GEF-8 REQUEST FOR CEO ENDORSEMENT/APPROVAL

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General Project Information

Project Title Accelerating Rapid Transition of Subsidies and Incentives (ARTSI) Grant Mechanism	
Region Global	GEF Project ID 11855
Country(ies) Global Colombia Fiji Philippines	Type of Project MSP
GEF Agency(ies): CI	GEF Agency Project ID
Project Executing Entity(s) CI-Center for Policy and Incentives	Project Executing Type GEF Agency
GEF Focal Area (s) Multi Focal Area	Submission Date 11/19/2025
Type of Trust Fund GET	Project Duration (Months) 24
GEF Project Grant: (a) 1,693,119.00	GEF Project Non-Grant: (b) 0.00
Agency Fee(s) Grant: (c) 152,381.00	Agency Fee(s) Non-Grant (d) 0.00
Total GEF Financing: (a+b+c+d) 1,845,500.00	Total Co-financing 1,765,766.00
PPG Amount: (e) 50,000.00	PPG Agency Fee(s): (f) 4,500.00
Total GEF Resources: (a+b+c+d+e+f) 1,900,000.00	
Project Tags CBIT: No NGI: No SGP: No Innovation: Yes Competitive Window: No	
Project Sector (CCM Only) Mixed & Others	

Taxonomy

Influencing models, Transform policy and regulatory environments, Deploy innovative financial instruments, Demonstrate innovative approache, Local Communities, Stakeholders, Civil Society, Non-Governmental Organization, Academia, Type of Engagement, Information Dissemination, Consultation, Enabling Activities, Capacity, Knowledge and Research, Capacity Development, Knowledge Generation, Knowledge Exchange, Learning, Theory of change, Innovation, Gender Equality, Gender Mainstreaming, Beneficiaries, Sex-disaggregated indicators, Gender-sensitive indicators, Gender results areas, Access to benefits and services, Focal Areas, Biodiversity, Protected Areas and Landscapes, Productive Landscapes, Terrestrial Protected Areas, Mainstreaming, Fisheries, Agriculture and agrobiodiversity, Forestry - Including HCVF and REDD+, Forest, Land Degradation

Rio Markers

Climate Change Mitigation	Climate Change Adaptation	Biodiversity	Land Degradation
No Contribution 0	No Contribution 0	No Contribution 0	No Contribution 0

Project Summary

Provide a brief summary description of the project, including: (i) what is the problem and issues to be addressed? (ii) what are the project objectives, and if the project is intended to be transformative, how will this be achieved? iii), how will this be achieved (approach to deliver on objectives), and (iv) what are the GEBs and/or adaptation benefits, and other key expected results. The purpose of the summary is to provide a short, coherent summary for readers. (max. 250 words, approximately 1/2 page)

Target 18 of the Global Biodiversity Framework is to reform environmentally harmful subsidies that undermine biodiversity and climate goals.[1]1 Over US$500 billion is spent annually on agricultural, forestry, and fisheries subsidies that drive deforestation, overfishing, and emissions. The objective of this project is to design and pilot the Accelerating Rapid Transition of Subsidies and Incentives (ARTSI) Grant Mechanism to support subsidy reform and enhance policy coherence in the agriculture, forestry and fisheries sectors.

ARTSI will be the first dedicated global financing mechanism for subsidy reform: this innovative approach will catalyze global action by addressing barriers such as political sensitivity, limited financial support, and lack of replicable models. The project will include a multi-stakeholder co-design process (Component 1), pilots in Colombia, Fiji and the Philippines to test subsidy reform approaches (Component 2), and knowledge management activities to inform replication and scale-up (Component 3). The project will culminate in a ready-to-launch ARTSI Grant Mechanism, including operational processes, an Environmental and Social Management System, and a grant-making strategy.

In addition to representatives from donor institutions and other organizations working on subsidy reform, governments will be key stakeholders as participants in pilot interventions as well as the mechanism design process. Global environmental benefits of the project will include improved management of 105,190 ha (terrestrial, outside protected areas), mitigated emissions of 6,354,175 MtCO2e, and 2,559 people (42% women) directly benefitting from incentives for organic agroforestry and agriculture and capacity-building through participation in the mechanism design process.

[1] Target 18 reads, “Identify by 2025, and eliminate, phase out or reform incentives, including subsidies, harmful to biodiversity, in a proportionate, just, fair, effective and equitable way, while substantially and progressively reducing them by at least 500 billion United States

dollars per year by 2030, starting with the most harmful incentives and scale up positive incentives for the conservation and sustainable use of biodiversity."

Project Description Overview

Project Objective

To design and pilot the Accelerating Rapid Transition of Subsidies and Incentives (ARTSI) grants mechanism to support subsidy reform and enhance policy coherence with respect to impact on biodiversity and climate change in the agriculture, forestry and fisheries sectors.

Project Components

Component 1: Co-design of ARTSI

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing ($)	Co-financing ($)
542,269.00	720,117.00

Outcome:

Outcome 1.1: ARTSI is designed and established.

Output:

Output 1.1.1: Partnership/membership to support ARTSI is established.

Output 1.1.2: Guiding principles and structure for governance for ARTSI are designed and agreed.

Output 1.1.3: ARTSI implementation strategy developed, including types of activities to be funded, geographic priorities, gender equality and social inclusion considerations, and subsidy reform models to be applied.

Output 1.1.4: Operational Manual and Environmental and Social Management System for ARTSI developed, including key policies, systems, templates and processes for grantmaking and monitoring and evaluation, environmental and social safeguards, gender equality and social inclusion considerations.

Component 2: Pilot test of models for successful incentive reform

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing ($)	Co-financing ($)
671,947.00	455,413.00

Outcome:

Outcome 2.1: Viable incentive reform processes demonstrated.

Output:

Output 2.1.1: Incentive reform model identification and prioritization exercise completed.

Output 2.1.2: Evaluation protocol developed to assess pilot tests of incentive reform models, including assessment of impacts on different stakeholder groups such as women and IP & LCs.

Output 2.1.3: Pilots designed, executed and assessed, including impacts on different stakeholder groups such as women and IP & LCs.

Component 3: Knowledge Management, Learning and Sharing

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing ($)	Co-financing ($)
251,863.00	341,425.00

Outcome:

Outcome 3.1: Gender-sensitive knowledge generation and management system designed and implemented

Output:

Output 3.1.1: A plan for knowledge management developed and implemented.

Output 3.1.2: Plan developed and implemented with stakeholders to build a community of practice to increase capacity while ARTSI is operational.

Output 3.1.3: Learning events conducted to build on experience of other initiatives relating to subsidy reform (BIOFIN, Business for Nature).

Output 3.1.4: Findings, lessons learned, and best practices compiled and disseminated.

Output 3.1.5: Information on ARTSI grant opportunity disseminated and partners informed of ARTSI processes and requirements.

M&E

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing ($)	Co-financing ($)
73,121.00	88,288.00

Outcome:

Outcome 4.1: A functional gender-sensitive M&E framework is in place for the project.

Output:

Output 4.1.1: M&E system developed and implemented to collect, analyze and synthesize data and information generated during project implementation.

Output 4.1.2: Periodic M&E reports submitted to CI-GEF Agency.

Output 4.1.3: Terminal Evaluation conducted.

Component Balances

Project Components	GEF Project Financing ($)	Co-financing ($)
Component 1: Co-design of ARTSI	542,269.00	720,117.00
Component 2: Pilot test of models for successful incentive reform	671,947.00	455,413.00
Component 3: Knowledge Management, Learning and Sharing	251,863.00	341,425.00
M&E	73,121.00	88,288.00
Subtotal	**1,539,200.00**	**1,605,243.00**
Project Management Cost	153,919.00	160,523.00
Total Project Cost ($)	**1,693,119.00**	**1,765,766.00**

Please provide Justification

PROJECT OUTLINE

A. PROJECT RATIONALE

Describe the current situation: the global environmental problems and/or climate vulnerabilities that the project will address, the key elements of the system, and underlying drivers of environmental change in the project context, such as population growth, economic development, climate change, sociocultural and political factors, including conflicts, or technological changes. Describe the objective of the project, and the justification for it. (Approximately 3-5 pages) see guidance here

The world is suffering from a dual crisis of biodiversity loss and climate change accelerating at alarming rates. The current global economic system is a principal driver of this crisis by incentivizing environmental harm rather than sustainable management or restoration - and the solution is to reform these incentives.[1]2 It is estimated that at least US$1.8 trillion (about $5,500 per person in the US), representing 2% of global GDP, are annually allocated to subsidies harmful to biodiversity.[2]3 Among these subsidies, those directed towards fishing, agriculture, and forest sectors are driving land degradation, soil erosion, spread of invasive species, increased water use, salinization, loss

of freshwater habitats, and decreasing carbon sinks – contributing significantly to global biodiversity loss. Subsidies aimed at increasing agricultural productivity, especially for crops like corn, soy, palm, and rice, can have unintended harmful impacts on nature, such as expanding the agricultural frontier and increasing the risk of deforestation, and driving excessive use of water, depleting resources and degrading ecosystems.[3][4] For instance, subsidizing chemical fertilizers can increase productivity and yield, they can also lead to "increased and unbalanced fertilizer application, much of which is not absorbed by crops and runs off into waterways," leading to the development of hypoxic zones and negative human health impacts.[4][5]

Many sectors have depended on subsidies to produce the food, water, energy and other essentials people need, and a wide array of actors remain intent on maintaining current incentive structures, including industries focused on business as usual and governments responding to the demands of their citizens. Policies are usually developed forindividual sectors in isolation, with insufficient inter-sectoral coordination. This results in subsidies that may meet the objectives of one sector while undermining others – reflecting a lack of policy coherence.

According to the World Economic Forum's *The New Nature Economy Report*,[5][6] more than half of the world economy is highly or moderately dependent on nature; this amounts to an estimated US$44 trillion of global economic value generation.[6][7] In *The Economic Case for Nature: A Global Earth-Economy Model to Assess Development Policy Pathways* the loss of services provided by nature such as wild pollination, food supply from marine fisheries and wood from native forests may have reduced global GDP by as much as US$2.7 trillion dollars in 2020.[7][8] These effects are much greater in developing countries, as detailed in *Detox Development* by the World Bank.[8][9]

- As of 2019, the total estimated funding need for global biodiversity protection falls in the range of US$722 and US$967 billion per year; total spending is only about one sixth of that amount, leaving a biodiversity financing gap of approximately US$700 billion per year.[9][10] Eliminating, phasing out, and reforming the most significant subsidies is essential to addressing over 70% of the biodiversity funding gap.
- Explicit subsidies through direct fiscal support in the agriculture sector totaled US$635 billion per year in 84 targeted countries. The global figure likely exceeds US$1 trillion.[10][11]
- Agricultural subsidies are responsible for the loss of 2.2 million hectares of forest per year, equivalent to 14% of annual deforestation and 0.5% of global CO_2e emissions. The expansion of cropland is particularly problematic in the major tropical forests of the world, including the Amazon.[11][12]

- Explicit subsidies in the fisheries sector total US$35.4 billion per year, of which US$22.2 billion support expanded capacity and contribute to overfishing.

Target 18 of the Global Biodiversity Framework calls for countries to create more positive incentives to promote conservation of biodiversity and to reform negative incentives that destroy nature:

> *Identify by 2025, and eliminate, phase out or reform incentives, including subsidies harmful for biodiversity, in a proportionate, just, fair, effective and equitable way, while substantially and progressively reducing them by at least 500 billion United States dollars per year by 2030, starting with the most harmful incentives, and scale up positive incentives for the conservation and sustainable use of biodiversity.*

This builds on a similar target in the Aichi Biodiversity Targets (Target 3), which the world failed to achieve by 2020. Barriers to achieving this target are outlined below in the barriers section.

We cannot achieve the objectives of the Kunming-Montreal Global Biodiversity Framework (GBF) or advance sustainable development globally without addressing harmful subsidies, but past efforts have not been adequate. Likewise, the GEF Council has emphasized that addressing misaligned incentives is foundational to achieving durable Global Environmental Benefits (GEBs). Policy incoherence—where economic or sectoral policies conflict with environmental objectives—reduces the impact of GEF investments, allows leakage of environmental harm, and increases the financial resources required to achieve global goals (GEF/C.65/04). Obstacles to subsidy and incentive reform include entrenched interests and political sensitivity (resulting from, among other factors, potential social impacts of policy change), prioritization of short-term economic goals and political priorities over longer-term issues, insufficient recognition of the real economic costs of environmental harm caused by perverse subsidies, lack of inter-sectoral coordination resulting in policy incoherence, and limited examples of successful reform. A significant obstacle to progress is a lack of funding for work on this type of policy reform. Environmental goals articulated in the GBF also will require stronger positive incentives delivered through policies such as fiscal formulas, new markets, and conservation payment programs. While there is consensus on the need to reform subsidies that are destroying nature, few organizations from the conservation community have prioritized this area of work.

The Accelerating Rapid Transition of Subsidies and Incentives (ARTSI) project will directly address this gap in action. The mechanism itself will offer an innovative addition to the global biodiversity finance arena, by serving as a catalytic driver of policy change that will test and draw attention to effective and successful approaches to: 1. accelerate reform processes; 2. prompt replication; and 3. guide future investments of biodiversity finance by GEF and others.

The project will design a first of its kind funding mechanism focused specifically on reforming specific subsidy policies away from unintended impacts on nature and towards benefiting nature and people. It does so by bringing together different types of donors with a shared interest in seeing more positive incentives and fewer negative incentives but who might not normally work together (finance innovation). ARTSI seeks to support the development and implementation of policies that create better economic incentives for the conservation, restoration and sustainable management of nature alongside productive activities (policy innovation).

The project will directly support the achievement of GBF target 18 on scaling up positive economic incentives and reforming or eliminating subsidies harmful to biodiversity by 2030. Supporting the delivery of target 18 will contribute to resource mobilization efforts needed to achieve all GBF targets. Conservation International has

worked with more than 12 countries over the past two years on the development of their NBSAPs, and now most countries have communicated their commitments to the Convention on Biological Diversity (CBD) - including their plans to achieve target 18.[12]13

Reforming subsidies with unintended negative impacts on nature can rationalize the interaction between environmental and other policies and benefit government budgets. ARTSI's aim of aligning national financing with environmental commitments will further advance policy coherence, defined by the GEF Council (GEF/C.65/04) as "the systematic promotion of mutually reinforcing policy actions across government departments and agencies, creating synergies towards achieving the agreed objectives," and by the STAP as an approach to integrate environmental objectives into domestic policymaking by fostering synergies, maximizing benefits, and managing trade-offs across economic, social, and environmental policy areas and by balancing domestic policy objectives with commitments under the multilateral environmental agreements (GEF/STAP/C.62/Inf.04). ARTSI aims to test new approaches and activities to promote reforms. Identifying reforms to existing subsidies that will yield better environmental results while ensuring a just, fair and equitable transition for the current recipients of subsidy support. By maintaining the same direct beneficiaries while adjusting the terms of the subsidies, the aim is to minimize potential constituency backlash which in turn, could help mitigate against political level reluctance or opposition to changing the status quo.

This project links the GEF to the larger conversations and initiatives around subsidy reform by creating a mechanism to gather funds and expertise from multiple donors, from public and philanthropic spaces, to support subsidy reform efforts and address these barriers over an initial five-year period. This financing mechanism, the ARTSI grant mechanism, will be co-created by a core group of partners from governments, private and philanthropic funders. This co-design process aims to address known barriers to action by exploring methods for encouraging the reduction of negative subsidies and the scaling up of positive incentives.

The ARTSI grant mechanism will be designed to finance subsidy reforms based on the lessons learned from a series of carefully selected pilot projects. These pilots will serve as a foundation for a larger framework, enabling us to expand and apply the lessons learned, leading to significant systemic transformation at scale. Through this project we will focus on pilots where we can identify key subsidies to transform into positive incentives, assess the impacts on stakeholders, and collaborate with local governments to implement the needed reforms. By prioritizing selection of locations where the positive impact (both financial and environmental) of reforms will be clear to community members, we aim to ensure durability of policy decisions and build grassroots constituent support that will serve as a positive example for other jurisdictions and decisionmakers.

While there is important work being done by BIOFIN and others on identifying national subsidies and developing biodiversity financing strategies, the ARTSI pilots targets specific policies driving environmental degradation that, with focused changes, can drive environmental benefits. Starting smaller with individual policies is meant to make the case for future transformations at national, regional and global scales.

Specific policies most relevant for the pilots are ones that demonstrate the following criteria (detailed further in ANNEX N: Pilot Project Selection Process):

- **Clear Path to Success:** The intended reforms are relatively straightforward with a high chance of making progress in a two-year time frame. This is important because early successes at the sector or sub-national level that create tangible benefits for people can build buy-in and influence to assist with replicability in other sub-national jurisdictions as well as at the national level. Reform processes generally are long term so showcasing near term wins is key to building support.
- **Streamlined Approval Process**: The intended reforms would not require parliamentary or congressional approval to be implemented and fall under cycles of review and adjustment, meaning that windows of opportunity for reform already exist.
- **Political Will**: Understanding the current context in which government decision makers are approaching Target 18 implementation nationally and sub-nationally has provided an indication of the political and overarching commitment to reforms. For example, the government of the Philippines has an ambitious national target on subsidies which sends a signal that efforts intended to support delivery of a national target would be viewed favorably by decision makers.
- **Scope of reform**: the intended changes are focused and relatively narrow in scope as opposed to undertaking entire reform of a set of policies or subsidies for an entire sector. This is intentional in order to move as swiftly as possible during the two year project period.
- **Benefits for Nature and People**: The intended reforms are for policies that aim to increase efficiency in production, provide price stability, food security, income and livelihood support, among others, but have the potential to result in unintended negative impacts on nature. The reforms aim to slow, reduce and/or prevent these unintended negative impacts on nature to maintain the health of ecosystems that subsidy recipients depend on, while supporting community livelihoods and food security.

Given the global nature of the subsidy reform agenda and the wide variety of different national and regional realities, a variety of subsidy policies should be considered for reform. Subsidy reform to further biodiversity conservation and climate change objectives includes strategies to eliminate harmful support, redirect resources toward beneficial outcomes, and condition financial assistance on adoption of sustainable practices. The overarching objective of reform is to reduce environmentally harmful subsidies (EHS) that drive biodiversity loss and climate change. This involves 1. Elimination or phase-out of harmful subsidies that are unequivocally detrimental to environmental goals (e.g., subsidies that promote overcapacity and excess effort in fisheries, or subsidies for forest clearing), and 2. Repurposing and redirection of funds saved from eliminating or reducing harmful subsidies toward environmentally beneficial initiatives.

Reforms to improve the structure and governance of financial support mechanisms seek to ensure policy coherence and measurable environmental results. This can entail the application of conditionality and targeting to ensure that subsidies are contingent on measurable, verified sustainable actions, as in the case of agricultural credit programs linked to implementation of sustainability criteria and nature-positive practices. It also involves decoupling subsidies from direct links to output levels or input use (e.g., structuring subsidies to support fishers rather that excessive fishing effort, or to delink agricultural support from production levels to discourage excessive use of inputs). Finally, wider fiscal policy reforms aim to shift a larger share of a country's tax burden to harmful products and practices such as those that involve pollution and GHG emissions.

Noting the criteria for pilot projects described above, the pilot selection process resulted in a set of three ARTSI pilots that involve the following types of policies:

- Preferential credit rates for production support under national credit programs.

- Input subsidies for specific production additives (i.e., fertilizers).

This selection reflects the necessity to focus on policies that are amenable to reform efforts that offer a high likelihood of success within the constrained project budget and timeline, based particularly on assessments of political will and acceptability of reform among local stakeholders. It also reflects a conviction on the part of the project team that successful reform of highly targeted policies will lay the foundation for scale-up to more ambitious policy reform efforts with wider sectoral and geographic impacts.

For these kinds of policies, the pilots consist of testing several approaches to reform:

- Incorporation of binding environmental criteria into existing national credit programs or within new credit lines.
- Adjustment of budget allocation criteria for input subsidies to allow different inputs to be included by an existing subsidy policy.
- Investment and implementation criteria for emerging productive sectors.

The pilots planned under this project do not include reforms focused on the following policy types:

- Measures such as import tariffs or quotas, export bans or subsidies.
- Market price regulations such as domestic price fixation policies.
- Fiscal subsidies that directly transfer money to private individuals (e.g. through input subsidies) or that support collective goods such as infrastructure.[13]14

Barriers to Overcome

This project will design the grant mechanism and test models of subsidy reform to enhance policy coherence with respect to impacts on biodiversity and climate change in the agriculture, forestry and fisheries sectors. ARTSI will also aim to address the barriers to Aichi Target 3 delivery to advance the implementation of GBF Target 18 such that the challenges that led to the failure to achieve Aichi Target 3 are not repeated. Barriers identified by stakeholder engagement, peer reviewed literature and syntheses of implementation adopted by the CBD include:

- **Limited funding for work on subsidy and incentive reform**: Since 2010, there has been a global target related to subsidy reform under the CBD Aichi Targets. One of the barriers identified was the lack of specific funding to enable this type of focused policy analysis and engagement. It has yet to attract the much-needed resources that countries and partners will need to change practices, including the costs associated with just transition programs and compensation arrangements during the transformation process. ARTSI aims to address this barrier by co-designing and capitalizing a dedicated grant mechanism on this topic.
- **Political sensitivity of subsidy and incentive reform**: Reform processes generally are long term and potentially unpopular with those who could be adversely affected in the short term. As various constituencies may have become dependent on subsidies for production and livelihoods, concerns over social and economic impacts can make decision-makers reluctant to risk political backlash from reforms. This barrier is compounded by inadequate understanding on the part of lawmakers and legislatures with respect to the EHS agenda. This corresponds to a lack of government buy-in and political will to mainstream environmental considerations.[15] The ARTSI project will work directly with governments on the design and implementation of pilot projects and on the design of the ARTSI grant mechanism. This will build on CI's

existing trusted relationships[14]15 Political sensitivity also relates to insufficient engagement of the private sector, who then may use their political influence to resist change. The pilots will include activities that support participation from private sector actors to be able to help design and champion reforms that support their production processes and ensure that their perspectives are shared with government decision makers. Regarding codesign of the grants mechanism, CI has been establishing or expanding relationships with sector associations and private sector coalitions such as the World Economic Forum, the B team and Business for Nature to link to their ongoing efforts related to private sector engagement around the subsidy reform agenda. In addition, CI has long-standing relationships with corporate leaders such as Starbucks, Walmart and Mars Wrigley.

