning of the PIF):Project information, the "Other Executing Partner(s)" is not informed and the "Executing Partner Type" is informed as "GEF Agency". Please complete and correct as needed.

June 19, 2020:

Thank you for the complement and correction. Cleared.

Agency Response

Point taken.

PIF pages 1. Ministry of Environment and CATHALAC are included as other executing partner.

PIF page 38. The MIDA will be a key partner and project will work in close collaboration in the strategy of reducing POPs and PFOs in key crops as the competent authority in this field

Consistency with National Priorities

Has the project/program cited alignment with any of the recipient country's national strategies and plans or reports and assessments under relevant conventions?

Secretariat Comment at PIF/Work Program Inclusion**May 4, 2020:**

Yes, cleared.

Agency Response**May 21, 2020**

No response required

Knowledge Management

Is the proposed “knowledge management (KM) approach” in line with GEF requirements to foster learning and sharing from relevant projects/programs, initiatives and evaluations; and contribute to the project’s/program’s overall impact and sustainability?

Secretariat Comment at PIF/Work Program Inclusion

May 4, 2020:

Yes, the knowledge management approach is an explicit part of component 4 and will also contribute to components 2 and 3. Cleared.

Agency Response

May 21, 2020

No response required

Environmental and Social Safeguard (ESS)

Are environmental and social risks, impacts and management measures adequately documented at this stage and consistent with requirements set out in SD/PL/03?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Part III – Country Endorsements

Has the project/program been endorsed by the country’s GEF Operational Focal Point and has the name and position been checked against the GEF data base?

Secretariat Comment at PIF/Work Program Inclusion

May 4, 2020:

Yes, the project has been endorsed by the country's GEF Operational Focal Point as currently informed in the GEF database. Cleared.

Agency Response

May 21, 2020

No response required

Termsheet, reflow table and agency capacity in NGI Projects

Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table in Annex B to assess the project capacity of generating reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat Comment at PIF/Work Program Inclusion

N/A

Agency Response

GEFSEC DECISION

RECOMMENDATION

Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?

Secretariat Comment at PIF/Work Program Inclusion

May 4, 2020:

Not yet. Please address the comments above.

June 19, 2020:

Not yet. Please address the following comments:

1. The LoE is missing Source of Funds, GEF Agency and Focal Area information in the financial table – please complete accordingly.

Source of Funds	GEF Agency	Focal Area	Amount (in US\$)			
			Project Preparation	Project	Fee	Total
			50,000	1,867,808	182,192	2,100,000
Total GEF Resources			50,000	1,867,808	182,192	2,100,000

2. This project has elaborated well on gender dimensions and incorporates plans to carry out a gender analysis during the PPG phase. The project suggests that it will develop sex-disaggregated indicators but the box in the Portal that it intend to do so is not ticked. Please complete accordingly.

Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? Yes

closing gender gaps in access to and control over natural resources; Yes

improving women's participation and decision-making; and/or Yes

generating socio-economic benefits or services for women. Yes

Will the project's results framework or logical framework include gender-sensitive indicators? 

June 25, 2020:

The remaining comments have been addressed. The PIF and PPG are now recommended for clearance.

ADDITIONAL COMMENTS

Additional recommendations to be considered by Agency at the time of CEO endorsement/approval.

Secretariat Comment at PIF/Work Program Inclusion

During the PPG phase, please provide the map of the project implementation areas.

Review Dates

	PIF Review	Agency Response
First Review		

	PIF Review	Agency Response
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		

PIF Recommendation to CEO

Brief reasoning for recommendations to CEO for PIF Approval

Context:

About one third of the lands in Panama are occupied with agricultural activities and only 25% of them have the capacity to support crops. 27% of the lands have some degree of degradation, with the main direct causes being deforestation, the elimination of vegetation, overgrazing, unsustainable management of crops and pastures and excessive use of agrochemicals. As a result of land degradation, the availability of agricultural products and the provision of environmental services (soil fertility, carbon sequestration capacity, recharge of naps and aquifers) have been reduced and the vulnerability to climate change has been increased, with very important social and economic costs for the country. In addition, the continuous process of degradation of soils, forests and water bodies represents a risk for the conservation of ecosystems with biodiversity of global and national importance.

To combat land degradation, the Panamanian State has established the national targets of land degradation neutrality (LDN) by 2030. One of the main objectives of this proposal is to support the country in the implementation of these targets in priority basins, focusing on the adoption of good practices for Sustainable Land Management (SLM) and Climate Smart Agriculture (CSA) in key production systems and the restoration of productive landscapes with agroforestry (permanent crops, silvopastoral systems and riparian forest buffer).

Project:

The purpose of this project is to support the implementation and monitoring of the Land Degradation Neutrality targets, by adopting a landscape approach, seeking the promotion and implementation of SLM and CSA to combat land degradation, agrochemical residues, the biodiversity conservation, the generation of ecosystem services and the development of resilience in productive landscapes. The project will work at two levels: nationally and in 3 selected river basins (Chiriquí Viejo, La Villa and Santa María), covering around 0.6 million ha in total and selected for their national importance in terms of agricultural production, high level of land degradation and increased vulnerability to climate change.

The project is composed of 4 components: 1. Strengthened governance to achieve the implementation of LDN targets; 2. Implementation of practices on sustainable land management and climate- smart agriculture in production systems as well as restoration of productive landscape with agroforestry systems, at wide scale, to achieve LDN in selected basins; 3. Innovative financing mechanisms and access to markets to promote SLM / CSA and land restoration, in order to achieve LDN targets; and 4. Monitoring system for SLM and LDN indicators, knowledge management, evaluation and project reporting.

The project is particularly well aligned with the country priorities and the UNCCD objectives, promoting sustainable land management to achieve LDN.

Global Environment Benefits:

The project foresees the delivering of the following Global Environmental Benefits and co-benefits: 500 ha of degraded agricultural land restored with agroforestry; 5,000 ha of landscapes under improved practices with SLM / CSA in production systems; around 160,000 tCo2e emission mitigated; and 4,000 direct beneficiaries disaggregated by gender (40%) with improved access to resources and services.

Co-financing:

The expected co-financing of nearly \$16 million is mainly provided by the Government as grants (79%), with the participation of a commercial bank, the private sector and 2 research organizations.