

Strengthening ecological connectivity in natural and productive landscapes between the Amistad and Darien biomes

Review PIF and Make a recommendation

Basic project information

GEF ID

11209

Countries

Panama

Project Name

Strengthening ecological connectivity in natural and productive landscapes between the Amistad and Darien biomes

Agencies

UNDP

Date received by PM

4/12/2023

Review completed by PM

4/20/2023

Program Manager

Mark Zimsky

Focal Area

Multi Focal Area

Project Type

FSP

GEF-8 PROJECT IDENTIFICATION FORM (PIF) REVIEW SHEET

1. General Project Information / Eligibility

a) Does the project meet the criteria for eligibility for GEF funding?

b) Is the General Project Information table correctly populated?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

2. Project Summary

Does the project summary concisely describe the problem to be addressed, the project objective and the strategies to deliver the GEBs or adaptation benefits and other key expected results?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

3 Indicative Project Overview

- 3.1 a) Is the project objective presented as a concise statement and clear?
b) Are the components, outcomes and outputs sound, appropriate and sufficiently clear to achieve the project objective and the core indicators per the stated Theory of Change?

Secretariat's Comments

4/20/2023

Yes, for the most part. However, component one is not properly articulated and requires some embellishment. Please explicitly clarify the following:

- 1) what policies will be improved under Component 1?
- 2) for these policies, has legislation and regulations been approved to support implementation or will the component aim to help with implementation of existing regulations?
- 3) how does the state of policy implementation inform the proposed project strategy which seems mainly focused on organizational activities and some training.

Thus, the component requires a better justification as to what the problem is with the existing policies (and these policies should be spelled out) and how the status quo contributes to the biodiversity loss and degradation that the project is aiming to address.

5/11/2023

Cleared.

Agency's Comments

UNDP May 8, 2023

- (1) Thank you for this comment. Further thought and detail has been put into strengthening this component. Please note that the project will not aim to improve any policies but instead will support the improvement of two existing plans/strategies: the **National Forest Strategy (2020-2050)** and **Panama's Master Plan for Sustainable Tourism (2020-2025)**. The project will also support the development of a **strategy and associated financing plan to implement Executive Decree N° 11 (May 6, 2022)**, a regulation that establishes the criteria and procedures to guarantee and promote the development of agro-tourism, in accordance with the provisions of the **Agrotourism Law 240** (October 2021). The project will mainstream BD, SLM, and circular economy principles into these strategies/plans that cover the three sectors (tourism, forestry, and agro-forestry) addressed by the project.
- (2) The government has developed a set of strategies and plans to support the implementation of laws/policies/regulations with the target sectors of this project, agro-forestry, forestry, and tourism. However, due to a lack of resources and the need for a more coordinated effort to implement the strategies/plans at the national and sub-national level, to date these strategies and plans have not been adequately implemented. The project will focus on supporting the implementation of the **National Forest Strategy and Panama's Master Plan for Sustainable Tourism and develop a strategy/plan for the newly established Agrotourism Law 240**.

(3(3) Both the **National Forest Strategy and Master Plan for Sustainable Tourism** need to (i) better integrate BD conservation, SLM principles and circular economy principles to align with several of Panama's newly enacted laws and policies and (ii) be understood and implemented by relevant government agencies as well as local actors. The project will work with the Ministry of Tourism to update the **Master Plan for Sustainable Tourism 2020-2025** to mainstream BD conservation, SLM principles, and circular economy principles into the Plan. This will include the following: a) ensuring that the tourism sector complies with the **Zero Waste Policy created by Law No. 33 of May 2018**; b) mainstreaming the rights of nature and the State's obligations related to these rights as stated by **Law No. 287 of February 24, 2022** into the Plan; and c) underscoring the importance of promoting ecological tourism nationwide. For the **National Forest Strategy 2020-2025**, the project will work with the Ministry of Environment to ensure the rights of nature and the State's obligations related to these rights as stated by **Law No. 287** are embedded into the strategy and will integrate biodiversity conservation measures and circular economy principles into the strategy. Finally, the Executive Decree No 11 issued in accordance with the **Agrotourism Law 240** is intended to support the development of agrotourism, and by working with the Ministry of Tourism to develop a plan that includes financing strategies, the project will be able to ensure proper implementation that mainstreams BD conservation as well as circular economy principles.

The lack of adequate implementation of existing strategies/plans and the need for a strategy for Panama's Agrotourism law contribute to biodiversity loss and degradation as the intended benefits as well as the ability to enforce conservation and sustainable development have not been realized. This results in continued unsustainable land use practices that lead to habitat destruction, fragmentation, and degradation, which are major drivers of biodiversity loss in Panama. Moreover, the lack of a coordinated effort to implement these strategies and plans exacerbates the problem, as competing priorities among different sectors and stakeholders lead to inefficient use of resources and missed opportunities for synergy. The lack of biodiversity conservation measures and SLM principles integrated into these strategies and plans means that biodiversity is not given due consideration in decision-making processes, leading to unsustainable development practices that harm biodiversity and its associated ecosystem services. The project's focus on supporting the implementation of existing strategies and plans and the development of a new strategy for the Agrotourism Law is therefore essential to addressing these underlying issues, supporting the implementation of existing laws and regulations, and promoting biodiversity conservation and sustainable development in Panama.

Changes have been made to address the concern about Component 1 in the Indicative Project Overview with revised outcomes, outputs and indicators included to reflect greater specificity in terms of the strategies and plans that will be addressed through the project. Section A and Section B of the PIF have also been updated to provide a more coherent baseline and the project's theory of change has been adjusted to reflect these changes.