- **Lack of policy coherence (sectors/policies/development plans)**: In most countries, policies have beendeveloped for individual sectors with insufficient inter-sectoral coordination, undermining the coherence needed to rationalize the changes required for effective subsidy reform. This weak intersectoral coordination can be compounded by the absence of guarantees and positive incentives for the private sector to embrace changes. ARTSI will incorporate national-level engagement with a variety of ministries and government divisions to address this barrier.
- **Lack of successful cases or models of subsidy reform:** Instances of the kind of subsidy reform required are scarce and tend to be particular to specific geographic and/or sectoral contexts. Creating entirely new processes can be daunting and time-consuming. The vision for the ARTSI grants mechanism is to test models of incentive reform in contexts where reform can advance and capture valuable lessons learned in the process in knowledge products, highlighting the importance of knowledge management in the project. ARTSI will leverage these knowledge products through communication and relationships with partners to reach wider audiences and showcase concrete examples of policy initiatives that have proved to be effective. Seeking to accelerate policy reform, ARTSI will communicate on measurable impacts and highlight progress toward economic models in which incentive structures support rather than hinder sustainable decision making. Funds will be allocated to support these knowledge management and communications activities.
- **Limited expertise or community of practice relating to effective subsidy reform:** Technical guidance, local capacities and communities of practice related to reform of subsidies and incentives are emerging but remain incipient. This contributes to limited awareness of applicable approaches or models and limited dissemination of information on these policies and their impacts on nature and people. The project design includes a component dedicated to knowledge management and facilitation of knowledge exchange between actors working on policy reform relating to subsidies and incentives. This will cultivate a global community of practice to catalyze continued progress.
- **Incomplete understanding of the environmental cost of harmful subsidies**: Subsidies generally have been put in place to stimulate the economy and the harm that they cause to the environment has only recently been identified. We do not have a full accounting of the costs of these subsidies, and their impacts are largely underappreciated. This results in inadequate understanding on the part of lawmakers and legislatures with respect to the benefits and opportunities that reforms can offer in terms of efficient use of resources and environmental outcomes.[15]16 This is linked to insufficient economic analysis of the economic, social and environmental costs of inaction and the benefits to be derived from their reform. The

lack of economic analysis and evaluation of subsidies' impact on the environment[16]17 relates to general capacity gaps in financial, human, technical resources needed to advance reform.[17]18 The ARTSI Grant Mechanism will be designed to address such gaps with catalytic grants, including those that support economic analysis of impacts of the proposed incentive measures on local economies, including considerations of any necessary compensation schemes, and other economic evaluations to address information and capacity gaps and enable effective policy engagement. The project includes outputs related to training, knowledge products in order to build awareness and capacity of the need for subsidy and incentive reform. Each ARTSI pilot will include an economic analysis of the status quo and modelling of reform options.

Baseline understanding and projects

The issue of subsidies and incentives harmful to biodiversity and climate has received growing attention in recent years. Current research in this field is extensive, with numerous global analyses, reports, and dialogues highlighting the scale of the problem, the costs of inaction, and potential reform pathways. However, although these initiatives have built a robust knowledge base on the problem, there is a dearth of work detailing how to concretely advance actual policy reform.

Global-Level Efforts

- **OECD** reports include *Environmentally Harmful Subsidies: Challenges for Reform (2005), Political Economy of Biodiversity Policy Reform (2017)*, and sectoral reviews on agriculture, fisheries, transport, and energy provide tools and good practice guidance.
- **World Bank** has advanced understanding of subsidies' impacts through publications such as *Detox Development*(2023), a report that examines the impact of subsidies on natural assets. Explicit and implicit subsidies—estimated to exceed US$7 trillion per year—not only promote inefficiencies but also cause much environmental harm.
- **UNEP, FAO, and UNDP** have co-led *A Multi-Billion Dollar Opportunity: Repurposing Agricultural Support to Transform Food Systems* (2021) which found that **87% of agricultural support (US$540 billion annually)** is harmful to nature and human health.
- BIOFIN, UNDP's flagship finance initiative, has included subsidy assessments in over 40 countries, and has published *The Nature of Subsidies: A step by Step Guide to Repurpose Subsidies (2024).*
- **CBD** has emphasized incentive reform through its Programme of Work on Incentive Measures (2000–ongoing) and more recently in the **Kunming-Montreal Global Biodiversity Framework (Target 18)**, which commits parties to eliminating, repurposing, or reforming subsidies harmful to biodiversity by 2030.
- **IISD's Global Subsidies Initiative (GSI)** continues to document subsidy impacts and advocate for reform across energy, agriculture, and fisheries. It is a leading voice in subsidy transparency.
- **International NGOs, Civil society and advocacy groups** (including WWF, Pew, WRI, IISD, TNC, CI, Business for Nature, WBCSD) have issued roadmaps and white papers on subsidy reform.

(See Annex M for a comprehensive list of ongoing projects and studies around subsidy reforms.)

Taken together, the landscape is one of many studies, advocacy campaigns, and isolated reforms. Reports from the OECD, World Bank, FAO, UNEP, WWF, WRI, IISD, and others have clearly established the economic and ecological case for reform. However, no centralized financing mechanism exists to support countries and civil society actors to act systematically, pilot reforms, and scale successes.

There are, however, several country specific examples that offer evidence that durable change regarding incentives and subsidies is possible. These include:

- **Costa Rica**'s Payment for Environmental Services (PES) schemes, financing forest conservation and restoration while creating rural income opportunities.
- **South Africa's** Working for Water program employed thousands in invasive species removal while restoring ecosystems, linking incentives to both ecological and social outcomes.
- **India** introduced ecological fiscal transfers, linking tax revenue distribution to states' ecological performance, an innovative fiscal mechanism with potential for replication.
- **Colombia** adopted carbon taxes and has tested positive incentive programs through BIOFIN.
- **Argentina** used individual transferable quotas (ITQs) in fisheries, aligning resource use with ecological limits.
- **New Zealand** undertook one of the most comprehensive subsidy reforms, phasing out harmful agricultural subsidies in the 1980s. Though politically difficult, it demonstrated the long-term benefits of market-based and environmentally sustainable agriculture.
- The **United Kingdom's** Sustainable Farming Initiative (SFI) is shifting agricultural incentives from area-based support to payments that reward adoption of sustainable practices.

    - **Fiji's organic farming transition** on Cicia Island shows how banning harmful inputs, combined with community support and international partnerships, can embed sustainable practices.
    - The **World Trade Organization** (WTO) Agreement on Fisheries Subsidies entered into force in September 2025, demonstrating a multilateral effort at subsidy reform which in its first phase bans subsidies for Illegal, Unreported, and Unregulated (IUU) fishing, unregulated high seas fishing, and fishing already overfished stocks.

These examples show that policy reform is possible, and that it can deliver triple wins—for biodiversity, climate, and livelihoods. Yet they remain isolated and fragmented, often reliant on specific political windows of opportunity. Replication has been limited due to lack of structured support, financial risk-sharing, and mechanisms for global knowledge exchange.

Without the ARTSI Grant Mechanism, progress will likely remain piecemeal: scattered studies and advocacy will continue, while agriculture, fisheries, and forestry subsidies will persist as major drivers of biodiversity loss and climate change. With ARTSI, the GEF can provide the missing catalytic link. ARTSI offers a platform that convenes governments, private sector, and civil society; funds practical pilots; builds a global knowledge management system; and drives coherent, large-scale reform aligned with Target 18 of the Global Biodiversity Framework.

Project Stakeholders

Achieving subsidy reforms as proposed requires not only technical and financial innovation but also the active participation of a wide range of stakeholders whose engagement is essential to ensure legitimacy, effectiveness, and long-term sustainability of reforms.

ARTSI is being designed through extensive consultations with a diverse set of global, regional, national, and local actors. The number and types of stakeholder engagements during the PPG phase are shown in Table 2, and a complete description of all consultations (including dates and summaries) is contained in the Stakeholder Engagement Plan (Annex F). Multilateral institutions such as World Bank, FAO, and IDB have provided technical recommendations and expressed strong interest in collaboration on co-design, pilot projects, and knowledge exchange. Philanthropic institutions, including the Moore Foundation, and others see ARTSI as a mechanism to channel resources into high-impact reform, while private sector actors such as WEF and Business for Nature are poised to bring perspectives into the design of incentive schemes. Civil society organizations and alliances, including WWF, TNC, and ICCF can provide advocacy and technical expertise, and ensure alignment with conservation priorities.

Table 2. Summary of stakeholder consultations during PPG phase

Number of stakeholder entities (disaggregated by type) involved in the project PPG phase	46 (8 philanthropic; 12 government, 13 multilateral; 1 academia; 5 private sector; 5 NGO; 2 community)
Number of persons (disaggregated by gender) who participated in the project PPG phase	164 (96 men; 68 women)
Number of engagements (disaggregated by type) during the project PPG phase	49 (2 conferences; 1 workshop; 26 in-person meetings; 20 virtual meetings)

This inclusive and multi-layered approach will ensure that the ARTSI grant mechanism is rooted in broad-based support. The consultation mechanisms built into the project design, including the Core Design Team, the Supporting Partners and national level stakeholder engagement around the pilots has already generated strong interest, identified opportunities for policy alignment, and highlighted risks such as duplication of efforts, reputational challenges, or political sensitivities. By embedding structured engagement, grievance redress, and tailored outreach for disadvantaged groups into the project design, ARTSI ensures that reforms are participatory, transparent, and sustainable.

The stakeholder groups are elaborated in the stakeholder description in section B Table 2 and further expanded within the Stakeholder Engagement plan.

The Pilots

Subsidy reform holds the potential to advance environmental conservation on a global scale. By realigning economic incentives, we can protect and restore biodiversity, reduce carbon emissions, and promote sustainable livelihoods for millions of people.

Given the global nature of the subsidy reform agenda and the wide variety of different national and regional contexts, a variety of subsidy policies should be considered for reform. The ARTSI pilots focus on incentives, including subsidies, under the following types of policies:

- Preferential credit rates for production support under national credit programs

- Input subsidies for specific production inputs (i.e., fertilizers)

Pilots offer an effective way to test real-world incentive reform strategies in diverse political and environmental contexts. They serve as demonstrations that subsidy reform is not only possible but can generate clear benefits for communities, ecosystems, and economies. Pilots allow for evidence collection, stakeholder engagement, and political coalition-building—critical precursors to national and global scale-up. During the ARTSI design process, the project will support selected pilot incentive reform efforts across several countries through GEF funding and cofinancing arrangements. Pilot projects will test models of effective reform efforts and inform grant mechanism design, to ensure that the policies, procedure and strategy of the ARTSI grant mechanism maximize the likelihood of success in catalyzing significant transformation and policy impacts.

Initial concepts for the ARTSI pilot projects were solicited at a Global Exchange on Economic Incentives for Nature (Mexico City; March 18-20, 2025). Participants from all regions where CI operates co-developed a set of selection criteria to assessing candidate projects, and the project team worked with each potential pilot country to develop a concept note based on those criteria (see below for descriptions of each criterion). Each pilot was presented to an internal selection committee which then ranked the concept notes; CI's Advisory Group on Economic Incentives then reviewed the concepts to provide feedback with respect to impact, challenges, pathway to success, and contributions to the profile of the ARTSI initiative within policy arenas. With this feedback and further consideration of GEF country focal point support, the selection committee reached agreement on the final set of pilots to include in the project. (The pilot concepts that were not selected also received feedback to inform potential responses to future opportunities.) The selection process is detailed further in Annex N.

Pilots were selected based on the following key criteria to ensure that each site presents both opportunity and influence:

- **Clear Path to Success:** The intended reforms are relatively straightforward and we assess that there is a high chance of making progress in a two-year time frame. This is important because early successes at the sub-national level that create tangible benefits for people can build buy-in and influence to assist with replicability in other sub-national jurisdictions as well as at the national level.
- **Political Will:** As part of the path to success, but important enough to consider on its own, we will assess political appetite for reforms and make the case to decision makers and other stakeholders that the reforms can benefit them. This is important factor because small, fast successes in succession will build momentum and counter the narrative that subsidy reform is "too hard" or "politically charged" to implement. Additionally, if a political champion such as a provincial governor or minister involved in a pilot becomes an advocacy for this reform they can help bring peers on board.
- **Replicability:** We want the pilots to be strong enough as examples that they can be replicated in other regions/countries and are likely to be replicated because they are applicable to many different sectors and contexts.
- **Testing Reform Types:** Part of the intent of the ARTSI is to test different approaches to subsidy and incentive reform processes in order to expand the evidence base and strengthen political will for subsidy reform. The pilots could be a good opportunity to specifically test different types of reform. A variety of models will likely be needed given the global nature of the subsidy reform agenda and the wide variety of different national and regional realities.
- **Geographic and Sectoral Diversity:** Pilots are being developed across countries with great biodiversity richness, representing different regions, ecosystems, and economic context. This is important as reform of agriculture, forestry and fisheries subsidies represent the single biggest opportunity to close the nature funding gap.

Each pilot will undergo the following activities:

- Assessment to identify options for creating new positive incentives or improving negative subsidies to contribute to nature. This will include alignment with each country's NBSAP targets and processes as well as ongoing efforts relating to GBF Target 18, noting the intention to identify subsidies subject to reform by 2025. In Colombia, this relates to NBSAP Target 6 on sustainable finance and a strong focus within the BIOFIN program on reforming harmful subsidies. Fiji currently is undertaking a national process to update its NBSAP in alignment with the GBF, and subsidy reform is anticipated to feature in relation to Target 10 (sustainable production) as well as Target 18 (incentives and subsidies). The Philippines has updated its PBSAP including articulation of several pathways to advance on Target 18. Where available, we will build on information from the assessments carried out by the United Nations Development Program's BIOFIN initiative and other sources to identify existing incentive structures and how they can be improved.
    - **Economic analysis** of impacts of the proposed incentive measures on local economies, including their cost-benefit fir nature and people.
    - **Stakeholder mapping and coalition building** to help design the new incentive measures and build support within influential interest groups, vulnerable communities that will be impacted by the changes, and government decisionmakers.
    - **Advocacy** with decision makers to pass any new legislation or approve regulations needed to put new incentive measures in place.
    - **Technical support** for launching new incentive measures, while supporting the transition process.

Building from CI's work on the ground, we have ensured that each pilot is informed by a deep understanding of social, political and economic implications of changing incentives in order to build a powerful coalition of stakeholders from all sides of the issue who can agree on a robust proposal for what a new economic incentive should look like. Through the process outlined above (see Annex N for additional detail), three countries were selected for pilot projects:

- **Colombia:** Reform subsidies directed towards key agriculture commodities like organic cocoa by aligning national loan program conditions with sustainability and environmental criteria.
- **Fiji:** Reform the existing national fertilizer subsidy program of the Ministry of Agriculture for non-sugar crops which is contributing to coastal runoff impacting coral reef and agricultural soil health on islands by including organic fertilizer into the current incentives scheme for the agriculture sector.
- **The Philippines:** Early interventions to guide implementation of new salt industry regulation, which includes subsidies for salt producers, will aim to exclude mangrove areas from eligibility criteria to avoid negative impacts on mangroves and fishponds.

In each pilot project, country-specific stakeholders will play a critical role in ensuring that reforms are context-sensitive and replicable. Governments in the pilot countries—Colombia, Fiji, and the Philippines—are central partners, as their policy coherence and direct implementation roles will determine success. For instance, FINAGRO in Colombia will anchor agricultural credit reforms; Fiji's Ministry of Agriculture and local councils will advance organic fertilizer adoption; and agencies such as DENR in the Philippines will champion biodiversity-friendly practices in the salt industry. Private sector entities such as cocoa producers, fertilizer companies, and salt industry associations can provide proof of concept and serve as champions for reform. Finally, civil society organizations and alliances such as the Global Mangrove Alliance-Philippines chapter provide advocacy and technical expertise, ensuring alignment with grassroots realities. Importantly, Indigenous peoples, women's groups, youth organizations, and other vulnerable stakeholders have been identified as both beneficiaries and contributors to the reform process. Their perspectives are crucial to shaping inclusive

mechanisms that avoid unintended negative impacts and open new opportunities for participation in sustainable production systems.

As signalled above, BIOFIN will be an important global collaborator for the project, given its programmatic focus, explicit attention to harmful subsidies, and longstanding programs of work in the three pilot countries. BIOFIN started in all three pilot countries in 2014, and thus offers over a decade of experience and insight into conservation finance in each. BIOFIN's work in Fiji related to harmful incentives has focused on assessing the use and allocation of existing fiscal mechanisms and noting opportunities to repurpose funds for conservation. For instance, the initiative examined how revenue from the Environmental Levy established in 2015 (amended in 2017) could most effectively be directed to environmental restoration or conservation activities, and also assessed prospects for using subsidies to promote traditional agricultural systems. BIOFIN's work in Colombia has prioritized the reform of harmful incentives and subsidies as a key solution, including collaboration with FINAGRO to develop a roadmap for greening agricultural credit lines to ensure that access to credit not only boosts productivity but also strengthens ecosystem conservation; a review of harmful subsidies helped the government reallocate approximately US$1 billion toward greener, more inclusive investments. BIOFIN also seeks to address harmful subsidies in the Philippines, particularly within the agricultural sector. The program's work there has informed a national strategy to mandate that 50% of upland agricultural subsidies with adverse environmental impacts be repurposed toward biodiversity-friendly agricultural practices. Specific interventions include piloting the repurposing of yellow corn subsidies in ecologically sensitive hilly areas, and recommending that rice subsidies be redirected to support environmentally advantageous alternatives such as heirloom rice and implementing indigenous knowledge systems.

To ensure coordination and synergy with these efforts, the in-country lead for each ARTSI pilot will reach out to the country's BIOFIN lead. BIOFIN expertise for each country will be invited to participate in pilots as sources of technical and strategic guidance, and the pilot implementers will explore opportunities for joint engagement and dissemination efforts. Thus, the pilot in Fiji can draw on learnings from BIOFIN analysis of subsidies in the agricultural sector and the Colombia pilot will concretely demonstrate the application of green agricultural credit lines per the BIOFIN roadmap. The pilot in the Philippines can also build on lessons learned from successful subsidy reform processes demonstrated by BIOFIN as well as leverage policy maker's understanding of subsidy reform built through BIOFIN's work. The project will coordinate with BIOFIN in each of the three countries to avoid duplication of effort and ensure that messaging and strategy directed towards policy makers and other stakeholders are consistent and aligned.

Background of the Pilots

Each pilot includes elements of incentive reform that ARTSI could scale in the future once the Grants Mechanism is capitalized and operational. By supporting the work across these three countries, the project will be able to test various interventions which will ultimately drive the design of the overall ARTSI grant mechanisms. Lessons will be captured at the country level and promoted throughout the project to stakeholders, for example, through the development of knowledge products and by establishing, to the extent possible, cross-sectoral policy platforms that bring together finance, agriculture, environment, and planning ministries to coordinate reform. This will benefit from coordination with the GEF National Steering Committee in the Philippines and analogous bodies that may be established in Colombia and Fiji under GEF-9 per the GEF-9 Country Engagement Strategy.

<u>Colombia</u>: This pilot aims to reduce the negative impacts of subsidies directed towards key agriculture commodities like organic cocoa by aligning national loan program conditions with sustainable/ environmental criteria, thereby contributing to efforts to combat deforestation in the Piedmont Amazon.

Colombia's agricultural subsidy system has successfully promoted growth and competitiveness in the sector. However, the absence of clear environmental criteria in this system has encouraged unsustainable land-use expansion. This is

evident in the Amazon Piedmont, where intensive agricultural practices have inadvertently fueled deforestation, the expansion of the agricultural frontier and soil degradation. Between 2001 and 2022, Colombia lost over 3 million hectares of forest in this region, resulting in a significant loss of biodiversity. The Colombian Amazon, which includes the Piedmont, is home to 10% of the world's known species, making it one of the most biologically diverse areas on the planet.

Cocoa production has been gaining economic importance in Colombia in recent years. In 2024, Colombia produced 67,000 tons of cocoa and exported products valued at over USD$265 million, a 106.1% increase compared to 2023[18][19] With cocoa prices at historically high levels, there is a strong incentive for further expansion of productive activities. However, many producers, especially small-scale farmers, are excluded from existing financial systems and lacking access to tailored credit – limiting their ability to engage in the growing cocoa sector opportunities and driving the clearing of forested areas to expand their income, perpetuating a cycle of unsustainable growth.

Recognizing these risks, Colombia's public agricultural development bank, FINAGRO, is spearheading a national Greening Strategy to redirect subsidized credit flows toward sustainable productive activities. In March 2025, BIOFIN recognized this strategy as the first globally to embed biodiversity goals into agricultural finance.[19][20] A core component of this strategy is the **creation of Productive and Sustainable Transformation Credit Lines**, designed to reorient substantial agricultural credit toward nature-positive production.

Organic cocoa, cultivated under agroforestry systems, is one kind of nature-positive production, and presents a transformative alternative for the conservation of the Amazon Piedmont. Organic cocoa under agroforestry systems not only enables farmers to access premium export markets but also actively promotes the restoration of strategic landscapes through natural regeneration, improved soil health, and biodiversity conservation. Strengthening these agroforestry systems is emerging as a key pillar for safeguarding this critical region of the Colombian Amazon, preventing the expansion of the agricultural frontier, and ensuring sustainable livelihoods for local communities. Conservation International (CI), leveraging over five years of experience in organic cocoa production through its Naturamazonas program, will **inform the design and implementation of these new credit lines, including one specifically on agroforestry cultivated cocoa**. CI will play a strategic role in supporting the data-gathering process to inform the design of these credit lines and co-develop robust sustainability criteria and align eligibility frameworks with tangible environmental outcomes. This pilot serves as both a proof of concept for sustainable cocoa and a model for broader subsidy reform across Colombia's rural economy.

In 2024, FINAGRO achieved a historic disbursement of more than COP 39.4 trillion in development credits, primarily benefiting small-scale farmers and rural producers. By 2026, its goal is for all operations to be green, supporting producers who are transforming rural territories in harmony with nature. This includes a specific line for deforestation-free organic cocoa, aligned with the ARTSI pilot (and responding to, for example, requirements such as the European Union's Regulation on Deforestation-free Products (EUDR)). The Productive and Sustainable Transformation credit line is designed for those seeking to transition toward economically, socially, and

environmentally sustainable practices. In 2024 alone, this line financed over COP 26 billion in projects, representing a 56% increase compared to the previous year.[20]21

Fiji: This pilot aims to reform the existing national fertilizer subsidy program of the Ministry of Agriculture for non-sugar crops which is contributing to coastal runoff impacting coral reef and agricultural soil health on islands by including organic fertilizer into the current incentives scheme for the agriculture sector.

The Fiji Government spends millions of dollars in every budget cycle to promote the use of inorganic fertilizer for sugar and non-sugar crops; shifting this incentive to promote organic fertilizer can improve island ecosystems.[22] Nationally, the Government of Fiji has been supplying subsidized inorganic or chemical fertilizer across Fiji at much lower costs to allow farmers to benefit from this economic subsidy to increase crop yields. The Fiji pilot will seek to extend the subsidy coverage to include organic fertilizers, thus enhancing local value chain participation in markets for organic products and at the same time improving the health of ecosystems.

Six years ago, the Ministry of Agriculture, in collaboration with the Vanua (Lau Provincial Council), banned the importation of inorganic fertilizers and chemicals to Cicia island (in Fiji's Lau island group), to ensure that Cicia remains[22]22 pristine[23]23 Declared fully organic in 2013 through the assistance of the Pacific Organic and Ethical Trade Community, the island received organic certification and has undergone an agroecological transition. Today,Cicia Island's farming practices are supported by the International Fund for Agricultural Development (IFAD) and a Participatory Guarantee System (PGS) Concept Training. In addition, biogas is being explored as an energy solution for communities. Overall, these efforts have empowered local farmers and producers to transition to organic principles and standards.

Cicia is a remote island within one of Fiji's biodiversity hubs and hosts multiple unique and endemic fish species that have been discovered in recent years. The waters of the Lau group are pristine and support a wide network of marine and terrestrial species, including those that support livelihoods for local communities. In this context, the iTaukei (Indigenous Fijian) concept of *Vanua*, which connects the health of the land, sea, and their inhabitants is reflected. The organic farming program on Cicia Island operates through several key components, such as certification and training, sustainable practices and community empowerment. Transitioning the entirety of the island to organic production has eliminated harmful agricultural runoff of chemical fertilizers that threatened its wealth of biodiversity.

The Fiji pilot will promote replication of the Cicia island model of organic agriculture on the island of Moala, also in the Lau group, by working with decision makers expand the existing national fertilizer subsidy for non-sugar crops, amounting to FJD 1 million (approx. USD 450,000), that was announced in the 2023/2024 national budget under the Ministry of Agriculture and Waterways budgetary allocations. The pilot will demonstrate how directing this subsidy also to organic fertilizers can be a strong incentive for adoption of organic agricultural production practices.

<u>The Philippines</u>: This pilot aims to provide early interventions to guide the implementation of the new salt industry regulation which includes subsidies for salt producers with an aim to exclude mangrove areas from eligibility criteria to avoid negative impacts on mangroves.

Mangrove ecosystems in the Philippines are vital Blue Carbon Ecosystems (BCE). They potentially sequester up to 370.7 tons of CO2 per ha and reduce waves up to 66% providing coastal protection services, contributing to climate change adaptation and mitigation.[24]24,[25]25 However, there are strong concerns that the newly enacted Republic Act No. 11985, known as the Philippines Salt Industry Act may incentivize removal of mangroves. Enacted in 2024, this law regulates the production, distribution, and marketing of salt. Section 12 of the law permits salt production activities in Abandoned, Underutilized, and Underdeveloped (AUU) fishponds with existing Fisheries Lease Agreements (FLAs). Many AUUs were formerly mangrove areas that have begun natural regeneration, but Section 12 does not exclude areas that have naturally regenerated back into mangrove habitat. The law will be implemented through a Salt Industry Roadmap (roadmap) rather than a set of rules and regulations, and salt farms will be prioritized as investment areas under the Investment Priorities Plan (IPP) of the Philippine Board of Investment (BOI).

According to the World Bank, over half of the 450,000 hectares of mangrove forests in the Philippines have already been lost to coastal development, including fishpond establishment, making their protection from expansion of salt production crucial. Salt production raises salinity in nearby areas, hindering photosynthesis and making it difficult for mangrove roots to absorb water and nutrients, stunting their growth.[26]26 Additionally, high salinity restricts the restoration of mangrove species to only those that can tolerate it, making it challenging to revert AUU fishponds back to mangrove forests once the soil's salinity is too high.[27]27,[28]28

The pilot will aim to incentivize the protection of mangroves located near salt production sites by integrating standards on BCE Friendly practices into salt farming. The national Department of Environment and Natural Resources (DENR) has allocated specific coastal areas throughout the country to the Bureau of Fisheries and Aquatic Resources (BFAR) to manage for aquaculture and salt production. DENR estimates that activities in these areas can impact about 100,000 ha of mangroves. Thus, the policy changes advanced by the pilot project are projected to enhance biomass recovery throughout these 100,000 ha. After working with Local Government Units (LGUs) in Puerto Princesa, Palawan and in Oriental Mindoro in the Verde Island Passage (VIP) to prepare and enact regulations to direct subsidies for salt production to locations that will not result in negative impacts on mangroves, Conservation International Philippines (CIP) will help the LGUs identify where to roll out these regulations and implement recommended BCE friendly practices, building on CIP experience related to Blue Carbon and coastal conservation.

The global environmental benefits for each of these pilots have been elaborated below in section B.

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[2] The ARTSI Initiative considers "harmful subsidies' as incentives, including subsidies, with unintended negative impacts on nature. These are measures that encourage the development of productive sectors that can sometimes promote unsustainable practices and actions that end up harming nature. For example, subsidies for fertilizers and fuels to incentivize agricultural or fishing activities have been associated with negative environmental outcomes by increasing water pollution and degrading soil quality. Any reference to the term 'harmful subsidies' implies this understanding.

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B. PROJECT DESCRIPTION

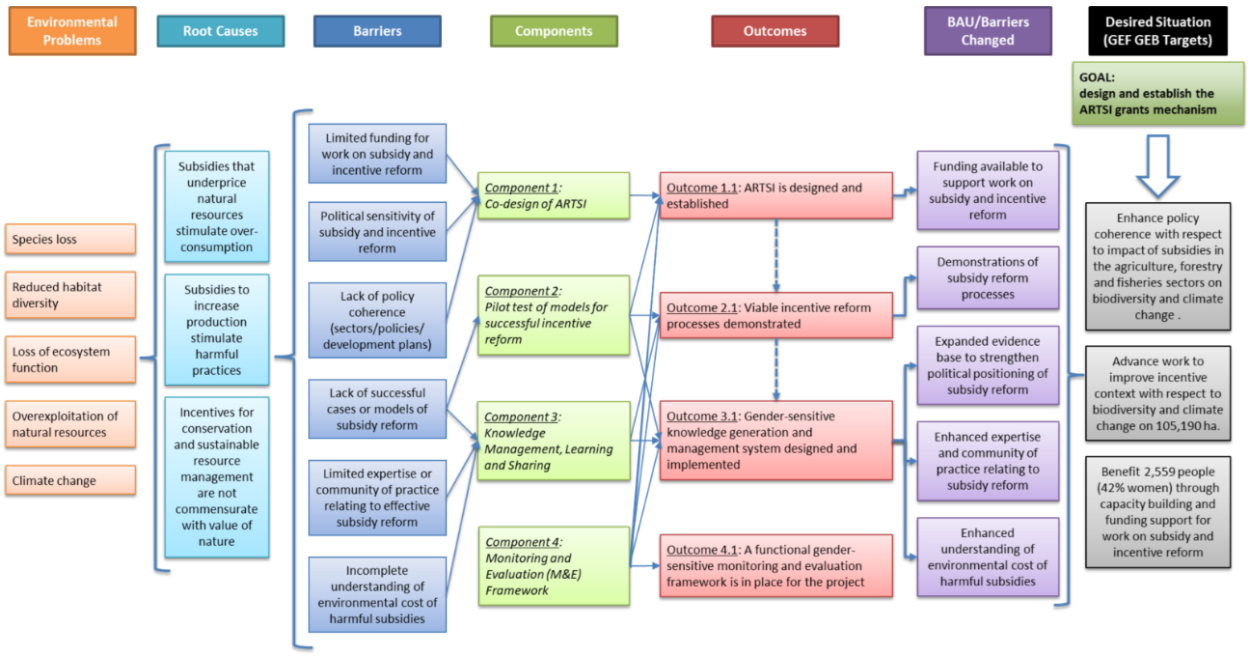
This section asks for a theory of change as part of a joined-up description of the project as a whole. The project description is expected to cover the key elements of good project design in an integrated way. It is also expected to meet the GEF's policy requirements on gender, stakeholders, private sector, and knowledge management and learning (see section D). This section should be a narrative that reads like a joined-up story and not independent elements that answer the guiding questions contained in the guidance document. (Approximately 3-5 pages) see guidance here

The Theory of Change for this project is that **IF** CI and partners design and establish an administrative and operational structure for the ARTSI grant mechanism; successfully support pilot testing of models for subsidy and incentive reform; and apply knowledge management, learning and sharing to cultivate capacity and a community of practice relating to subsidy and incentive reform; **THEN** ARTSI will serve as an effective dedicated financing mechanism for just, fair and equitable subsidy and incentive reform efforts.

These efforts will include enhancing understanding of the negative impacts and associated costs of harmful subsidies, as well as demonstrations of effective subsidy and incentive reform processes, which will expand the evidence base to strengthen political will for subsidy reform. Subsequent reform will result in enhanced policy coherence as defined by the GEF (GEF/C.65/04): "the systematic promotion of mutually reinforcing policy actions across government departments and agencies, creating synergies towards achieving the agreed objectives." The ARTSI mechanism will seek to improve incentive contexts and reduce the negative impact of subsidies in the agriculture, forestry and fisheries sectors on biodiversity and climate change. A central premise of the project is that an improved incentive context will lead to nature positive behavior change; that said, the project recognizes that in addition to incentives, the desired behavior change may also require work on communications, awareness building, and training. These reforms would contribute significantly to Target 18 of the GBF by supporting the reform of incentives, including subsidies harmful to nature, as well as to the overall GBF mission of reducing the drivers of biodiversity loss.

Theory of Change

Figure 1: Theory of Change



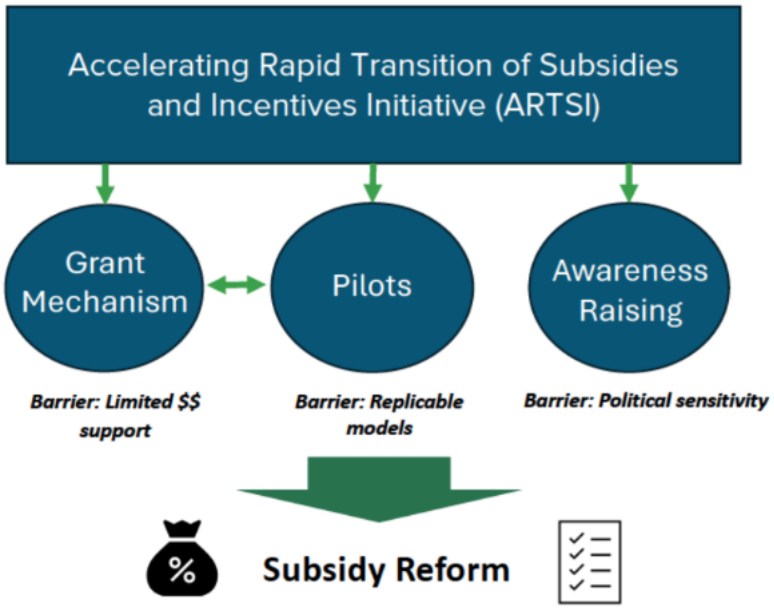
Critical assumptions underlying this Theory of Change are that:

- There is an appetite among potential funding sources to contribute to a grant mechanism focused on subsidy reform;
- There is political will within countries to adopt changes needed for reform;
- There exists a demand for grant funding to support work on subsidy and incentive reform;
- Incentive reform will be reinforced by the communications, awareness building, and training needed to achieve behavior change.
- Pilot testing of models for subsidy and incentive reform will be able to demonstrate sufficient progress to serve as effective examples; and
- There exists a critical mass of people and institutions working on subsidy and incentive reform to form a robust community of practice.

Project Components

The objective of the proposed project is to design and pilot the Accelerating Rapid Transition of Subsidies and Incentives (ARTSI) grant mechanism to test models of subsidy reform and enhance policy coherence with respect to impact on biodiversity and climate change in the agriculture, forestry and fisheries sectors. The components described below seek to determine how a granting mechanism focused on incentives/subsides should be structured to impact change with a specific thematic focus on agriculture, forestry and fisheries sectors, using lessons learned from the pilot efforts to scale. (Note that the GEF grant will not be used to fund compensation schemes.) Once established, ARTSI will provide resources to NGOs, academia, think tanks, inter-governmental organizations and other entities to advance subsidy identification, research, policy development, and government engagement on incentive reform.

Figure 2: ARTSI Project Concept



Component 1: Co-design of ARTSI

The project team will co-design with partners and stakeholders the framework for a granting mechanism to support the creation of positive incentives and reform of harmful incentives. In addition to potential public and philanthropic donors to ARTSI, the co-creation process will involve potential recipients of the grants, governments of countries where pilot projects will take place, and other stakeholders to ensure their views are reflected in the design. An essential part of this co-design process will be consideration of how to encourage not just the analysis of subsidies and proposed reforms but uptake and endorsement that will spur concrete change.

Outcome 1.1: ARTSI is designed and established.

CI will work with a range of other institutions on the design and formulation of ARTSI. The Core Design Team (chaired by CI, with members including staff from the Center for Policy Initiatives and representatives from external partners to be identified and invited by the Project Management Unit, including representation from GEF Secretariat) will lead the co-design process. Other design partners will provide advice and input to the design process (Supporting Partners), though ultimate decision making will rest with the Core Design Team. Founding membership will consist of institutions who contribute funding to the mechanism; such contributions will make members eligible for governance roles in the mechanism (to be defined in the mechanism design process during project implementation). CI anticipates that the Core Design Team and supporting partners will be potential founding members; the intent is to formalize the relationship between CI and at least two additional founding members through an agreement by the end of the project.

CI and partners will develop the operational and administrative structure of the Accelerating Rapid Transition of Subsidies and Incentives (ARTSI) grant mechanism. This will include operational processes and protocols (e.g., calls for proposals, eligibility criteria, grantee selection, grant categories and sizes, modalities for technical assistance and linkages to a community of practice, monitoring & evaluation, safeguards, etc.) and programmatic design such as core action areas of focus as well as geographic priorities. Critical design features will include the capitalization target for the mechanism, the capitalization threshold at which the mechanism will begin to issue grants, and funding ranges and durations for the grants to be issued. The design process itself, as well as the resulting mechanism, explicitly will devote attention to issues of inclusivity, including gender mainstreaming as well as ensuring opportunities for marginalized

groups to contribute their voice and perspective. Accordingly, the design process will define requirements for environmental and social risk assessments as part of proposal development, within an Environmental and Social Management System (ESMS) to be developed for the grant mechanism. By the end of this project ARTSI will be established, meaning that the processes, procedures and team members will be in place to enable launch of the ARTSI grant mechanism after funding to capitalize the mechanism has been secured. The project will pursue a diverse set of potential funding sources for initial capitalization, principally philanthropy (e.g., Porticus Foundation, Moore Foundation) and private sector partners, but also will seek to leverage these sources to attract public funding to help sustain the mechanism after launch based on successful proof of concept.

Output 1.1.1: *Partnership/membership to support ARTSI is established.*

The project team will build on recent and ongoing discussions and engagements, conducting a full scan, analysis and prioritization of potential members of the Core Design Team and the group of Supporting Partners. Members will be identified and recruited based on their ability to engage and contribute to the design process as well as their ability and willingness to contribute to the fund. Although members remain to be determined, the project anticipates that the Core Design Team may include representation from the Porticus Foundation, Moore Foundation, and GEF; the governments of France, and Germany and the UK (FCDO) have signaled possible interest in co-design, and CI also is considering reaching out to the governments of Canada and New Zealand. The group of Supporting Partners is anticipated to include representation from BIOFIN, IISD, B Team (on the advisory board), and Business for Nature; the project also will invite input from the governments of Brazil, Colombia, Fiji, and the Philippines to understand how the grant mechanism best can support transformation. Formal collaboration agreements with all 3 groups (Core Design Team, Supporting Partners, and Founding Members) will articulate the specific understanding, capacities and roles of each group during ARTSI design. Collaboration agreements with Founding Members are expected to include formal letters of financial commitment. (Founding Members are anticipated to primarily come from philanthropic and private sectors; consultations to date indicate potential interest from public funding sources, but the feasibility of public funding will be assessed further during the design process.)

Indicator 1.1.1: Number of collaboration agreements in place defining roles and responsibilities of Core Design Team, supporting partners, and founding members

Target 1.1.1: At least 3 collaboration agreements in place (1 with Core Design Team; 1 with supporting partners; 1 with founding members)

Output 1.1.2: *Guiding principles and structure for governance for ARTSI are designed and agreed*

The project team will convene the Core Design Team and Supporting Partners in a participatory process to solicit input on ARTSI's guiding principles and structure. The team will also conduct a desktop review, informational interviews and gathering of best practice around grant making procedures including safeguard processes, gender and IP&LC inclusion, and the sizes of grants (catalytic vs. impact focused) among other considerations. The results of these two processes will be captured in a set of draft principles and a proposed governance structure which will then be presented to key stakeholders for finalization through facilitated exchange. As noted, Founding Members will be eligible for governance roles; an ongoing governance role for the GEF Secretariat also will be defined to benefit from GEF expertise and ensure continuity and coordination with other GEF-supported work in the future.

Indicator 1.1.2: Number of gender-responsive governance principles & structure documents drafted and agreed

Target 1.1.2: 1 gender-responsive governance principles & structure document drafted and agreed by end of Y1 of project

Output 1.1.3: *ARTSI implementation strategy developed, including types of activities to be funded, geographic priorities, gender equality and social inclusion considerations, and subsidy reform models to be applied.*

The project team will convene the Core Design Team, Supporting Partners and the Founding Partners to solicit input on the implementation strategy. The project team also will consult with other organizations and donors working on subsidy reform, including GEF and efforts it has supported through the competitive window for work on Policy Coherence. This will be done through a consultative process guided by CI's own work around the testing of pilot intervention types and which policy types are ripe for reform (Component 2), while also incorporating learning about impacts of the pilots on women and vulnerable groups. The implementation strategy also will identify specific geographies that the ARTSI grant mechanism will prioritize for investment once it is launched. Information will be collected, synthesized and documented throughout the process, resulting in the initial draft of and stakeholder agreement on the implementation strategy.

Indicator 1.1.3a: Number of ARTSI strategy documents developed

Target 1.1.3a: 1 ARTSI strategy document developed by end of Y1 of project

Indicator 1.1.3b: Number of ARTSI strategy documents updated based on results of Component 2

Target 1.1.3b: 1 ARTSI strategy document updated based on results of Component 2

Output 1.1.4: *Operational Manual and Environmental and Social Management System for ARTSI developed, including key policies, systems, templates and processes for grantmaking and monitoring and evaluation, including environmental and social safeguards, gender equality and social inclusion considerations.*

The operational manual will be developed to guide the deployment of ARTSI grant funds. This manual will include the policies, systems, templates and processes for grantmaking and monitoring and evaluation, including an environmental and social management system, gender equality and social inclusion considerations. In developing the Operational Manual, the Core Design Team will solicit learnings from other grant mechanisms including CEPF, Blue Nature Alliance, the Seed Fund, the Regenerative Fund and input from Supporting Partners and Founding Members. Particular attention will be directed to the specific granting and safeguard requirements of all Founding Members to ensure alignment with their funding requirements. The Operational Manual and operational plans will be subject to review by each Founding Member's technical, legal, and contract/grants teams to ensure best practice as well as necessary compliance. Cognizant of the distributional implications of subsidy reform, the co-design process will also draw on literature and experience relating to strategies to anticipate, assess, and respond to distributional impacts of subsidy reform;[30] this will ensure that ARTSI has in place strong measures to evaluate social and economic impacts (positive and negative) of the initiatives identified in their pipeline. Finalization of the Operational Manual and Environmental and Social Management System, together with the founding members collaboration agreement (Output 1.1.1), governance principles and structure (Output 1.1.2) and implementation strategy (Output 1.1.3), will culminate in the establishment of the ARTSI grant mechanism.

Indicator 1.1.4: Number of Operational Manuals and Environmental and Social Management Systems developed

Target 1.1.4: 1 Operational Manual and Environmental and Social Management System developed by end of Y1 of project

Component 2: Pilot test of models for successful incentive reform

The ARTSI grant mechanism design process will benefit from recent work on subsidy reform and incentives mentioned above (baseline) and incorporate lessons from countries and institutions working to reform harmful subsidies. During the ARTSI design process, the project will support pilot incentive reform efforts in Colombia, Fiji, and Philippines through GEF funding and cofinancing arrangements. These pilot projects will test models of effective reform efforts and inform grant mechanism design, to ensure that the policies, procedure and strategy of the ARTSI grant mechanism maximize the likelihood of success in catalyzing significant transformation and policy impacts. The pilot in Colombia aims to reduce negative impacts of agricultural subsidies for cocoa; the pilot in Fiji pilot intends to add organic fertilizer to the country's agricultural input incentive program; and the pilot in the Philippines aims to refine eligibility criteria for salt producer subsidies to protect mangrovs. Pilots will include attention to social risks and opportunities in the course of implementation. The three pilot projects have been selected through a comprehensive analysis based on selection criteria including: clear pathways to success, political will, replicability, demonstration value with respect to reform approaches, and geographic/ sectoral diversification. (With respect to geography, the selection process ensured that the three pilots are in three distinct regions: South America, Southeast Asia, and the Pacific). Thus, the pilots will serve as a real time test of what ARTSI intends to fund in future, and the lessons captured through these pilots will inform the design of ARTSI strategy and processes to ensure that the grant mechanism will achieve real change on the ground.

Outcome 2.1: Viable incentive reform processes demonstrated

Although global dialogue around incentive reforms is growing rapidly, many stakeholders, including the CBD Secretariat, highlight the fact that instances of concrete progress on reform remain limited. The vision for the ARTSI grant mechanism is to fund models of incentive reform in contexts where the global dialogue can be advanced through on the ground progress and to capture valuable lessons learned in the process. The design phase supported by the project will include 3 pilot investments that demonstrate this purpose. The pilots will apply safeguards to advance gender equality and social inclusion, and to prevent negative social impacts.

Output 2.1.1: *Incentive reform model identification and prioritization exercise completed.*

Through the pilot process the project will actively test incentive reform models and gather learning around which interventions offer the greatest impact. The project team will document the processes of identifying and prioritizing the approach to reforming subsidies in each of the pilot projects, including aspects relating to gender and safeguards, to capture lessons learned and incorporate this information into the ARTSI grant mechanism's guidance and future calls for proposals. This will inform assessment of policy reform approaches to identify where the greatest impacts may be achieved and to refine and prioritize the various models that ARTSI will fund in future. This work will then be vetted by the various stakeholders (including government representatives as well as civil society actors focused on policy reform) to finalize the guidance.

Indicator 2.1.1: Number of completed reports on model identification and prioritization exercise.

Target 2.1.1: 1 completed report on model identification and prioritization exercise by end of Y1Q2

Output 2.1.2: *Evaluation protocol developed to assess pilot tests of incentive reform models, including assessment of impacts on different stakeholder groups such as women and IP & LCs.*

The project team will define a set of evaluation criteria for the ARTSI pilots that not only measure the policy achievements that the pilot investments are yielding, but also their social and environmental impacts including impacts on different stakeholder groups such as women and IP & LCs. Using the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC) evaluation criteria as a starting point, the team will draw on additional global guidance, including the OECD's frameworks for environmentally harmful subsidy reform, the OECD Policy Coherence for Sustainable Development (PCSD) principles, BIOFIN's methodological guidance on biodiversity expenditure reviews and subsidy reform, and relevant GEF and STAP recommendations. The team will build on global guidance and best practice to draft the evaluation protocol which will then be reviewed and refined by the key stakeholder groups. The protocol will thus, at minimum, assess the subsidy reform approach in each pilot on the basis of relevance, coherence, effectiveness, efficiency, impact and sustainability. Based on OECD subsidy reform guidelines, BIOFIN methodologies and other relevant global experience the ARTSI protocol will also consider criteria such as equity, political feasibility, environmental additionality, transformational change potential, risk management, and stakeholder participation.

Indicator 2.1.2: Number of evaluation protocol documents completed.

Target 2.1.2: 1 evaluation protocol documents completed by end of Y1Q2

Output 2.1.3: *Pilots designed, executed and assessed, including impacts on different stakeholder groups such as women and IP & LCs.*

The project team will work with the country teams in Colombia, Fiji, and the Philippines to complete the design of the pilot projects, including social risk assessments and gender and safeguard provisions, and initiate execution. As indicated above, the concepts for each of the pilot projects are as follows:

Colombia: Reduce the negative impacts of subsidies directed towards key agricultural commodities by aligning national loan program conditions with sustainable/ environmental criteria. The pilot project will work with the government to use loan incentives to promote organic production of cocoa.

Fiji: Reduce the negative impacts of current subsidies provided through the Ministry of Agriculture for non-sugar crops, especially coastal runoff that damages coral reefs and soil health. To do so, the pilot project will seek to strengthen the role of organic fertilizer in the current agricultural incentives scheme.

The Philippines: Avoid negative impacts on mangroves and fishponds from subsidized salt production. The pilot project will incorporate eligibility criteria for subsidies under new salt industry regulations that explicitly direct salt production away from mangrove areas.

Tentative formulations of Outcomes and Outputs for each pilot are as follows:

Colombia

Outcome: Reduced negative impacts of subsidies directed toward cacao by aligning national loan program conditions with sustainable and environmental criteria, upgrading existing credit lines within the National Agricultural Credit Program into Sustainable and Productive Transformation Credit Lines.

Outputs

Analysis and Modeling

Technical Assessment: Data collection and diagnosis of cacao producer associations in Putumayo, Cauca, and Caquetá.

Economic Analysis (Ex-Ante Impact Assessment): Examine the environmental, biodiversity, production, job creation, and income impacts of the proposed policy change.

Stakeholder Mapping and Advocacy

Stakeholder Map and Advocacy Strategy: Identify key stakeholders, analyze their influence and position (allies, opponents, or neutral), and determine the risks and opportunities associated with the policy change.

Partnership Formalization: Sign a Memorandum of Understanding (MoU) with FINAGRO to establish a shared workplan and timeline for activities with cocoa producer associations.

Formalization of Reformed Credit Line: With FINAGRO, prepare proposal to the National Agricultural Credit Commission to reform agricultural credit for cocoa.

Producer Association Support: Provide support to farmer associations (e.g., Musu Pakarii, ASOPROCAVIP) to help them overcome identified barriers to accessing finance.

Socialization of Outcomes: Hold events to socialize the pilot's outcomes with stakeholders.

Technical Support

Pilot Testing: With FINAGRO, track access and use of the new Productive and Sustainable Transformation Credit Lines focused on nature-positive production.

Capacity Building: Conduct four workshops and one exchange session with cocoa producer associations and other key stakeholders to help them address identified barriers and opportunities in accessing sustainable financing.

Fiji

Outcome: Decreased negative impacts caused by the existing national fertilizer subsidy budget allocation (for non-sugar crops) on coastal runoff, coral reefs, and agricultural soil health by including organic fertilizer into the current incentives scheme for the agriculture sector.

Outputs

Analysis and Modeling

Technical and Baseline Assessment: Measure the efficiency of bio-fertilizer packages.

Documentation and Guidance: Produce an Operation and Monitoring guide and a Handbook for farmers providing guidelines for liquid biofertilizer production, as well as weed and pest control measures.

Soil and Input Review: Conduct a comprehensive soil test three times during the pilot (initial, mid-term, and final) to understand nutrient levels, pH balance, and overall soil sustainability.

Socio-economic Analysis (Ex-Ante Impact Assessment): Conduct cost-benefit analysis of environmental, biodiversity, production, job creation, and income implications of the proposed policy change.

Engagement and Advocacy

Stakeholder Mapping: Conduct stakeholder mapping and develop an engagement plan.

Education and Awareness: Design materials and conduct programs targeting various community groups, focused on farming practices, and conduct training and outreach among government officials, extension officers and other actors involved in administering and monitoring the subsidy program.

Thematic Advocacy: Raise awareness regarding health issues and environmental, social, and economic benefits of organic practices, to encourage a shift away from chemical fertilizers.

Policy proposal: Present policy recommendations through official briefs to the Minister of Agriculture and secure endorsement and a brief to the Minister of Finance.

Technical Support and Demonstration

Demonstration Site Preparation: Identify and use eight villages in Moala to designate the sites, communities, and crop types for demonstration and testing.

Farming Practice Implementation: Implement organic farming strategies and utilize crop rotation and diversification to improve soil health.

Organic Certification Pathway: Replicate the Cicia model of certification for the Participatory Guarantee System (PGS) standard by the Pacific Community (SPC).

Philippines

Outcome: Reduced negative impacts of salt farming on mangroves by working with policy makers to introduce Blue Carbon Ecosystem (BCE)-Friendly requirements for accessing subsidies and incentives established under the Salt Industry Act.

Outputs

Analysis and Modeling

Policy and Socio-economic Assessment: An assessment on the impact of the Salt Industry Act on Blue Carbon Ecosystems (BCEs), which will include socio-economic analysis.

Policy Recommendations: Development of a set of policy recommendations resulting directly from the assessments.

Stakeholder Mapping and Advocacy

Stakeholder Map: Completion of a stakeholder mapping exercise to identify key stakeholders, analyze their influence, and determine their position toward the policy change.

Partners Coordination and Workshops: Regular meetings to follow up on activities and gain input, with partners such as the Philippine Association of Salt Industry Networks (PhilASIN), The Global Mangrove Alliance Philippines Chapter (GMAP), and academia.

Government Engagement Workshops: Meetings with key government agencies, including the DA-BFAR (Department of Agriculture – Bureau of Fisheries and Aquatic Resources), DENR-BMB (Department of Environment and Natural Resources – Biodiversity Management Bureau), and the Philippine Board of Investments, to socialize the assessment and policy recommendations.

Policy Reform Presentation: Formal presentation of the proposed policy reform to the Sanggunian Bayan (Local Legislative Council).

Demonstration and Technical Support

Local Ordinance Drafting: Drafting of local ordinances for priority sites (Puerto Princesa, Palawan and Oriental Mindoro) within the Verde Island Passage, aimed at adopting BCE-Friendly practices into salt farming.

The project team will work with the country teams to refine intervention approaches, grounded in global learnings and best practice generated to date, and provide technical support as needed. As indicated above, steps to be undertaken in each pilot, for which project team support will be available, include:

Assessment of options for creating new positive incentives or improving negative subsidies.

Economic analysis of impacts (including gender-differentiated impacts) of the proposed incentive measures on local economies, including their cost-benefit for nature and people.

Stakeholder mapping and coalition building to help design the new incentive measures and build support within influential interest groups, communities that will be impacted, and government decision makers. Stakeholder mapping will include identification of any existing bodies or coalitions working on subsidy reform in each pilot country, and build on these efforts where possible.

Advocacy with decision makers to pass new legislation or approve regulations needed to put new incentive measures in place.

Technical support for launching new incentive measures.

The project team will document the experiences of each pilot project and apply the evaluation protocol (Output 2.1.3) to each pilot project. This information will be captured in pilot evaluation reports and used to systematize learning with respect to effective approaches to subsidy reform; this in turn will be used to inform the final ARTSI grant mechanism design. This will include the assessment of impacts on different stakeholder groups such as women and IP & LCs, and the effectiveness of safeguard provisions.

Indicator 2.1.3: Number of pilot test evaluation reports completed.

Target 2.1.3: 3 pilot test evaluation reports completed by end of project

Component 3: Knowledge Management, Learning and Sharing

ARTSI intends to create and share knowledge regarding the reform of subsidies harmful to the environment. To do so the project will develop a knowledge management and learning system that is responsive to all stakeholders, especially those who are impacted disproportionally by harmful subsidies including women, youth, and IP & LCs.

Outcome 3.1: Gender-sensitive knowledge generation and management system designed and implemented.

In addition to planned knowledge sharing activities with project stakeholders described in the Stakeholder Engagement Plan (SEP), the project will allocate funds to support knowledge management and communications activities to reach a wider global audience. The ARTSI knowledge sharing approach and communication strategy will be based on documenting advances achieved and challenges encountered by those involved in the pilots and sharing experience and key learnings with other governments and institutions working on policy reform. The strategy will reflect gender considerations in knowledge products and include deliberate dissemination methods to reach diverse audiences. ARTSI will leverage media to reach wider audiences and showcase concrete examples of policy initiatives that have proved to be effective, deliberately contributing to public awareness. Seeking to accelerate policy reform, ARTSI will communicate on measurable impacts and highlight progress toward economic models in which incentive structures support rather than hinder sustainable decision making. Specific ARTSI knowledge management activities that will be undertaken during the project and on an ongoing basis after launch of the ARTSI grant mechanism will be determined by developing a knowledge management plan early in the implementation phase, but can be expected to include knowledge sharing and dissemination activities such as:

Regular publications on grantee results, achievements and key learnings

ARTSI-specific website content, blog posts and social media content

Participation in major international events, alliances and coalitions such as CBD, United Nations Framework Convention on Climate Change (UNFCCC), etc.

Dedicated annual reports targeting governments, global partners, funders and other key stakeholders

Dedicated dashboard of key results and impacts, regularly updated

Knowledge sharing and learning events in and between the three pilot countries.

Output 3.1.1: *A plan for knowledge management developed and implemented.*

The project team will develop and implement a comprehensive knowledge management plan that includes guidance on how information is gathered and stored. It will also outline the types of materials to be developed, target audiences, the methods for distribution, and the access to these materials. In doing so the teams will consider how men and women access information differently. This will include regular publication on grantee results, websites, blog posts, and social media content, annual reports, project dashboards and thematic articles. It will also look to identify and prioritize various international events alliances and coalitions the project should aim to reach.

Indicator 3.1.1: Number of knowledge management plans developed and implemented

Target 3.1.1: 1 knowledge management plan developed and implemented

Output 3.1.2: *A plan developed and implemented with stakeholders to build a community of practice to increase capacity while ARTSI is operational.*

The project team will develop and implement its plan for outreach, stakeholder engagement and the building of a community of practice that will extend beyond the project delivery. The plan will be developed based on the stakeholder engagement plan with attention to how both men and women will be engaged; substantively, in addition to tools and approaches to advance policy reform, issues relating to gender equity and social inclusion are anticipated as topics of interest to the community of practice. Tools to cultivate the community of practice during project implementation would likely include a listserv and online document repository, housed on a designated website. As part of ARTSI grant mechanism design, the project team also will explore ways to leverage technological advances such as semantic search, contextual retrieval, and generative AI more broadly to provide the community of practice with a dynamic, innovative knowledge management platform.

Indicator 3.1.2: Number of gender-sensitive community of practice plans developed and implemented

Target 3.1.2: 1 gender-sensitive community of practice plan developed and implemented

Output 3.1.3: *Learning events conducted to build on experience of other initiatives relating to subsidy reform (for example, BIOFIN, Business for Nature and other stakeholders).*

The project will seek to identify opportunities to share information both through project-funded events and through participation in global events where information can be shared (side events, white papers, presentations, etc.). In

addition, the SEP describes various ongoing engagement activities that will provide opportunities for dissemination and exchange of lessons in each of the pilot countries (e.g., regular meetings with government counterparts). To complement these activities, Output 3.1.3 will comprise one global exchange event per year during the project (for a total of two workshops), to facilitate cross-fertilization between the project and other initiatives such as BIOFIN, *Business for Nature, GEF-supported work on policy coherence work, and countries' NBSAPs)*. Learnings about gender and social inclusion applied to subsidy reform will be shared. Invited participants will include implementers and key stakeholders from each of the pilot projects and representatives from other governments and institutions involved in subsidy reform efforts around the world.

Indicator 3.1.3: Number of workshops conducted.

Target 3.1.3: At least 2 workshops.

Output 3.1.4: *Findings, lessons learned, and best practices compiled and disseminated.*

Sharing lessons learned from the development and implementation of ARTSI will be key to its success in catalyzing policy and financial transformation. The project will identify key products and dissemination strategies to ensure the greatest possible reach. A key purpose of Output 3.1.4 will be to build a compelling case to potential donors for additional funding support to the ARTSI grant mechanism that will enable scaling up over time.

Indicator 3.1.4: Number of knowledge products generated.

Target 3.1.4: At least 3 knowledge products (at least 1 of which includes a focus on safeguards, gender equality and social inclusion).

Output 3.1.5: *Information on ARTSI grant opportunity disseminated and partners informed of ARTSI processes and requirements.*

Once the ARTSI grant mechanism is designed, the next step will be ensuring comprehensive dissemination of grant opportunities to all potential grantees. To do this the project team will develop and host several ARTSI training and information sharing events. Attention will be given to ensure that this information is provided through appropriate means to reach both men and women. Information will be disseminated through women's associations and networks, with a clear emphasis that applications from women-led organizations and individuals are strongly encouraged. Virtual participation and recorded sessions will be offered to ensure accessibility for those balancing caregiving or travel commitments.

Indicator 3.1.5: Number of gender-responsive training/ dissemination events conducted.

Target 3.1.5: At least 3 gender-responsive ARTSI training/ dissemination events.

Component 4: Monitoring and Evaluation (M&E) Framework

Component 4 will entail the development and implementation of a functional and robust gender-sensitive M&E framework for ARTSI and this project. This will include the collection, analysis, and synthesis of data and recommendations for adaptive management of the project. It will also include the regular and timely submissions of technical and financial project reports to the CI-GEF Agency.

Outcome 4.1: A functional gender-sensitive M&E framework is in place for the project.

Following GEF M&E guidelines, the Project will develop an effective gender-sensitive, inclusive M&E system to track project progress and inform adaptive management corrections during implementation. To promote gender sensitivity, the M&E framework incorporates gender-disaggregated data collection and reports on progress in implementing the Gender Mainstreaming Plan. Annual Project Implementation Reports (PIRs) will track Project progress, including a narrative on gender-specific results and progress on the implementation of the Gender Action Plan, and inform adaptive management measures where needed. The PIRs will include a GEF tracking sheet on GEF Core Indicators to be updated at the Project's end and submitted to the GEF Secretariat. A Terminal Evaluation (TE) will validate the information submitted in the PIRs, including the narrative on gender-specific results and progress on the implementation of the Gender Action Plan.

Output 4.1.1: *M&E system developed and implemented to collect, analyze and synthesize data and information generated during project implementation.*

A comprehensive M&E system will be developed for the project that will include monitoring and evaluation of the pilots as well as the overall project implementation. This will be developed using global best practices and will be informed by the M&E systems of similar grant mechanisms such as CEPF, Blue Nature Alliance, Seed Fund, the Regenerative Fund and others.

Indicator 4.1.1: Number of gender-sensitive project M&E systems operational.

Target 4.1.1: One gender-sensitive project M&E system operational.

Output 4.1.2: *Periodic M&E reports submitted to CI-GEF Agency.*

The project team will submit the required periodic reports to the GEF Agency and will also share key findings with the project manager. Any modifications to the project will be discussed with the project manager as needed.

Indicator 4.1.2: Number of satisfactory M&E Reports submitted to CI-GEF Agency.

Target 4.1.2: 8 satisfactory quarterly technical and financial reports and 2 project implementation reports.

Output 4.1.3: *Terminal Evaluation conducted.*

A terminal evaluation will be conducted to consider the overall impact of the ARTSI mechanism and pilot delivery. This will include information on the impacts of various policy reforms as well as those on beneficiary groups.

Indicator 4.1.3: Number of TEs conducted.

Target 4.1.3: One TE conducted.

Global Environmental Benefits

The ARTSI project will support testing of models for reform, development and implementation of policies that create better economic incentives for the conservation, restoration, and sustainable management of nature alongside productive activities (policy innovation). It also will test strategies for the process of developing such policies through coalition building to identify reforms to existing incentives that yield better environmental results while ensuring a just transition for current recipients of subsidy support. In doing so, the intent of the project is to inform the design of the ARTSI grant mechanism.

Reforming or repurposing the flow of public support for subsidies harmful for biodiversity can provide positive social and environmental outcomes and potential cost savings. These efforts provide a strong foundation to improve environmental sustainability –essential for economies, food security, water security and climate resilience– while reducing costs associated with addressing environmental degradation. The overarching aim is to enhance policy coherence with respect to impacts of subsidies in the agriculture, forestry and fisheries sectors on biodiversity and climate change. The project will contribute to the following GEBs through the three pilot projects and the process of designing the mechanism:

Advance work to improve incentive context with respect to biodiversity and climate change on 105,190 ha: the pilot in Colombia will use loan conditions to stimulate organic cocoa production on 5,000 ha; the pilot in Fiji will use subsidies for organic fertilizer to promote organic agriculture on 190 ha; and the pilot in the Philippines will adjust eligibility criteria for salt production subsidies to exclude activities from 100,000 ha of mangrove areas. The anticipated GEB will be generated through improvements in agriculture and agroforestry practices (reduced applications of harmful inputs) and zoning (directing destructive production activities away from mangroves). In addition, two of the pilots include GEBs through beneficial impacts for marine ecosystems: reducing deleterious near-shore effects of agriculture runoff in Fiji and protecting important fish habitat in the Philippines. In total, the project will contribute to improved management of approximately 105,190 hectares through the implementation of targeted pilot interventions. These pilots are designed not only to address specific challenges in the selected areas but also to demonstrate scalable models for further reforms. If these interventions are successfully replicated and scaled up in other regions, the overall environmental impact could be substantially amplified contributing more significantly to global environmental benefits.

Mitigate 6.4 million tons of CO_2e of emissions: improved agroforestry practices in the Colombia pilot are anticipated to mitigate 1.2 million MtCO2e of emissions through enhanced soil carbon (modeled using the FAO EX-ACT tool), and reduced threats to mangrove areas in the Philippines pilot are estimated to sequester on the order of 2.25 million MtCO2e (applying parameters from the literature). (These are impacts modeled over a 20-year time horizon, per guidance relating to Agriculture, Forestry and Land Use Change in the Guidelines of the GEF-8 Results Measurement Framework.) Per analysis using the FAO EX-ACT tool, the change in agricultural practices in the Fiji pilot is not anticipated to change the emissions profile.

Benefit 2,559 people (42% women): Direct beneficiaries will be individuals involved in grant mechanism design, knowledge management/dissemination, and subsidy and incentive reform in the pilot projects. The Colombia pilot will engage 926 members (334 women; 592 men) in 8 cocoa producer cooperatives in Putumayo, Cauca, and Caquetá, who will benefit from access to enhanced support for organic agroforestry. In Fiji 1,033 beneficiaries (464 women; 569 men) will benefit from access to subsidies for organic fertilizer. In the Philippines the pilot is not envisioned to have beneficiaries in the form of direct involvement in the project, though indirectly a considerable number of people will benefit from enhanced ecosystem services from mangrove protection. In the Philippines, work with communities to reduce negative impact of salt production on mangroves is expected to involve on the order of 300 beneficiaries (40% women). In addition to the pilots, the project will generate direct benefits for people through training, knowledge and awareness, capacity building, and participation in a growing global community of practice focused on policy reform; this group is conservatively estimated at 300 people (50% women).

Stakeholders

The ARTSI initiative is designed to generate benefits across a wide spectrum of stakeholders by combining global-level collaboration with locally grounded pilot experiences. At the global and regional level, multilateral organizations will benefit from synergies with existing subsidy reform efforts, and the opportunity to learn from pilot experiences. Philanthropic partners will have a meaningful role in shaping the co-design process and advancing coherent, large-scale reforms aligned with Target 18 of the Global Biodiversity Framework. This in turn helps governments make progress on their national commitments. Governments in pilot countries will benefit directly from technical support for policy reform and pilot testing. NGOs and academia will benefit from collaboration in design and research, helping to expand the evidence base and reduce fragmentation of reform efforts. Importantly, ARTSI also ensures that women, youth, and Indigenous Peoples are not only engaged in co-design but also positioned as capacity-building beneficiaries and future grant recipients. Private sector actors will have the chance to pioneer incentive reforms that enhance sustainability and competitiveness. The extensive stakeholder engagement, co-design process, and pilot testing will create a platform to incorporate a wide variety of interests and perspectives into subsidy and incentive reforms, and serve as an example for other jurisdictions and decisionmakers.

Table 3. Project Stakeholders[31]

Stakeholder Group	Proposed role in project
Global and regional stakeholders	
Multilateral institutions (The World Bank (WB), Inter-American Development Bank (IDB), UNDP, FAO)	Engagements to understand current efforts and how collaborations can advance action on this topic; avoid duplication of efforts. Provide

	opportunities through existing international events to highlight ARTSI. *Outcomes 1.1; 2.1; 3.1*
Philanthropy (Gordon and Betty Moore Foundation, prospective private foundation, anonymous private donor)	Participate in co-design of ARTSI through the core design group or supporting partner group as key potential donors to ARTSI, their perspectives and guidance will be needed in all levels of design. Alignment of donor and safeguard requirements Provide funding for deployment of ARTSI Future potential to become founding members of ARTSI and membership on Board *Outcomes 1.1; 3.1*
Governments	Pilot country governments will participate in co-design of ARTSI through core design group or supporting partner group, providing guidance on policy reform processes, pilot testing initiatives and sharing learning. *Outcomes 1.1; 2.1; 3.1* Other governments such as Canada, Norway and others, will be invited to be part of the co-design process and they may then decide to provide funding for deployment of ARTSI *Outcomes 1.1; 3.1*
NGOs (The Nature Conservancy, World Wildlife Fund, B Team, World Economic Forum, IISD)	Participate in co-design of ARTSI Collaborate to advance action on this topic and avoid duplication of efforts B Team will assist the project to identify private sector actors supportive of understanding and improving harmful subsidies *Outcomes 1.1; 3.1*
Private sector	Build coalitions of the willing with other private sector actors impacted by a potential subsidy reform *Outcomes 1.1; 3.1*
Academia	Participate in dialogues about subsidy reform, further support research and gathering of global lessons on subsidy reforms *Outcomes 1.1; 3.1*
Women's Groups (e.g. CBD Women Caucus)	Participate in co-design of ARTSI to ensure perspectives of women will improve design of ARTSI and consideration of specific impacts on women Beneficiaries of capacity building and potential future recipients of ARTSI grants.

	Outcomes 1.1; 3.1
Youth Groups (e.g. Global Youth Biodiversity Network)	Participate in co-design of ARTSI to ensure perspectives of youth will improve design of ARTSI and consideration of specific impacts on youth Beneficiaries of capacity building and potential future recipients of ARTSI grants. *Outcomes 1.1; 3.1*
Indigenous Groups (e.g. IIFB)	Participate in co-design of ARTSI to ensure perspectives of Indigenous groups will improve design of ARTSI and consideration of specific impacts on Indigenous Peoples Beneficiaries of capacity building and potential future recipients of ARTSI grants. *Outcomes 1.1; 3.1*
Pilot country stakeholders	
Government officials (national and subnational)	Play a key role in the adoption and scaling of pilot initiatives, participate in project consultations and key decisions around pilots *Outcome 2.1*
Private Sector	Engage in design and implementation of pilot activities. Potential subsidy reform champions *Outcome 2.1*
CSOs	Participate in co-design of ARTSI, provide technical guidance to the pilot projects and support lessons learned for scalability *Outcome 2.1*
Women	Potential beneficiaries of capacity building, will be engaged to ensure that perspectives are built into project design and implementation *Outcome 2.1*
Youth	Potential beneficiaries of capacity building, will be engaged to ensure that perspectives are built into project design and implementation *Outcome 2.1*
Indigenous groups	Potential beneficiaries of capacity building, will be engaged to ensure that perspectives are built into project design and implementation *Outcome 2.1*

Policy Coherence

ARTSI directly supports the implementation of key international agreements and strategic frameworks, including:

Global Biodiversity Framework (GBF), particularly Target 18: The project aims to reduce and reform subsidies harmful to biodiversity and scale up positive incentives, fulfilling the GBF's mandate to align economic tools with conservation and sustainability objectives by 2030.

2030 Agenda for Sustainable Development (SDGs): ARTSI contributes to multiple SDGs, including SDGs 2, 13, and 15 specifically.

UNFCCC and Nationally Determined Contributions (NDCs): By helping countries realign fiscal incentives in agriculture and land use, ARTSI supports efforts to meet NDC targets and strengthen climate resilience.

Through its design and global knowledge-sharing platform, ARTSI also builds synergies with many international organizations including the GEF, World Bank, OECD, IMF, UNEP, and UNDP, among others.

Incentive reform by nature promotes policy coherence and synergies by recognizing and addressing policies that are creating harmful effects on the environment. Each pilot country has expressed strong political interest in reforming harmful subsidies. ARTSI reinforces these national commitments by embedding its activities in existing plans, policies, and institutional priorities:

Colombia:

Supports national priorities under the National Development Plan (2022–2026) and NBSAP, especially in the Amazon Piedmont where unsustainable agricultural expansion is a leading cause of deforestation.

Builds on work led by Biofin Colombia and the Ministry of Environment to identify and reform sectoral incentives, including in organic cocoa subsector.

Fiji:

Aligns with the Fiji 2050 Framework for Sustainable Development and national efforts to transition toward organic and sustainable agriculture, while reducing coastal runoff and protecting marine ecosystems.

Contributes to the goals of the Fiji NBSAP and supports localized enforcement of fertilizer subsidy reforms in areas such as Cicia Island, where organic transitions have been government-led.

The Philippines:

Responds to the implementation needs of the 2024 Salt Industry Act, ensuring that new subsidies do not lead to mangrove degradation or reverse blue carbon gains.

Supports national objectives under the Climate Change Act, the PBSAP especially their strong national target on subsidies and incentives, and local ordinances on wetland restoration and aquaculture reform.

The ARTSI project is designed to directly enhance human, institutional, and technical capacities that are critical to sustaining long-term incentive reform. This will be addressed through both GEF funding and co-finance from government, civil society, and philanthropic sources.

At the same time, ARTSI will enable alignment by working through trusted partners and leveraging lessons from past successful initiatives, such as the BIOFIN platform, national Payment for Ecosystem Services (PES) programs, and previous GEF projects in each country.

Innovation

ARTSI will directly support the achievement of GBF target 18 on scaling up positive economic incentives and reforming or eliminating subsidies harmful to biodiversity. Conservation International has worked closely with 12 countries over the past two years on the development of their NBSAPs, and now most countries have communicated their commitments to the CBD - including their plans to achieve target 18. This will further support domestic resource mobilization needed to achieve all GBF targets. This aligns with the transformational change noted in the Seventh Comprehensive Evaluation of the GEF (OPS-7), as well as the objective to set up a transformative process for biodiversity finance as countries update their National Biodiversity Strategy Action Plans (NBSAPs) by "Developing policy and regulatory frameworks that remove subsidies harmful to biodiversity and provide incentives for biodiversity-positive land and resource use that remains productive but that does not degrade biodiversity."[32]

Acknowledging the urgent need to drive transformational change, the ARTSI grant mechanism will spur innovation in processes to achieve policy reform that strengthens global environment finance. To do this, ARTSI will bring together stakeholders from relevant sectors to build on and generate lessons from incentive reforms, informed by a growing body of concrete reform initiatives. The mechanism will be designed to convene and leverage a diverse set of stakeholders including the GEF, the private sector and other donors to fund research, advocacy and actions aimed at reforming policy and improving incentive contexts. The grant selection process will prioritize initiatives that offer promising innovation in tools and processes to improve policy contexts with respect to incentives for sustainable decision-making in the agriculture, forestry and fisheries sectors. The mechanism itself will offer an innovative addition to the global biodiversity finance arena, by serving as a catalytic driver of policy change that will test and draw attention to effective and successful approaches to: 1. accelerate reform processes; 2. prompt replication; and 3. guide future investments of biodiversity finance by GEF and others. Moreover, this project to co-design the ARTSI grant mechanism represents a highly strategic deployment of GEF resources as it will serve as the basis for CI's pursuit of significant partnerships that are able to provide large contributions to capitalize the mechanism.

Institutional Arrangement and Coordination with Ongoing Initiatives and Project.

Please describe the Institutional Arrangements for the execution of this project, including financial management and procurement. If possible, please summarize the flow of funds (diagram), accountabilities for project management and financial reporting (organogram), including audit, and staffing plans. (max. 500 words, approximately 1 page)

Implementing Agency (IA):

Conservation International (CI-GEF) is the GEF Implementing Agency of this project. The overall role of the CI-GEF Implementing Agency includes technical and financial project oversight and supervision, assuring compliance with GEF policies and procedures as well as monitoring and evaluation of project activities. CI-GEF will make recommendations to optimize project performance and will arbitrate and ensure the resolution of any execution conflicts. CI-GEF tasks will include the following:

- Facilitate interactions with the GEF and linkages between the project and other related GEF-funded initiatives.
- Provide technical and financial oversight to the Executing Agency and ensure that project management practices (technical, financial, and administration) comply with GEF requirements.
- Oversee and monitor implementation of the project including reviewing quarterly technical and financial project reports, undertaking annual project site visits, and monitoring application of safeguards.
- Review and approve procurement plans, budgets, and work plans.
- Quality assurance, including ensuring that audits are undertaken by external auditors.
- Oversee preparation of the annual project implementation report (PIR) for submission to GEFSEC.
- Commission Terminal project evaluation.

Executing Agency (EA):

Conservation International, through its Center for Policy and Incentives (CPI), will serve as the Project's Executing Agency (EA). CPI will work with internal (other CI teams and programs including the Conservation Programs division, the Global Partnerships division, and the Resources & Strategy team) and external stakeholders to design the ARTSI grant mechanism and execute the pilot projects. External stakeholders will include:

- Global: multilateral institutions (World Bank, IMF, IDB, CAF, FAO, UNEP, WTO, OECD, CBD, UNDP (BIOFIN)); Philanthropy (Gordon and Betty Moore Foundation, Porticus Foundation, Gates Foundation, CLUA, Rainforest Foundation Norway, among others); Government (agencies in countries with pilots, agencies that are potential donors, agencies in countries with potential grant recipients); NGOs (ICCF , TNC, WWF, IISD, among others); Private sector (WEF, B team, Business for Nature, KPMG, World Business Council for Sustainable Development, FAIRR Initiative, LGIM); Academia (University of Adelaide); Indigenous groups (IIFB); women's groups (CBD Women's Caucus); and youth groups (GBYN).
- Colombia: Government (FINAGRO, CNCA, regional & municipal governments in Putumayo, Cauca, and Caquetá); CSOs/NGOs (CI Colombia); Private sector (Cocoa producer associations; Cocoa buyers, e.g. KAOKA); Academia (SINCHI)
- Fiji: Government (Ministry of Agriculture and Waterways, Lau provincial council); CSOs/NGOs (CI Fiji); Private sector (Jays Organix, South Pacific Fertilizers Limited)
- Philippines: Government (DENR, DA-BFAR, BOI); CSOs/NGOs (CI Philippines; Global Mangrove Alliance); Private sector (Philippine Association of Salt Industry Networks, Trade Associations, Rural & Development Agencies, Rural & Development Banks, Large scale commercial aquaculture companies/ cooperatives); Academia (UPMSI)

(Details on the involvement of these stakeholders are provided in the Stakeholder Engagement Plan - Annex G).

As EA, CPI roles will include:

- Guide overall project execution and delivery of outputs and outcomes.
- Receive, distribute and account for GEF resources.
- House the PMU and lead recruitment of PMU members to be hired.
- Serve as the secretariat for the Project Steering Committee.

- Effective coordination of and between internal and external partners.
- Monitoring and evaluation of project interventions and reporting to CI GEF Agency.
- Ensure adherence to social and environmental safeguards and implementation of the Environmental and Social Management Framework.
- Lead stakeholder engagement, learning, and knowledge sharing.
- Convene meetings/workshops for stakeholder engagement, learning, and knowledge sharing.
- Maintain a repository of all project-related documentation.

Execution of pilots will be undertaken by CI Country Programs and their in-country partners in Colombia, Fiji, and the Philippines. These teams will be responsible for managing pilot incentive activities, conducting stakeholder outreach and engagement, and ensuring feedback into the design process. CPI staff will be closely engaged in managing all pilots as well as coordinating information- sharing and facilitating the community of practice.

Project Management Unit:

CPI will form and host the Project Management Unit (PMU). The PMU will be responsible for overall project management, operational planning, day-to-day implementation of all Project activities under the Project components, ensuring project success, monitoring and reporting on Project outputs and outcomes, managing the Project budget, and liaising with and reporting to CI-GEF Agency. The PMU Lead will coordinate directly as needed with CI-GEF. The PMU will be based at CI Headquarters (Arlington, VA, USA) and the PMU Project Lead will maintain ultimate operational responsibility for the Project, with input from CPI senior staff. The PMU will also prepare and support meetings of the Project Steering Committee (PSC, see below).

The PMU will work closely with supporting stakeholders, internal sub-grantees (CI country programs implementing the pilot projects), and service providers. Consultants will be hired as needed to provide technical assistance for specific tasks requiring expertise that cannot be undertaken by the PMU or its partners.

Generally, the PMU will be responsible for:

- Financial disbursements and record-keeping
- Project and program monitoring and reporting (technical)
- Preparation and submission of all technical and financial reports to the CI-GEF Agency
- Monitoring and reporting materialization of co-financing to CI-GEF
- Procurement of services, goods, and equipment
- Coordination of the flow of communications, inputs, procurement, outputs, and work streams among partners, consultants, stakeholders, etc.to ensure the project delivers the planned outputs and overall objectives
- Organizing and facilitating workshops and travel
- Identification of potential risks to project activities and implementation of mitigation measures
- Knowledge management
- Setting up, monitoring, and reporting implementation progress of environmental and social safeguards
- Overseeing the management of pilots
- Rapporteur of the Project Steering Committee (PSC)

Structure of the PMU:

The PMU will be composed of staff listed below (details provided in Annex H):

- Project Lead: The Project Lead will be responsible for the project's overall technical direction and staff management and ensure efficient and timely delivery of goals. This position will identify issues and risks related to project implementation in a timely manner and suggest appropriate adjustments. The Project Lead will also guide alignment between the project and institutional strategies of CI and other partners.
- Partnership Engagement Director: The Partnership Engagement Director will be responsible for day-to-day management of project activities to maintain continuous progress. Key functions will include the steering the ARTSI grant mechanism co-design process; fundraising; reporting; organizing convenings; and preparation of knowledge products. This position will oversee the preparation and presentation of workplans and reports. This position will coordinate closely with the technical unit to ensure timely integration of progress related to the pilots into the co-design process.
- Partnership and MEAL Manager: The Partnership and MEAL Manager will support the Partnership Engagement Director in all their functions and will lead Monitoring, Evaluation, Accountability and Learning (MEAL) activities (relating to implementation of project activities as well as application of safeguards).
- ARTSI Project Coordinator (covered through co-financing): The ARTSI Project Coordinator will provide administrative support to the Partnership Engagement Director and the Partnership and MEAL Manager, and bear primary responsibility for regular communications with the project`s partners and stakeholders.
- Finance and Operations Manager: The Finance and Operations Manager will be responsible for managing the financial functions of the Project, ensuring compliance with GEF and CI donors. This includes budget management, financial reporting, procurement, and general administration.

The PMU will be overseen by CI`s Senior Vice President for Policy and Incentives as Project Director, with responsibility for high level oversight and strategic guidance. The Project Director will also provide a vital link as the senior point of contact for government relations, donor relations and private sector outreach, as well as other counterparts and implementing partners.

The PMU will be supported by a Technical Unit that will contribute technical and functional expertise to oversee implementation of pilot projects; applying pilot project lessons to the ARTSI grant mechanism design process; and the grant mechanism design process itself. An Economic Incentives Specialist will bring subject matter expertise relating to the policy reforms that are central to the project; they also will lead planning of convening events with a technical focus for the pilots. This will be supplemented by two project technicians, one of whom (Project Delivery Support – Global) will support project delivery and ensure integration of lessons and stakeholder input from a global lens, and the second of whom (Project Delivery Support – Americas) will focus on linking pilot projects and other inputs to grant mechanism development from the perspective of the Americas region. Project Delivery Support (Africa and Asia Pacific) will focus on project pipeline development for their respective regions. The PMU will contract safeguards expertise to support application of safeguards plans and strategies as well as their refinement as needed (Safeguards and Gender Expert). Finally, a Fundraising Support position will be responsible for guiding efforts to capitalize the ARTSI grants mechanism.

ARTSI Core Design Team (CDT)

The CDT, coordinated by the Partnership Engagement Director, will collaborate on an ongoing basis following workstreams to be developed by the members in the first month of project implementation. The CDT will be chaired by CI and the rapporteur will be a representative from the project team. Members of the CDT will include CPI staff as well as representatives from external partners, to be identified and invited by the PMU (including GEF Secretariat).. This recruitment process will include a focus on potential donors to the ARTSI mechanism with an interest in participating in the co-design process. (Those partners who do ultimately contribute funding to the

mechanism will be considered *Founding Partners*, and will be eligible for governance roles in the mechanism to be defined as part of project design.)

The CDT will be supported by two other bodies to be established and facilitated by the PMU, which will provide key guidance but not decision-making authority

- *Supporting Partners Panel*: This body, consisting of individuals with technical expertise relevant to policy, incentives and grant mechanism design, will be convened at key junctures during the design process to socialize and validate the work of the CDT.
- *Advisory Group on Economic Incentives*: This group consisting of senior-level individuals involved in economic policy, will meet 3-4 times a year to provide high level strategic guidance to the design process. This group has been meeting for over a year and has provided important strategic guidance related to the development of this project and other incentives efforts that CI is advancing.

Project Steering Committee (PSC):

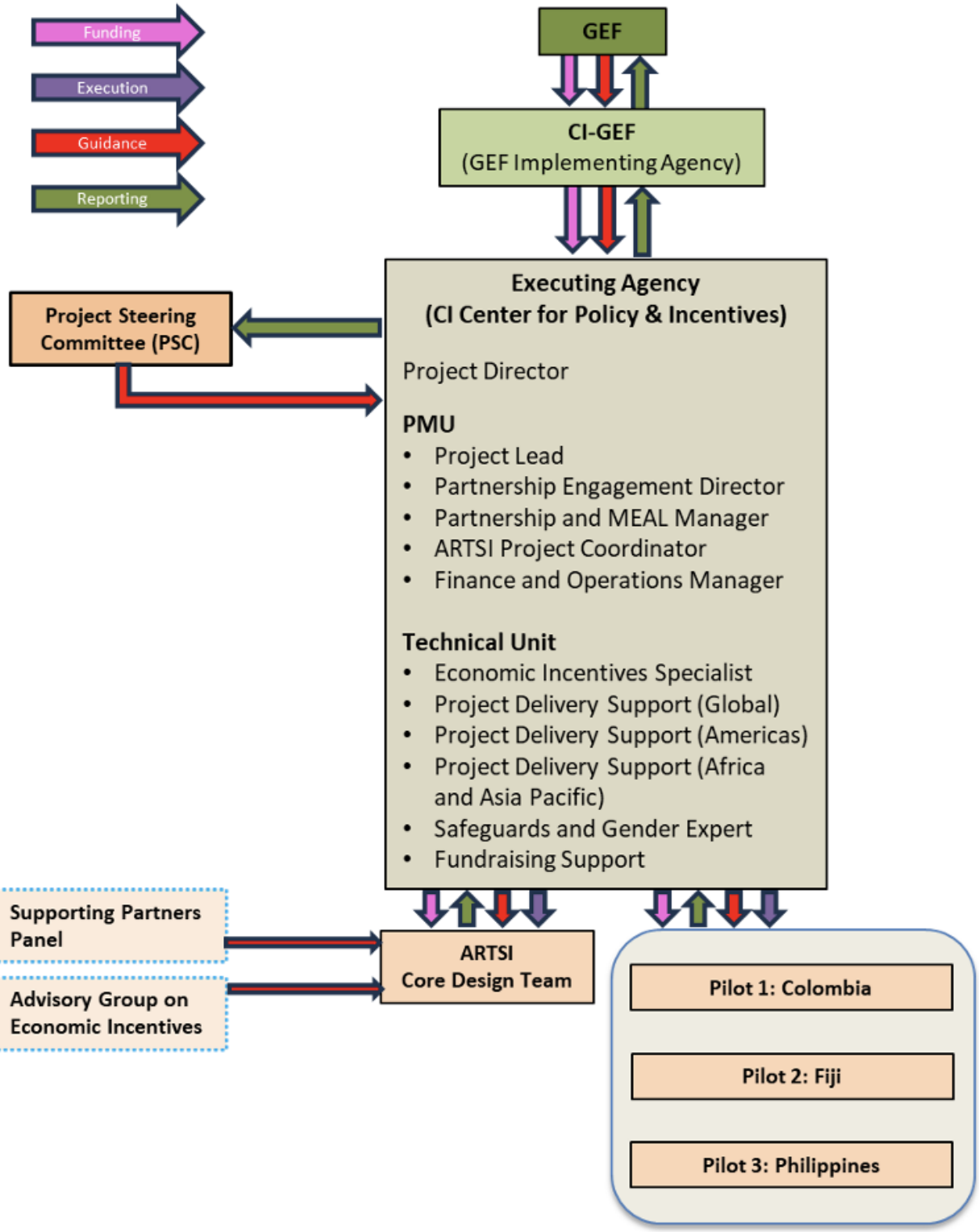
The Project Steering Committee (PSC) will include the Project Director, at least one external representative from the Core Design Team, and representatives from the lead implementer of each pilot project, supporting partners panel and advisory group on economic incentives. A government representative from each of the pilot countries will be invited to attend the project steering committee meetings and will receive periodic updates from the PSC. CI-GEF will participate in SPC meetings as an observer. The PMU will serve as the secretariat of the PSC. The principal function of the PSC is to review project progress and provide guidance on project delivery, based on stakeholder positions relevant to project alignment with national policies and laws, best practice, and related initiatives. This body will ensure collaboration with other programs and avoid duplication of efforts. The PSC will maintain continuous exchange of information among its members by electronic means and convene virtually every six months over the course of project implementation; additional *ad hoc* steering committee meetings can be convened via telephone conference or other means, if necessary. Minutes of PSC meetings will be submitted to the CI-GEF Agency and other relevant stakeholders.

GEF Operational Focal Point (OFP)

The GEF Operational Focal Point (OFP) is the designated government official who serves as the principal contact for GEF-funded activities in their respective country. According to GEF guidelines, OFPs must be informed, involved, and consulted throughout the lifecycle of a GEF project, including receiving updates on project implementation, results, and impacts. The project will coordinate and involve pilot project country OFPs in the following ways:

- Invite the OFPs to participate in Project Steering Committee meetings.
- Inform and consult the OFPs about the planning, execution, and findings of the Terminal Evaluation of the Project.
- Share Project Monitoring and Evaluation reports with OFPs, such as the Project Implementation Report (PIR) and Project Terminal Evaluation Report.
- Provide selected knowledge management products to the OFPs.

Figure 3: Project Execution Organizational Chart



Will the GEF Agency play an execution role on this project?

Yes

If so, please describe that role here and the justification.

Per the institutional implementation arrangements described above, CI GEF Agency will serve as the Implementing Agency (IA), responsible for overall implementation of the project in line with GEF guidelines and requirements and for the independent Terminal Evaluation to be conducted. It will oversee delivery of the project by CI - Center for Policy and Incentives (CPI) as the Executing Agency (EA), responsible for day-to-day execution of the project; coordination and collaboration with ARTSI grant mechanism design partners; and ongoing project monitoring and reporting. Execution will be led by CI's CPI team, who will establish a Project Management Unit and a Project Steering Committee, drawing on counterpart institutions in policy reform and conservation finance arenas. Delivery partners will include internal subgrantees selected for the pilot projects (Component 2).

As the execution lead, the CPI team also will be responsible for coordination with other relevant initiatives and programs. As noted above (baseline), this includes UNDP and the Global Biodiversity Finance Initiative (BIOFIN) as well as the work of the Environmentally Harmful Subsidy (EHS) reform stakeholder group which has been convened by IISD. The CPI team will also ensure that the ARTSI design process benefits from lessons and accomplishments generated by the GEF-supported Business for Nature project. Although the Business for Nature project is scheduled to conclude in mid-2025, it offers synergies and networks for the ARTSI project to build on with respect to policy engagement around incentives, facilitated by CI GEF Agency as IA for both. In addition, the intent of the ARTSI grant mechanism is relevant to work within several GEF Integrated Programs, particularly Amazon, Congo, and Critical Forest Biomes; Blue and Green Islands; Clean and Healthy Ocean; Ecological Restoration; and Food Systems. The CPI team will work with CI GEF Agency to seek out opportunities to align efforts and collaborate with projects under these programs.

Conservation International, in adherence to GEF policy on segregating implementation and execution functions, centralizes the implementation role within the CI-GEF unit. This segregation of duties was assessed during accreditation and the last review done in 2022 conducted by KPMG that was contracted by the GEF, in which CI demonstrated its compliance with no added conditions. Our policy ensures a clear segregation of duties and prevents any overlap for individual staff member roles. The separation of these functions within CI is formalized through an internal grant agreement between the two divisions, which clearly defines the responsibilities, reporting, accountability, and monitoring functions of each party. Essentially, this grant agreement ensures that the segregation of duties within CI mirrors the functional separation of working with an external Executing Agency (EA).

Also, please add a short explanation to describe cooperation with ongoing initiatives and projects, including potential for co-location and/or sharing of expertise/staffing (max. 500 words, approximately 1 page)

Cooperation with ongoing initiatives and projects

The PMU will be primarily responsible for ensuring cooperation with ongoing initiatives and projects. To do so it will benefit from its role as part of CI's Center for Policy and Incentives, and this Center's relationships with related groups and initiatives such as the Environmentally Harmful Subsidies coalition, BIOFIN, HAC and NBSAP Acccelerator Partnership. It will also rely on the PSC for further alignment with ongoing work, particularly for related projects being implemented in the pilot project countries by BIOFIN, NBSAP Accelerator Partnership, and others. Noting that this project also contributes to the GEF's cross-cutting priority agenda on policy coherence, implementers of the pilots under

this project will bring together different governmental sectors and stakeholders to facilitate enhanced coherence of their policies and actions. On a technical level, the project will cooperate with existing grant mechanisms housed within CI to inform the design process, in particular the GEF-supported Blue Nature Alliance and the Critical Ecosystem Partnership Fund (CEPF), among others.

At a global level, design of the ARTSI grant mechanism will greatly benefit from BIOFIN participation, and BIOFIN will be invited to join as a Supporting Partners. Input from BIOFIN will be especially important for development of the ARTSI grant-making strategy, such that the strategy is informed by BIOFIN's wide-ranging experience and thought-leadership. Crucially, future grant-making in specific countries in which BIOFIN is active should be aligned with overall planning and strategy for subsidy reform that BIOFIN may have developed with government counterparts and other stakeholders. The ARTSI project's activities to cultivate a community of practice will also benefit from BIOFIN input, given the BIOFIN's program's efforts to disseminate tools, guidance and lessons learned. This can take the form of joint hosting of learning and dissemination events, sharing of dissemination channels, and coordinated participation in relevant national, regional and global convenings that address subsidy reform.

This collaboration will build on a history of constructive interactions between BIOFIN and CI. BIOFIN products and resources recognize CI as a partner and contributor (e.g., the BIOFIN Workbook and BIOFIN Finance Resources for Biodiversity), and several CI publications reference BIOFIN tools and guidelines. BIOFIN and CI have helped coordinate and participated jointly in national workshops to advance conservation finance in a range of countries and have appeared as co-speakers or panelists in various multi-stakeholder events (e.g., landscape-finance webinars and biodiversity finance dialogues). Currently, CI's Center for Policy and Incentives conducts quarterly update and coordination calls with BIOFIN leadership, which has laid the groundwork for collaboration in the ARTSI initiative.

The project also will coordinate with ongoing GEF funded projects at global and national levels, including:

Global GEF Projects:

Global Biodiversity Framework Early Action Support (GBF-EAS) (GEF ID: 11024, 11030): Colombia and the Philippines are included under the UNDP's GBF-EAS project, which, *inter alia*, works with countries on policy and institutional alignment and review of policies for coherence with the GBF as well as biodiversity finance activities. The ARTSI project's work on reform of subsidies and incentives will provide concrete demonstrations (Component 2) of pathways to enhance policy coherence and increase biodiversity finance, contributing to the aims of GBF-EAS.

Policy Coherence for Global Environmental Benefits (GEF ID: 10920): Colombia is one of three countries involved in this GEF-7 MSP, which promotes mutually reinforcing legal frameworks and alignment of financial resources for global biodiversity benefits. Under the International Conservation Caucus Foundation (ICCF) Group (also called the Conservation Council of Nations (CCN)) as Executing Agency, members of the Conservation Caucus in Colombia work with the project to identify approaches and opportunities to advance nature positive results through enhanced policy coherence; conduct pilot studies to increase policy coherence through technical reviews and legislative processes; and conduct knowledge-management and communications activities. Discussions with the ICCF Group during the PPG phase have informed ARTSI project design, and the project will continue to engage ICCF to ensure alignment and pursue synergies in Colombia (e.g., joint knowledge sharing events) and also to explore opportunities at the global level with respect to the community of practice and dissemination of lessons and models.

Amazon Sustainable Landscapes Program Phase 3 (GEF ID: 11337): The ARTSI grant mechanism will complement the Amazon Sustainable Landscapes Program by supporting efforts to address policy and fiscal drivers of deforestation and land-use change. Through Components 1 and 2, ARTSI generates practical models for reforming environmentally harmful subsidies and aligning incentives with sustainable land-use objectives; after launch, the grant mechanism will seek to strengthen the enabling policy environment that underpins ASL investments and support replication across Amazon countries. Two Child Projects under ASL have supported long-running programs of work on forest restoration, protected area strengthening, integrated landscape management, sustainable livelihoods, and policies/incentives for protected and productive landscapes in Colombia. The are *Forest Conservation and Sustainability in the Heart of the Colombian Amazon,* and *Connectivity and Biodiversity Conservation in the Colombian Amazon—Sustainable Amazon for Peace.* The project will work with implementers and CORPOAMAZONIA to align ARTSI's targeted support for subsidy reform for organic cocoa production with these initiatives and ensure a coherent policy approach.

GEF Food Systems, Land Use and Restoration (FOLUR) Impact Program (GEF ID: 10201):
The ARTSI grant mechanism will be designed (Component 1) to reinforce programs like GEF FOLUR by tackling policy and subsidy distortions that undermine sustainable food systems, generating practical reform models (Component 2) and offering lessons (Component 3) that can enhance long-term sustainability of FOLUR investments. (See below for the FOLUR Child Project in Colombia).

Umbrella Programme to Support Development of Biodiversity Finance Plans *(GEF ID: 11054)*:
This global enabling programme supports countries to develop comprehensive national biodiversity finance plans by conducting policy and institutional diagnostics, expenditure reviews, and assessments of financing needs to implement the KMGBF. The ARTSI project and its resulting grant mechanism will contribute to this effort by generating pilot analysis and models for reforming harmful subsidies and incentive structures (Component 1 and 2), helping ensure that biodiversity finance plans can incorporate actionable subsidy reform measures.

Unlocking Blue Pacific Prosperity (UBPP) through the Ocean Flagship (GEF ID: 12069):
The ARTSI project is relevant to the UBPP/Ocean Flagship initiative that currently is under development by addressing fiscal and policy incentives that influence ocean and coastal outcomes in Pacific SIDS. Through Components 1 and 2, ARTSI will generate practical models for reforming environmentally harmful subsidies and aligning incentives with sustainable fisheries, coastal management, and blue economy objectives, thereby strengthening the enabling policy environment that underpins UBPP investments and supporting coherence across land–sea policy interfaces.

Pacific I2I Regional Project: ***Ocean Health for Ocean Wealth – The Voyage to a Blue Economy for the Blue Pacific Continent*** (GEF ID: 10783)*:*
The Pacific I2I project aims to strengthen ocean governance, catalyze investment, and scale a sustainable blue economy across Pacific Island Countries by aligning policy, finance, and institutional frameworks with ocean health objectives. The ARTSI mechanism directly corresponds to these goals by supporting reform of subsidy and incentive structures that influence ocean and coastal outcomes through the fisheries sector as well as land-based activities in agriculture that impact coastal ecosystems.

National GEF Projects in Colombia, Fiji and the Philippines

Revitalizing Ecosystems for Sustainable Agriculture and Resilience in Fiji (RESAR) (GEF ID: 11718*)*:
the ARTSI project will complement the RESAR project that is currently being finalized by demonstrating how to adjust policy and incentive structures that influence agricultural practices to promote ecosystem resilience in Fiji.

Participatory Restoration to Improve Ecosystem Service Provision and Connectivity at the Landscape Scale in Colombia (GEF ID: 11679):
Once approved, this project will aim to increase ecosystem service provision and landscape connectivity

through participatory ecological restoration actions in Colombia, enhancing the resilience and functional integrity of degraded ecosystems. Once operational, the ARTSI grant mechanism will further these goals by addressing upstream policy and fiscal drivers that influence land management and restoration outcomes.

Promoting Sustainable Value Chains in Deforestation Hot-Spots in Northern Colombia (FOLUR Child Project):
This project aims to promote environmentally sustainable and inclusive value chains in **n**orthern Colombia by strengthening producer organizations, sustainable practices, and market access for key agricultural commodities. Similarly, the ARTSI project aims to address policy and incentive barriers that influence land management and sustainable production decisions, with Components 1 and 2 supporting reforms that reduce harmful subsidies and align fiscal incentives with sustainable value-chain growth, thereby reinforcing both ecological resilience and rural economic opportunities.

Philippines Biodiversity Financing Program (GEF ID: 11600)*:*
This GBFF-supported program will support the Philippines to mobilize and align public and private finance for biodiversity conservation, including development of financing plans, policy instruments, and institutional capacity to implement the KMGBF. This aligns with the overall purpose of ARTSI which is to support and demonstrate reform and repurposing of subsidies and incentives, providing practical pilot models and policy tools that can strengthen biodiversity finance in the Philippines.

Transforming Agricultural Landscapes in Island Ecosystems and Key Biodiversity Areas towards Sustainable Food Systems and Climate-Resilient Communities (GEF ID: 11237)*:*
This project aims to transform agricultural practices in island ecosystems and Key Biodiversity Areas in the Philippines by promoting sustainable food systems, ecosystem restoration, and climate resilience for local communities. ARTSI will reinforce this work by addressing policy, subsidy, and incentive frameworks that influence agricultural decision-making; through Components 1 and 2, the project will develop the ARTSI grant mechanism to support reform of environmentally harmful incentives and strengthen the enabling environment for sustaining and scaling up landscape-level transformation outcomes.

Strengthening and Sustaining Coastal Resource and Fisheries Management in the Leyte Gulf (GEF ID: 10738)*:*
This project aims to strengthen coastal and fisheries governance in the Philippines' Leyte Gulf by improving ecosystem-based management, sustaining fisheries productivity, and enhancing the resilience of coastal communities. The strategy for the ARTSI grant mechanism (Component 1) will relate to this work by addressing incentive structures that influence fisheries effort, coastal resource use, and land–sea interactions.

Thus, the ARTSI project's work will be relevant to multiple ongoing GEF investments. To maximize synergies, the pilot implementers in each country will liaise with the leads of these other projects to explore opportunities for collaboration and/or coordination, including on: engagement of policy makers and other stakeholders; preparation of learning products; arrangement of dissemination events; and planning of follow-up projects and programs. This provides a valuable opportunity for the project to begin building a potential pipeline of projects to support in the future once the ARTSI grant mechanism is operational.

Core Indicators

Indicate expected results in each relevant indicator using methodologies indicated in the GEF-8 Results Measurement Framework Guidelines. There is no need to complete this table for climate adaptation projects financed solely through LDCF and SCCF.

Indicator 4 Area of landscapes under improved practices (hectares; excluding protected areas)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
100000	105190	0	0

Indicator 4.1 Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
	105,190.00		

Indicator 4.2 Area of landscapes under third-party certification incorporating biodiversity considerations

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Type/Name of Third Party Certification

Indicator 4.3 Area of landscapes under sustainable land management in production systems

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
100,000.00			

Indicator 4.4 Area of High Conservation Value or other forest loss avoided

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4.5 Terrestrial OECMs supported

Name of the OECMs	WDPA-ID	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)

Documents (Document(s) that justifies the HCVF)

Title

Indicator 5 Area of marine habitat under improved practices to benefit biodiversity (excluding protected areas)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
50,000.00	0.00		

Indicator 5.1 Fisheries under third-party certification incorporating biodiversity considerations

Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)

Type/name of the third-party certification

Indicator 5.2 Large Marine Ecosystems with reduced pollution and hypoxia

Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)

LME at PIF	LME at CEO Endorsement	LME at MTR	LME at TE

Indicator 5.3 Marine OECMs supported

Name of the OECMs	WDPA-ID	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)

Indicator 6 Greenhouse Gas Emissions Mitigated

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)	1000000	3457969	0	0
Expected metric tons of CO_2e (indirect)	0	0	0	0

Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)	1,000,000	3,457,969		
Expected metric tons of CO_2e (indirect)				
Anticipated start year of accounting		2026		
Duration of accounting		20		

Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)				
Expected metric tons of CO_2e (indirect)				
Anticipated start year of accounting				
Duration of accounting				

Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Total Target Benefit	Energy (MJ) (At PIF)	Energy (MJ) (At CEO Endorsement)	Energy (MJ) (Achieved at MTR)	Energy (MJ) (Achieved at TE)
Target Energy Saved (MJ)				

Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Technology	Capacity (MW) (Expected at PIF)	Capacity (MW) (Expected at CEO Endorsement)	Capacity (MW) (Achieved at MTR)	Capacity (MW) (Achieved at TE)

Indicator 11 People benefiting from GEF-financed investments

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	125	1,068		
Male	125	1,491		
Total	**250**	**2,559**	0	**0**

Explain the methodological approach and underlying logic to justify target levels for Core and Sub-Indicators (max. 250 words, approximately 1/2 page)

The project will include 3 pilot projects that test approaches to subsidy reform. These consist of:

- Colombia: Promote adoption of organic cocoa production practices through loan conditions.
- Fiji: Promote organic fertilizer use by expanding coverage of national fertilizer subsidy program.
- The Philippines: Protect mangroves by making salt production in mangrove areas ineligible for salt producer subsidies.

For Core Indicator 4:

- Colombia: the pilot project implementer has agreed with the Government of Colombia to target 5,000 ha for support to organic cocoa production under a national loan program for agricultural producers. The Colombian Government's Agricultural Development Bank (FINAGRO) specifically requested CI to partner with them on this pilot. The size reflects the area that will be impacted by engaging all the producers linked to the cooperatives with which CI and the Government of Colombia are working.
- Fiji: the pilot project implementer will focus on the island of Moala, in the Lau Island group, having identified 190 ha of land under agricultural production that is suitable for transition to organic fertilizer use if incentivized by the national fertilizer subsidy. While this may appear small, any pilot on a Fijian island (other than Viti Levu or Vanua Levu) necessarily is going to be small (if this were a problem, that could put Pacific SIDS, especially their more remote islands, at a disadvantage for participation in any project). The area given is the entirety of the area under cultivation on the island of Moala (9th largest in Fiji) – thus, the pilot turns a complete island into an organic agriculture site, which is a useful scale/unit for replication elsewhere in Fiji. Note also that the island is considerably larger than just the cultivated area (total 62 km2), and the benefits of shifting to organic extend beyond that cultivated area, and indeed to a considerable area of offshore marine habitat due to avoided chemical runoff.
- The Philippines: the national government's Department of Environment and Natural Resources (DENR) has allocated specific coastal areas throughout the country to the Bureau of Fisheries and Aquatic Resources (BFAR) to manage for aquaculture and salt production. DENR estimates that activities in these areas can impact about 100,000 ha of mangroves. The pilot project will work with government agencies to restrict subsidies for salt production to locations (Abandoned, Undeveloped and Underutilized (AUU) ponds) that will not result in negative impacts on these mangrove areas.

The target for Core Indicator 4 therefore is the sum of these three pilot targets, totaling 105,190 ha. The fact that the areas for Colombia and Fiji are small than anticipated for pilots at the PIF stage may be attributed to several considerations:

· Type of project: The main thrust of this project is design of a grant mechanism to support policy work in the future; therefore the impacts in terms of Core Indicators are limited, as the full impact of policy changes will not manifest until sometime after the project is completed.

· Engagement and project design steps with pilot project countries subsequent to the PIF made clear that for most pilots, given potential policy ramifications, it is important to start small. Moreover, OFP non-objections in each of the countries lends confidence that the targeted scales are appropriate given the nature of the project.

· The short project timeline of 2 years, with the intention of launching the grant mechanism as soon as possible after that, also means that pilots needed to be smaller to be more likely to be feasible/show demonstrable results within the project period.

The modest budget available is sufficient for meaningful policy demonstrations, but ambitions need to be realistic in terms of pilot sizes, numbers of beneficiaries engaged, etc.

For Core Indicator 6:

Colombia: The online FAO EX-ACT tool was used to model the change in GHG emissions attributable to a shift to organic practices in agroforestry. The result of 1,202,022 MtCO2e principally reflects enhanced soil carbon achieved over a 20-year time horizon. Note that the subsidized loan conditions also will prohibit forest clearing for new planting, thereby avoiding considerably greater amounts of GHG emissions. However, the amount of avoided deforestation cannot be reliably estimated at this time.

Fiji: The online FAO EX-ACT tool was used to model the change in GHG emissions attributable to a shift to organic practices in agriculture. The reduction in emissions over 20 years is estimated to total 3,343 MtCO2e, consistent with literature that suggests that emissions reductions from shifting from conventional to organic agriculture can be marginal.

The Philippines: The online FAO EX-ACT tool was used to model the expected impact of reduced degradation of mangrove forests from increased salinity levels caused by salt production. Using conservative assumptions (improved policy results in a 5% increase in biomass recovery) the EX-ACT tool yields mitigated emissions of 2,252,604 MtCO2e relative to the without-project scenario.

The target for Core Indicator 6 therefore is the sum of these three pilot targets, totaling 3,457,969 MtCO2e.

For Core Indicator 11:

- Colombia: A total of 926 beneficiaries (334 women; 592 men) is the number of members of the 8 cocoa producer cooperatives in Putumayo, Cauca, and Caquetá; the pilot project will work these cooperatives for access to incentives for organic production.
- Fiji: A total of 1,033 beneficiaries (464 women; 569 men) is the reported number of people involved in agriculture in the targeted area on Moala Island, who will benefit from access to subsidies for organic fertilizer.
- The Philippines: The project will focus on policy reform with Local Government Units (LGUs) in two municipalities. The LGUs will then identify communities with whom to roll out the new policies; based on previous work involving pilots with communities in mangrove ecosystems, this will entail on the order of 300 beneficiaries (40% women, reflecting an intent to increase women's participation relative to typical gender breakdown in salt production activities). This figure will be updated during implementation when the LGUs have selected their focal communities.

In addition, the project will directly benefit at least 150 women and 150 men through engagement and capacity building linked to designing the ARTSI grant mechanism as well as knowledge management/dissemination. The nature of these direct benefits consists of training, knowledge and awareness, capacity building, and participation in a growing global community of practice focused on policy reform. Consequently, direct beneficiaries will be individuals involved in grant mechanism design and knowledge management/dissemination. Based on outreach mailing lists and attendance at relevant events organized by the CI Center for Policy and Incentives, 300 direct beneficiaries (50% women) is a conservative estimate of the number of people that will be reached through these project activities.

The target for Core Indicator 11 is the sum of the pilot and global targets, totaling 2,559 people (1,068 women; 1,491 men).

Key Risks

	Rating	Explanation of risk and mitigation measures
CONTEXT		
Climate	Low	Risk: As this project entails work on mechanism design and policy engagement rather than on-the-ground fieldwork, climate change does not pose a material risk to project preparation and implementation phases. Although climate-related events could delay specific steps/tasks (e.g., a meeting disrupted by a power outage), the impact on overall project delivery would be minimal. At worst, an extreme weather event might temporarily require the attention of key counterparts (e.g., government policy makers), such that engagement activities would need to be rescheduled. Mitigation Measure: Given that there is no material climate-linked risk, the only mitigation measure needed is standard flexibility in planning of engagement events and work sessions, to permit rescheduling when required by circumstances.
Environmental and Social	Moderate	Risk: A detailed overview of the environmental and social risks of the project is available in Annex F-Second ESS Screening Report. Please refer to that annex to see detailed risks identified for the different project Components. Mitigation Measure: The PPG phase included preliminary identification of ESS risks and mitigation measures for the pilot projects as captured in the SESA. Additionally, the project SEP, AGM and GMP all address issues at the pilot level in addition to the Component 1, 3, and 4 activities. Further information on the mitigation measures, can be found on Annex F- Second ESS Screening Report.
Political and Governance	High	Risk: Political and governance risk (including fragility and conflict) does not pose a risk to the principal project objective of designing the ARTSI grant mechanism, as the design of the mechanism will take place outside any particular national political or governance context. There is some political and governance risk linked to successful delivery of pilot projects. Insofar as pilots will involve engagement with government policy makers, their likelihood of success depends on a degree of political stability and robustness of governance to counter pushback against policy reform by particular interest groups. That said, the purpose of the pilots is to contribute to the experiential learning and knowledge base that will inform design of the ARTSI grant mechanism; in that sense, political and governance issues do not pose a risk to the project itself as pilot projects that encounter such challenges still will provide valuable learning opportunities. There is also potential risk that the overall mechanism cannot deliver its intended results; though outside the scope of this current project, this risk will be considered during the design of the mechanism.

		Mitigation Measure: Mitigation of this type of risk during project design and implementation has taken the form of judicious selection of pilot projects, identifying contexts that offer the political stability and robust governance features needed for reasonable likelihood of successful policy reform. This was based on feasibility analysis of pilot projects that explicitly considered political and governance issues. Post project, the grant mechanism will support activities that offer a likelihood of successful adoption of reforms. To do so, political and governance aspects will be considered when defining selection criteria for initiatives to be supported by the ARTSI Grant Mechanism.
INNOVATION		
Institutional and Policy	Moderate	Risk: While this risk has limited impact on the ability to achieve the project objective of designing the ARTSI grant mechanism, there is a risk that the pilots do not achieve their initial intentions. As discussed above, this could reflect factors such as limited understanding on the part of policy makers regarding the need or value of such policy change; limited appetite to undertake policy change that might have challenging political or budgetary implications; or the political power of constituencies with a vested interest in the status quo. Mitigation Measure: Pilots have been selected carefully with these considerations in mind. Furthermore, we will use lessons learned through the pilot phase to help design interventions to address these risks moving forward. The project's knowledge management and sharing activities also will seek to mitigate this future risk by disseminating lessons and information about successful policy reform processes.
Technological		Not applicable. As this project is focused on design of a funding mechanism for work on policy, there are no anticipated technological risks.
Financial and Business Model	Moderate	Risk: The basic financial model for the ARTSI grant mechanism is to capitalize a pool of funds with contributions from a set of donors, and to then disburse those funds per the ARTSI grant-making strategy. The risk to this model is insufficient capitalization to achieve impact. Based on CI's track record with successfully capitalizing funding mechanisms (e.g., CEPF, the Global Conservation Fund, and a host of trust funds and other funding mechanisms), combined with positive indications of appetite for participation in ARTSI on the part of a range of potential donors, we deem this risk to be low to moderate, at most. Mitigation Measure: This risk will be mitigated by leveraging CI's networks and expertise in attracting contributions to innovative financing mechanisms. Knowledge management and communications activities planned under the project will reinforce these efforts.
EXECUTION		
Capacity	Low	Risk: CI has demonstrated ample capacity to implement projects to design successful financing mechanisms, including several supported by GEF (e.g., CEPF, CAPPP, GCF, ICI). CI also has the requisite expertise and global network of partners to ensure that programmatic design of the mechanism will effectively focus on policies related to incentives and subsidy reform. With respect to sustainability, CI has demonstrated institutional capacity to secure

		long-term partnerships and funding commitments that have sustained grant mechanisms like CEPF and GCF for two decades and more. Mitigation Measure: This negligible risk will be mitigated during implementation by building on past experience, conducting inclusive mechanism design processes that leverage partnerships, and adaptive management to respond to unanticipated risks.
Fiduciary	Low	Risk: CI offers a wealth of experience with respect to robust and effective financial management and procurement while executing GEF projects, as well as in the design and deployment of various grant mechanisms (including those with GEF funding support). Combined with effective oversight by CI GEF Agency, this means that this risk is negligible. Mitigation Measure: To mitigate fiduciary risks, CI will use the financial management systems, policies and procedures it has developed and successfully used in other GEF-funded projects. These are detailed in institutional operational documents with policies and procedures for all aspects of project financial management, including procurement and payments to subprojects. Regular reporting to GEF will include detailed financial reports in line with agency reporting requirements, ensuring that any issues quickly are identified and remedied.
Stakeholder	Moderate	Risk: CI will engage stakeholders in the process of designing the ARTSI grant mechanism, per a Stakeholder Engagement Plan. This will leverage CI's extensive global network among NGOs, policy makers, funding sources, academia, and other organizations working in the policy arena. CI has demonstrated a wealth of capacity in this regard, by similarly engaging these types of stakeholders in various endeavors such as design of financing mechanisms (e.g., CEPF, ICI), development of policy positions (e.g., NBSAP national targets, Gaborone Declaration), project implementation, and conducting sessions at international policy events (e.g., CBD and UNCCC COPs). Therefore, risk relating to stakeholder engagement in project design and implementation for the creation of the ARTSI grant mechanism is deemed negligible. Stakeholder engagement also will play an important role in pilot projects and post-project initiatives supported by ARTSI grants. Stakeholder buy-in will be essential for success of the pilots and to sustain positive impacts. Inadequate stakeholder engagement can lead to inappropriate intervention design, inadequate consideration of impacts on stakeholders, and resistance to policy change. The risk of inadequate stakeholder engagement can be minimized through requirements that will be incorporated in the ARTSI grant mechanism design (see below), but the importance of stakeholder buy-in results in a risk rating of moderate. Mitigation Measure: A Stakeholder Engagement Plan has been developed for the project. To ensure that the need for stakeholder engagement is adequately addressed in pilot projects, the project has included pilot stakeholders in the SEP. Stakeholder mapping is included in each pilot workplan as an early activity. The grant mechanism itself also will require that grantees prepare stakeholder engagement plans. The design and application of these plans will benefit from CI's extensive capacity with respect to stakeholder processes, and past experience designing such

		requirements for mechanisms such as the ICI. The ARTSI grant mechanism design is anticipated to include dedicated capacity to guide and monitor preparation and application of stakeholder engagement plans.
Other	Low	Risk: As with political and governance risk, macro-economic risk does not pose a risk to the principal project objective of designing the ARTSI grant mechanism, as the design of the mechanism will take place outside any particular national macro-economic context. Global macro-economic upheaval could complicate efforts to capitalize the ARTSI grant mechanism by reducing the appetite of potential funders to support new mechanisms. However, 1. Past fundraising experience of CI during times of global economic headwinds, and 2. the relatively modest amounts sought, combined with the high potential payoff from effective incentive policies and subsidy reform, provide confidence that this risk is minimal. Delivery of pilots could be affected by macro-economic risk in their respective countries. Adverse macro-economic conditions could distract policymakers from the types of policy reform envisioned or make them reluctant to undertake reforms that might affect key constituencies or require new government outlays. Again, as above, the purpose of the pilot projects being to inform design and establishment of the ARTSI grant mechanism means that pilot projects that encounter such challenges still will provide valuable learning opportunities. Mitigation Measure: Mitigation of macro-economic risk during project design and implementation will involve concerted outreach to solicit funding commitments to the grant mechanism, and feasibility analysis of pilot projects explicitly has considered macro-economic issues.
Overall Risk Rating	Low	The overall risk for the project has been rated Low, as 80% of identified risks are rated Low and 20% are rated Moderate, with one rated High (the high-risk assessment is relevant to post-project operations of the ARTSI grant mechanism, not the project itself). With the identified mitigation measures, the impacts of these risks are expected to be immaterial. With deliberate selection of pilot projects and application of environmental and social safeguards throughout the project cycle, CI is confident that the risks to project preparation and implementation will be negligible.

C. ALIGNMENT WITH GEF-8 PROGRAMMING STRATEGIES AND COUNTRY/REGIONAL PRIORITIES

Explain how the proposed interventions are aligned with GEF- 8 programming strategies and country and regional priorities, including how these country strategies and plans relate to the multilateral environmental agreements.

For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e., BD, CC or LD), please identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and explain how.

Confirm if any country policies that might contradict with intended outcomes of the project have been identified, and how the project will address this. (max. 500 words, approximately 1 page)

ARTSI will contribute to the goals of the Global Biodiversity Framework. This project aims to advance subsidy reform efforts and thus directly support Target 18 under the GBF, with contributions to several other targets as indicated in Table 4 below:

Table 4: Project Contributions to Global Biodiversity Targets

Kunming-Montreal Global Biodiversity Framework Target		Project Contribution
Target 1	Plan and Manage all Areas To Reduce Biodiversity Loss	Reforms to add sustainability criteria to subsidy programs will promote planning and management that reduces biodiversity loss (e.g., reduced deforestation in Colombia, avoidance of mangrove cutting in Philippines)
Target 2	Restore 30% of all Degraded Ecosystems	Reforms to add sustainability criteria to subsidy programs will permit greater natural regeneration (e.g., avoidance of sensitive mangrove areas in Philippines)
Target 3	Conserve 30% of Land, Waters and Seas	Not directly relevant.
Target 4	Halt Species Extinction, Protect Genetic Diversity, and Manage Human-Wildlife Conflicts	Reforms to add sustainability criteria to subsidy programs will reduce incentives that drive habitat loss, thereby combating species extinction, protecting genetic diversity, and attenuating human-wildlife conflicts
Target 5	Ensure Sustainable, Safe and Legal Harvesting and Trade of Wild Species	Not directly relevant
Target 6	Reduce the Introduction of Invasive Alien Species by 50% and Minimize Their Impact	Not directly relevant
Target 7	Reduce Pollution to Levels That Are Not Harmful to Biodiversity	Reforms to subsidies to encourage use of organic inputs will reduce pollution levels linked to chemical inputs (e.g., organic fertilizer in Fiji, certified organic cocoa cultivation in Colombia)
Target 8	Minimize the Impacts of Climate Change on Biodiversity and Build Resilience	Not directly relevant
Target 9	Manage Wild Species Sustainably To Benefit People	Not directly relevant
Target 10	Enhance Biodiversity and Sustainability in Agriculture, Aquaculture, Fisheries, and Forestry	Reforms to subsidies to reduce incentives for harmful practices in agroforestry (Colombia), agriculture (Fiji) and resource use in mangroves (Philippines) will enhance biodiversity and sustainability
Target 11	Restore, Maintain and Enhance Nature's Contributions to People	Reforms to subsidies to reduce impacts on forest (Colombia), soils and reefs (Fiji) and mangroves (Philippines) will enhance these ecosystem's ability to contribute to people
Target 12	Enhance Green Spaces and Urban Planning for Human Well-Being and Biodiversity	Not directly relevant
Target 13	Increase the Sharing of Benefits From Genetic Resources, Digital Sequence Information and Traditional Knowledge	Not directly relevant
Target 14	Integrate Biodiversity in Decision-Making at Every Level	Not directly relevant
Target 15	Businesses Assess, Disclose and Reduce Biodiversity-Related Risks and Negative Impacts	Not directly relevant
Target 16	Enable Sustainable Consumption Choices To Reduce Waste and Overconsumption	Not directly relevant
Target 17	Strengthen Biosafety and Distribute the Benefits of Biotechnology	Not directly relevant

Target 18	Reduce Harmful Incentives by at Least $500 Billion per Year, and Scale Up Positive Incentives for Biodiversity	The project will design and pilot a grant mechanism to support subsidy reform that reduces harmful incentives and scales up positive incentives
Target 19	Mobilize $200 Billion per Year for Biodiversity From all Sources, Including $30 Billion Through International Finance	The project will design and pilot a grant mechanism that mobilizes funding to support subsidy reform
Target 20	Strengthen Capacity-Building, Technology Transfer, and Scientific and Technical Cooperation for Biodiversity	Not directly relevant
Target 21	Ensure That Knowledge Is Available and Accessible To Guide Biodiversity Action	The project's design of a grant mechanism will include a knowledge management system to advance global practice with respect to subsidy reform
Target 22	Ensure Participation in Decision-Making and Access to Justice and Information Related to Biodiversity for all	Not directly relevant
Target 23	Ensure Gender Equality and a Gender-Responsive Approach for Biodiversity Action	The project itself and the mechanism to be designed will include social safeguards and gender mainstreaming provisions to ensure gender equality and a gender-responsive approach

The ARTSI grant mechanism will contribute to the transformational change the GEF was called upon to pursue in the Seventh Comprehensive Evaluation of the GEF (OPS-7), as well as the objective to set up a transformative process for biodiversity finance as countries update their National Biodiversity Strategy Action Plans (NBSAPs). It directly supports "Developing policy and regulatory frameworks that remove subsidies harmful to biodiversity and provide incentives for biodiversity-positive land and resource use that remains productive but that does not degrade biodiversity." Following GEF's aim for a global program on Domestic Resource Mobilization for Biodiversity, ARTSI aims to assist countries in creating the enabling conditions to implement the GBF. Specifically, this includes activities under objective three, which include supporting the reduction or redirection of resources causing harm; generating additional financial and non-financial resources from all sources; and enhancing effectiveness and efficiency of use of resources.

The ARTSI grant mechanism will contribute to national and global environmental benefits such as enhancing the impact of existing nature funding flows, aligning private and public investments to the international convention agreements, increasing the sustainability of the positive outcomes, and mobilizing domestic resources, that come from policy coherence described in the GEF Policy Coherence document (GEF/C.65/04). By supporting the delivery of Target 18, ARTSI will help close the biodiversity funding gap, unlocking critical funds needed to advance action to combat biodiversity loss, climate change and desertification – all of which have impacts on biodiversity and can be addressed through nature. ARTSI will build the momentum needed to transform our economic system to one that rewards nature conservation and restoration while benefiting people, economies, and the planet – supporting the achievement of many multilateral environmental agreements including the CBD, UNFCCC, and the United Nations Convention to Combat Desertification (UNCCD). Thus, the project's contribution to accelerating subsidy reform through a dedicated grant mechanism exhibits strong alignment with GEF's ongoing agendas relating to both policy coherence and innovation, particularly through the innovations window.

D. POLICY REQUIREMENTS

Gender Equality and Women's Empowerment

We confirm that gender dimensions relevant to the project have been addressed during Project Preparation as per GEF Policy and are clearly articulated in the Project Description (Section B).

Yes

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

Yes

If the project expects to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment, please indicate in which results area(s) the project is expected to contribute to gender equality:

Closing gender gaps in access to and control over natural resources;

Improving women's participation and decision-making; and/or

Yes

Generating socio-economic benefits or services for women.

Yes

2) Does the project's results framework or logical framework include gender-sensitive indicators?

Yes

Stakeholder Engagement

We confirm that key stakeholders were consulted during Project Preparation as required per GEF policy, their relevant roles to project outcomes has been clearly articulated in the Project Description (Section B) and that a Stakeholder Engagement Plan has been developed before CEO endorsement**.**

Yes

Select what role civil society will play in the Project

Consulted only;

Member of Advisory Body; Contractor; Yes

Co-financier;

Member of project steering committee or equivalent decision-making body ;

Executor or co-executor;

Other (Please explain)

Private Sector

Will there be private sector engagement in the project?

Yes

And if so, has its role been described and justified in section B project description?

Yes

Environmental and Social Safeguards

We confirm that we have provided information regarding Environmental and Social risks associated with the proposed project or program, including risk screenings/ assessments and, if applicable, management plans or other measures to address identified risks and impacts (this information should be presented in Annex E).

Yes

Please provide overall Project/Program Risk Classification

Overall Project/Program Risk Classification

PIF	CEO Endorsement/Approval	MTR	TE
Medium/Moderate	Medium/Moderate		

E. OTHER REQUIREMENTS

Knowledge management

We confirm that an approach to Knowledge Management and Learning has been clearly described during Project Preparation in the Project Description and that these activities have been budgeted and an anticipated timeline for delivery of relevant outputs has been provided.

Yes

Socio-economic Benefits

We confirm that the project design has considered socio-economic benefits to be delivered by the project and these have been clearly described in the Project Description and will be monitored and reported on during project implementation (at MTR and TER).

The project will contribute distinct human wellbeing benefits by providing direct incentives to adopt improved practices in agroforestry (Colombia), agriculture (Fiji) and salt production (the Philippines). This will enhance the sustainability of livelihoods and protect ecosystem services, including mitigation of GHG emissions. Adoption of organic cultivation practices in Colombia and Fiji will enhance health as well as water security, and protection of mangroves in the Philippines will help sustain a wide range of ecosystem services that underpin human wellbeing in local communities, including food security.

ANNEX A: FINANCING TABLES

GEF Financing Table

Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	Grant / Non-Grant	GEF Project Grant($)	Agency Fee($)	Total GEF Financing ($)
CI	GET	Global	Multi Focal Area	Innovations Window	Grant	1,693,119.00	152,381.00	1,845,500.00
Total GEF Resources ($)						**1,693,119.00**	**152,381.00**	**1,845,500.00**

Project Preparation Grant (PPG)

Was a Project Preparation Grant requested?

true

PPG Amount ($)

50000

PPG Agency Fee ($)

4500

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	PPG($)	Agency Fee($)	Total PPG Funding($)
CI	GET	Global	Multi Focal Area	Innovations Window	50,000.00	4,500.00	54,500.00
Total PPG Amount ($)					**50,000.00**	**4,500.00**	**54,500.00**

Please provide Justification

Sources of Funds for Country Star Allocation

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Sources of Funds	Total($)
Total GEF Resources					**0.00**

Focal Area Elements

Programming Directions	Trust Fund	GEF Project Financing($)	Co-financing($)
BD-1-1	GET	1,693,119.00	1765766
Total Project Cost		**1,693,119.00**	**1,765,766.00**

Confirmed Co-financing for the project, by name and type

Please include evidence for each co-financing source for this project in the tab of the portal

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount($)
GEF Agency	Conservation International (project 1 - Gordon and Betty Moore Foundation)	Grant	Investment mobilized	475000
GEF Agency	Conservation International (project 2 - UBS Optimus Foundation) International Foundation	Grant	Investment mobilized	1035952
GEF Agency	Conservation International Foundation	In-kind	Recurrent expenditures	254814
Total Co-financing				**1,765,766.00**

Please describe the investment mobilized portion of the co-financing

For this project, CI considers Investment Mobilized funding from grants and equity because they are time-bound over the lifespan of the project, have a specific scope of work, and are not part of a recurrent budget. In addition to internal contributions from CI, the specific investment mobilized for this project includes grants from the Gordon and Betty Moore Foundation and the UBS Optimus Foundation. These grants have been provided specifically to advance efforts related to subsidy reform related to ARTSI. They will contribute to project outcomes as new investment by covering activities essential for the grant mechanism co-design process, pilot projects, and knowledge management. This grant co-financing from non-GEF donors will enable technical staff to provide technical support and oversight to all components, including Project Management Costs and ongoing Monitoring and Evaluation.

ANNEX B: ENDORSEMENTS

GEF Agency(ies) Certification

GEF Agency Type	Date	Project Contact Person	Phone	Email
GEF Agency Coordinator		Orissa Samaroo		osamaroo@conservation.org
Project Coordinator		Prapti Bhandary		pbhandary@conservation.org

Record of Endorsement of GEF Operational Focal Point (s) on Behalf of the Government(s):

Please attach the Operational Focal Point endorsement letter(s) with this template.

Name of GEF OFP	Position	Ministry	Date (MM/DD/YYYY)
Daniela Durán González	Head of International Affairs	Ministry of Environment and Sustainable Development	12/15/2025
Dr. Sivendra Michael	Permanent Secretary	Ministry of Environment and Climate Change	12/15/2025
Atty. Analiza Rebuelta Teh	Undersecretary	Finance, Information Systems, and Climate Change	12/9/2025

ANNEX C: PROJECT RESULTS FRAMEWORK

Please indicate the page number in the Project Document where the project results and M&E frameworks can be found. Please also paste below the Project Results Framework from the Agency document.

Objective:	To design and pilot the Accelerating Rapid Transition of Subsidies and Incentives (ARTSI) grants mechanism to support subsidy reform and enhance policy coherence with respect to impact on biodiversity and climate change in the agriculture, forestry and fisheries sectors.
Indicator(s):	a. Number of functioning grant mechanisms ready for deployment with a focus on reforming incentives, including subsidies harmful for biodiversity. (Target: 1 grant mechanism) b. Number of grants supporting subsidy and/or incentive reform processes (Target: at least 3 grants) c. Core Indicator 4: Estimated number of hectares that will benefit from improved subsidy/incentive context (Target: 105,190 ha) d. Core Indicator 6: Greenhouse gas emission mitigated (Target: 3,457,969 MtCO2e) e. Core Indicator 11: Number of direct beneficiaries (gender disaggregated; Target 2,559 people, 42% women)

Expected Outcomes and Indicators	Project Baseline	End of Project Target	Expected Outputs and Indicators
Component 1: Co-design of ARTSI			
Outcome 1.1: ARTSI is designed and established. *Indicator 1.1: Number of ARTSI design and establishment packages completed and endorsed by founding members.*	Baseline 1.1: 0 design and establishment packages	Target 1.1: 1 design and establishment package	**Output 1.1.1:** Partnership/membership to support ARTSI is established. *Indicator 1.1.1: Number of collaboration agreements in place defining roles and responsibilities of core design team,[1]29 supporting partners,[2]30 and founding members[3]31* Target 1.1.1: At least 3 collaboration agreements in place (1 with core design team; 1 with supporting partners; 1 with founding members) **Output 1.1.2:** Guiding principles and structure for governance for ARTSI are designed and agreed *Indicator 1.1.2: Number of gender-responsive governance principles & structure documents drafted and agreed* Target 1.1.2: 1 gender-responsive governance principles & structure document drafted and agreed by end of Y1 of project **Output 1.1.3:** ARTSI implementation strategy developed, including types of activities to be funded, geographic priorities, gender equality and social inclusion considerations, and subsidy reform models to be applied. *Indicator 1.1.3a: Number of ARTSI strategy documents developed* Target 1.1.3a: 1 ARTSI strategy document developed by end of Y1 of project *Indicator 1.1.3b: Number of ARTSI strategy documents updated based on results of Component 2* Target 1.1.3b: 1 ARTSI strategy document updated based on results of Component 2 by end of project **Output 1.1.4:** Operational Manual and Environmental and Social Management System for ARTSI developed, including key policies, systems, templates and processes for grantmaking and monitoring and evaluation, environmental and social safeguards, gender equality and social inclusion considerations. *Indicator 1.1.4: Number of Operational Manuals and Environmental and Social Management Systems developed*

			Target 1.1.4: 1 Operational Manual and Environmental and

			Social Management System developed by end of Y1 of project
Component 2: Pilot test of models for successful incentive reform			
Outcome 2.1: Viable incentive reform processes demonstrated. *Indicator 2.1: Number of successful pilot tests of models for incentive reform implemented.*	Baseline 2.1: 0 successful pilot tests of models for incentive reform implemented.	Target 2.1: At least 3 successful pilot tests of models for incentive reform implemented.	**Output 2.1.1:** Incentive reform model identification and prioritization exercise completed. *Indicator 2.1.1: Number of completed reports on model identification and prioritization exercise* Target 2.1.1: 1 completed report on model identification and prioritization exercise by end of Y1Q2 **Output 2.1.2:** Evaluation protocol developed to assess pilot tests of incentive reform models, including assessment of impacts on different stakeholder groups such as women and IP & LCs. *Indicator 2.1.2: Number of evaluation protocol documents completed* Target 2.1.2: 1 evaluation protocol documents completed by end of Y1Q2 **Output 2.1.3:** Pilots designed, executed and assessed, including impacts on different stakeholder groups such as women and IP & LCs. *Indicator 2.1.3: Number of pilot test evaluation reports completed* Target 2.1.3: 3 pilot test evaluation reports completed by end of project
Component 3: Knowledge Management, Learning and Sharing			
Outcome 3.1: Gender-sensitive knowledge generation and management system designed and implemented *Indicator 3.1: Number of gender-responsive knowledge management systems in place and operational*	Baseline 3.1: 0 gender-responsive knowledge management systems in place and operational	Target 3.1: 1 gender-responsive knowledge management system in place and operational	**Output 3.1.1:** A plan for knowledge management developed and implemented. *Indicator 3.1.1: Number of knowledge management plans developed and implemented* Target 3.1.1: 1 knowledge management plan developed and implemented **Output 3.1.2:** Plan developed and implemented with stakeholders to build a community of practice to increase capacity while ARTSI is operational. *Indicator 3.1.2: Number of gender-sensitive community of practice plans developed and implemented* Target 3.1.2: 1 gender-sensitive community of practice plan developed and implemented **Output 3.1.3:** Learning events conducted to build on experience of other initiatives relating to subsidy reform (BIOFIN, Business for Nature). *Indicator 3.1.3: Number of workshops conducted* Target 3.1.3: At least 2 workshops **Output 3.1.4:** Findings, lessons learned, and best practices compiled and disseminated. *Indicator 3.1.4: Number of knowledge products generated* Target 3.1.4: At least 3 knowledge products (at least 1 of which includes a focus on safeguards, gender equality and social inclusion)

			Output 3.1.5: Information on ARTSI grant opportunity disseminated and partners informed of ARTSI processes and requirements. *Indicator 3.1.5: Number of gender-responsive training/dissemination events conducted* Target 3.1.5: At least 3 gender-responsive ARTSI training/dissemination events
Component 4: Monitoring and Evaluation (M&E) Framework			
Outcome 4.1: A functional gender-sensitive M&E framework is in place for the project. *Indicator 4.1: Number of Annual Project Implementation Reports (PIRs) approved by CI-GEF and submitted to the GEF.*	Baseline 4.1: No Annual Project Implementation Reports (PIRs) approved by CI-GEF and submitted to the GEF.	Target 4.1: 2 Annual Project Implementation Reports (PIRs) approved by CI-GEF and submitted to the GEF.	**Output 4.1.1:** M&E system developed and implemented to collect, analyze and synthesize data and information generated during project implementation. *Indicator 4.1.1: Number of gender-sensitive project M&E systems operational* Target 4.1.1: One gender-sensitive project M&E system operational **Output 4.1.2:** Periodic M&E reports submitted to CI-GEF Agency. *Indicator 4.1.2: Number of satisfactory M&E Reports submitted to CI-GEF Agency* Target 4.1.2: 8 satisfactory quarterly technical and financial reports and 2 project implementation reports **Output 4.1.3:** Terminal Evaluation conducted. *Indicator 4.1.3: Number of TEs conducted* Target 4.1.3: One TE conducted

[1] The Core Design Team will lead the design process; the intent is to formalize this relationship between CI and at least one additional institution early in the PPG phase, if not sooner.
[2] Design partners will provide advice and input to the design process, though ultimate decision making will rest with the Core Design Team.
[3] Founding membership will consist of institutions who contribute funding to the mechanism; such contributions will make members eligible for governance roles in the mechanism (to be defined as part of project design). CI anticipates that the Core Design Team and design partners will be potential founding members; the intent is to formalize this relationship between CI and at least two additional institutions by the end of the project.

ANNEX D: STATUS OF UTILIZATION OF PROJECT PREPARATION GRANT (PPG)

Provide detailed funding amount of the PPG activities financing status in the table below:

Project Preparation Activities Implemented	GETF/LDCF/SCCF Amount ($)		
	Budgeted Amount	Amount Spent To date	Amount Committed
Consultancy for Project Document Development	50,000.00	24,813.00	25,187.00
Total	**50,000.00**	**24,813.00**	**25,187.00**

ANNEX E: PROJECT MAP AND COORDINATES

Please provide geo-referenced information and map where the project interventions will take place

Location Name	Latitude	Longitude	GeoName ID
Amazonian Piedmont – Puerto Guzmán- Putumayo	0.9628405	-76.4080605	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Amazonian Piedmont – Villagarzón - Putumayo	1.02	-76.616	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Amazonian Piedmont – Belén de los Andaquíes - Caquetá	1.42	-75.87	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Amazonian Piedmont – El Doncello - Caquetá	1.673	-75.295	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Amazonian Piedmont – Piamonte - Cauca	1.215597	-76.410027	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID

Amazonian Piedmont – San José del Fragua - Caquetá	1.33960	-75.968	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Amazonian Piedmont – San Vicente del Caguán - Caquetá	2.113	-74.770	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Bogota, Colombia	4.711	-74.0721	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Puerto Princesa	9.7856	118.6265	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Palawan	9.8349	118.7384	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Oriental Mindoro (within VIP)	13.0565	121.4069	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Manilla, the Philippines	14.5995	120.9842	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Moala, Lau Islands, Fiji	-18.600	179.867	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Suva, Fiji	-18.1266	178.4399	

Location Description:

Activity Description:

Please provide any further geo-referenced information and map where project interventions are taking place as appropriate.

Map of pilots supported by this GEF project: Colombia, Fiji, The Philippines

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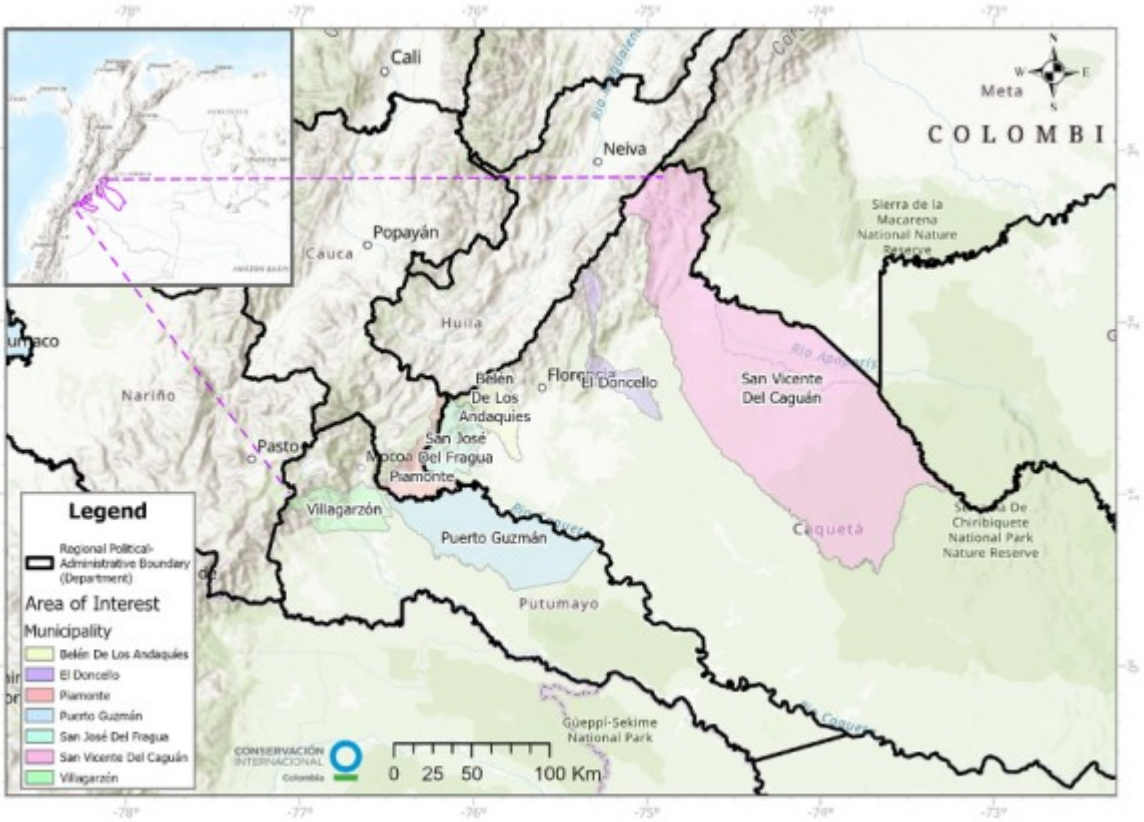
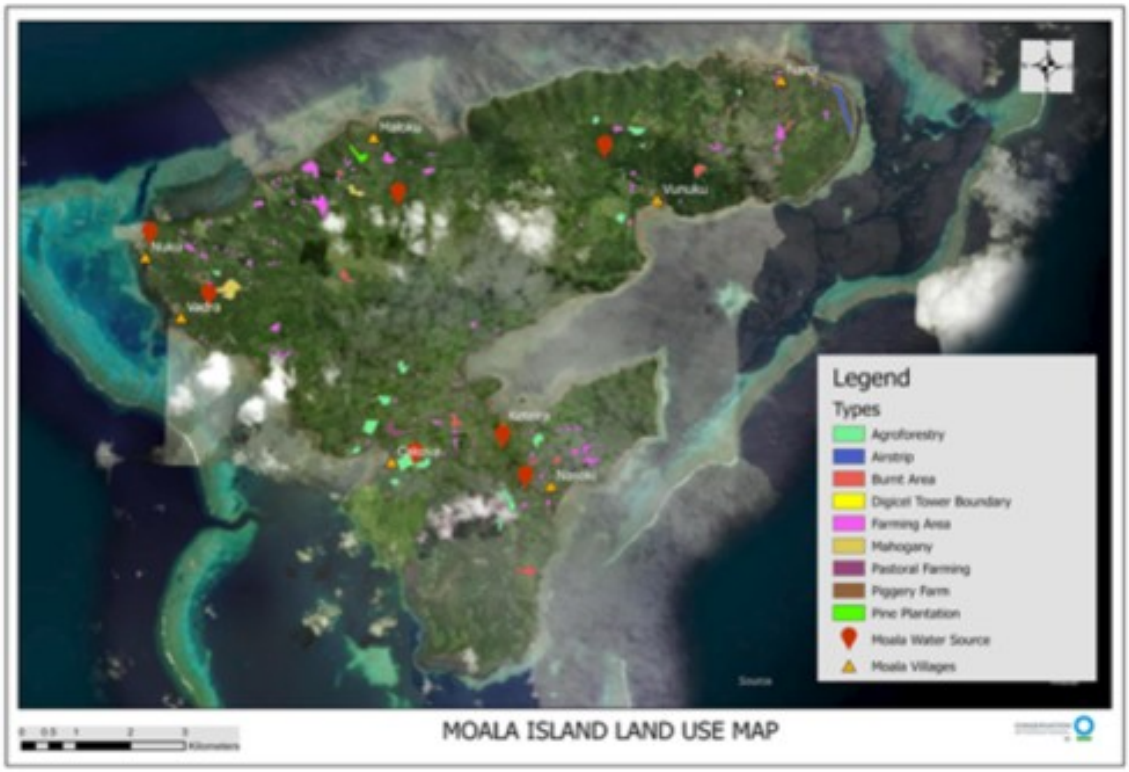


Colombia ARTSI Pilot Site



Fiji ARTSI Pilot Site

The Philippines ARTSI Pilot Site

ANNEX F: ENVIRONMENTAL AND SOCIAL SAFEGUARDS SCREEN AND RATING

Attach agency safeguard datasheet/assessment report(s), including ratings of risk types and overall project/program risk classification as well as any management plans or measures to address identified risks and impacts (as applicable).

Title
20250929 ARTSI Accountability and Grievance Mechanism (1)
20250929 ARTSI Gender Mainstreaming Plan (1)
20250929 ARTSI Second ESS Screening Report (1)

20250929 ARTSI SESA (1)

20250929 ARTSI Stakeholder Engagement Plan (1)

ANNEX G: BUDGET TABLE

Please upload the budget table here.

Expenditure Category	Detailed Description	Outcome 1.1	Outcome 2.1	Outcome 3.1	M&E	PMC	Total USD$	Responsible Entity
Salaries and benefits	International Staff - Finance Manager	6,588	0	0	0	14,638	21,226	CI-CENTER FOR POLICY AND INCENTIVES
	International Staff - Partnership and MEAL Manager	53,018	75,283	49,273	13,257	8,898	199,729	CI-CENTER FOR POLICY AND INCENTIVES
	International Staff - Partnership Engagement Director	230,113	0	0	0	11,884	241,997	CI-CENTER FOR POLICY AND INCENTIVES
	International Staff - Project Lead	85,060	0	0	0	17,775	102,835	CI-CENTER FOR POLICY AND INCENTIVES
	Local Staff - Economics Incentives Specialist	0	53,152	0	0	0	53,152	CI-CENTER FOR POLICY AND INCENTIVES
Salaries and benefits Total		**374,779**	**128,435**	**49,273**	**13,257**	**53,195**	**618,939**	
Consultant - International	International Consultant - Safeguards and Gender Expert	30,000	20,000	10,000	0	0	60,000	CI-CENTER FOR POLICY AND INCENTIVES
	International Consultant - Strategic Communications and Branding	0	0	86,777	0	0	86,777	CI-CENTER FOR POLICY AND INCENTIVES
	International Consultant - Terminal Evaluation	0	0	0	40,000	0	40,000	CI
Consultant - International Total		**30,000**	**20,000**	**96,777**	**40,000**	**0**	**186,777**	
Contractual Services	Contractual Services - Company - T18 global analysis report, component 3.	0	0	50,000	0	0	50,000	CI-CENTER FOR POLICY AND INCENTIVES
	Contractual Services - Company - Facilitation services for codesign workshops	0	20,000	0	0	0	20,000	CI-CENTER FOR POLICY AND INCENTIVES
	Contractual Services - Company - Facilitator for Virtual webinar to socialize grant mechanism and opportunity to apply	0	0	3,006	0	0	3,006	CI-CENTER FOR POLICY AND INCENTIVES
	Contractual Services - Company - Knowledge product: Graphic Design and Translation	7,500	0	0	0	0	7,500	CI-CENTER FOR POLICY AND INCENTIVES
	Contractual Services - Company - Project Audit	0	0	0	0	7,500	7,500	CI-CENTER FOR POLICY AND INCENTIVES
Contractual Services Total		**7,500**	**20,000**	**53,006**	**0**	**7,500**	**88,006**	
Meetings and Workshops	Meeting - Project Coordination Unit planning meetings (in person, two times/year for up to 8 staff)	0	0	0	0	60,950	60,950	CI-CENTER FOR POLICY AND INCENTIVES

	Pilot Kickoff Travel (3 trips each)	0	11,835	0	0	0	11,835	CI-CENTER FOR POLICY AND INCENTIVES
	Workshop - Inception workshop | ARTSI Kickoff	0	0	0	19,864	0	19,864	CI-CENTER FOR POLICY AND INCENTIVES
	Workshop - Learning Event (50 pp, 1-day workshop, 1/year)	0	0	52,807	0	0	52,807	CI-CENTER FOR POLICY AND INCENTIVES
	Workshop - Pilot delivery midpoint exchange (15-20 people, 2 days, in pilot country)	0	84,165	0	0	0	84,165	CI-CENTER FOR POLICY AND INCENTIVES
	Workshop - Project dissemination in an international event.	25,044	0	0	0	0	25,044	CI-CENTER FOR POLICY AND INCENTIVES
Meetings and Workshops Total		**25,044**	**96,000**	**52,807**	**19,864**	**60,950**	**254,665**	
Travel	Travel - Donor engagement (one on one) (once per month for 24 months)	87,567	0	0	0	0	87,567	CI-CENTER FOR POLICY AND INCENTIVES
	Travel - M&E Pilot Kickoff Travel | travel to pilot sites for initial setup of M&E frameworks and baseline data collection (3 trips, 1 staff)	0	11,264	0	0	0	11,264	CI-CENTER FOR POLICY AND INCENTIVES
	Travel - Pilot Final Travel (staff travel, 3 trips)	0	14,405	0	0	0	14,405	CI-CENTER FOR POLICY AND INCENTIVES
	Travel - Pilot Midpoint staff travel (3 countries)	0	17,315	0	0	0	17,315	CI-CENTER FOR POLICY AND INCENTIVES
	Travel - Regional Policy lead Americas engagement (both for pilots and codesign) 2 per year for two years	17,379	5,981	0	0	0	23,360	CI-CENTER FOR POLICY AND INCENTIVES
Travel Total		**104,946**	**48,965**	**0**	**0**	**0**	**153,911**	
Equipment (Goods)	Equipment - Laptops PMU	0	0	0	0	5,000	5,000	CI-CENTER FOR POLICY AND INCENTIVES
Equipment (Goods) Total		**0**	**0**	**0**	**0**	**5,000**	**5,000**	
Grants	Grant - Colombia Pilot	0	123,432	0			123,432	CI-CENTER FOR POLICY AND INCENTIVES
	Grant - Fiji Pilot	0	100,975	0			100,975	CI-CENTER FOR POLICY AND INCENTIVES
	Grant - Philippines Pilots	0	119,855	0	0	0	119,855	CI-CENTER FOR POLICY AND INCENTIVES
Grants Total		**0**	**344,262**	**0**	**0**	**0**	**344,262**	
Other Operating Cost	Office Rent	0	0	0	0	27,274	27,274	CI-CENTER FOR POLICY AND INCENTIVES
	Utilities, internet service charges, and expendable office supplies	0	14,285	0	0	0	14,285	CI-CENTER FOR POLICY AND INCENTIVES
Other Operating Cost Total		**0**	**14,285**	**0**	**0**	**27,274**	**41,559**	
Grand Total		**542,269**	**671,947**	**251,863**	**73,121**	**153,919**	**1,693,119**	

Please explain any aspects of the budget as needed here

Expenditure Category	C1	C2	C3	M&E	PMC	Total USD$
Salaries and benefits	374,779	128,435	49,273	13,257	53,195	618,939
Consultant - International	30,000	20,000	96,777	40,000	0	186,777
Contractual Services	7,500	20,000	53,006	0	7,500	88,006
Meetings and Workshops	25,044	96,000	52,807	19,864	60,950	258,504
Travel	104,946	48,965	0	0	0	150,072
Equipment (Goods)	0	0	0	0	5,000	5,000
Grants	0	344,262	0	0	0	344,262
Other Operating Cost	0	14,285	0	0	27,274	41,559
Grand Total	**542,269**	**671,947**	**251,863**	**73,121**	**153,919**	**1,693,119**

ANNEX I: 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.