3.2 Are gender dimensions, knowledge management, and monitoring and evaluation included within the project components and appropriately funded?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

3.3 a) Are the components adequately funded?

b) Are the GEF Project Financing and Co-Financing contributions to PMC proportional?

c) Is the PMC equal to or below 5% of the total GEF grant for FSPs or 10% for MSPs? If the requested PMC is above the caps, has an exception (e.g. for regional projects) been sufficiently substantiated?

Secretariat's Comments

4/20/2023

In Indicative Project Overview Table, M&E outputs and outcomes are not separated in an independent component? instead, it was included in component 4 (KM) ? separate the M&E outcomes and outputs to present them in the respective M&E component.

Monitoring and Evaluation (M&E)			
	Sub Total (\$)	6,271,798.00	40.3
Project Management Cost (PMC)			
	GET	313,590.00	2.0
	Sub Total(\$)	313,590.00	2.0
	Total Project Cost(\$)	6,585,388.00	42.3

5/11/2023

Cleared.

Agency's Comments

UNDP May 8, 2023

Independent M&E outputs and outcomes have been separated in an independent component 5. Corresponding budget amounts included are: GEFTF USD 188,153 and co-finance USD 940,765

This has been added to the Indicative Project Overview Table.

4 Project Outline

A. Project Rationale

4.1 SITUATION ANALYSIS

a) is the current situation (including global environmental problems, key contextual drivers of environmental degradation, climate vulnerability) clearly and adequately described from a systems perspective?

b) Are the key barriers and enablers identified?

Secretariat's Comments

4/20/2023

Yes, for the most part, but the situational analysis for the policy component requires a more complete presentation as noted above.

5/11/2023

Cleared.

Agency's Comments

UNDP May 8, 2023

The situational analysis under Section A has been amended in the PIF to better articulate the baseline and current situation of laws, regulations, strategies, and plans that Component 1 will address. Section B has also been amended to explicitly identify the key barriers related to Component 1 to better describe the work to be done under the component. Also, the ToC was adjusted accordingly.

4.2 JUSTIFICATION FOR PROJECT

a) Is there an indication of why the project approach has been selected over other potential options?

b) Does it ensure resilience to future changes in the drivers?

c) Is there a description of how the GEF alternative will build on ongoing/previous investments (GEF and non-GEF), lessons and experiences in the country/region?

d) are the relevant stakeholders and their roles adequately described?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

5 B. Project Description

5.1 THEORY OF CHANGE

a) Is there a concise theory of change that describes the project logic, including how the project design elements will contribute to the objective, the expected causal pathways, and the key assumptions underlying these?

b) Are the key outputs of each component defined (where possible)?

Secretariat's Comments

4/20/2023

Yes, for the most part, but Component one has weaknesses and requires a more complete articulation vis a vis the relationship of the current state of policy implementation and the theory of change and the generation of GEBs.

5/11/2023

Cleared.

Agency's Comments

UNDP May 8, 2023

The Theory of Change has been amended to reflect the changes to Component 1 and provides an articulation of the baseline as it relates to policy implementation. The connection to GEBs has also been added to Section B.

5.2 INCREMENTAL/ADDITIONAL COST REASONING

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

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

5.3 IMPLEMENTATION FRAMEWORK

a) Is the institutional setting, including potential executing partners, outlined and a rationale provided?

b) Comments to proposed agency execution support (if agency expects to request exception).

c) is there a description of potential coordination and cooperation with ongoing GEF-financed projects/programs and other bilateral/multilateral initiatives in the project area

d) are the proposed elements to capture and disseminate knowledge and learning outputs and strategic communication adequately described?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

5.4 a) Are the identified core indicators calculated using the methodology included in the corresponding Guidelines (GEF/C.54/11/Rev.01)?

b) Are the project's indicative targeted contributions to GEBs (measured through core indicators)/adaptation benefits reasonable and achievable?

Secretariat's Comments

4/20/2023

While the project area is listed as covering 752,148 hectares the investment of US\$ 50 million including cofinance will only influence about 53% of the total project area. Please clarify why the ambition of the project is so modest given the expenditure.

5/11/2023

Cleared.

Agency's Comments

UNDP May 8, 2023

The 752,148 hectares listed includes the broader project landscape which encompasses both areas where direct interventions will occur, as well as urban areas, the Panama Canal, inalienable land, continental waterbodies, and urban areas where no direct interventions will occur but where local governance structures are in place. These are included strategically in the project landscape map to ensure multi-stakeholder buy-in and support to the project.

The table below was developed with the data provided by the GIS team of the Ministry of Environment and provides detail of the different land-uses in the landscape as well as the area where the project will have direct interventions in line with GEF Core Indicators.

	Land use and CIs	Ha
Broader Project landscape	Continental Water Surface	31,780
	Inalienable area	105,153
	Panama city (urban)	27,500
	Col?n city (urban)	240
	Panama Oeste (urban)	35,750
	San Miguelito District (urban)	5,300
Project Direct Intervention Area As listed in the project GEF Core Indicators	1.2 PAs within landscape	56,160
	3.2 Restauration	1800
	4.1 Private Reserves	60,000
	4.3 Production Systems	22,137
	4.4 Other Forests	322,869
	4.4 HCVF	83,459
	Total project landscape area	752,148
Revised area where direct project interventions will occur	546,425	

In addition to the above, and to increase ambition, GEF core indicator 4 has been recalculated (i.e., 488,465 ha) to achieve greater coverage. In summary, the project will influence 73% of the total project landscape area.

GEF core indicator 6 has also been recalculated to reflect the change in core indicator 4. The expected GHG gas emissions to be mitigated in the AFOLU sector is now 62,861,024 metric tons of CO₂e.

These changes have been reflected in the core indicator table in the PIF.

5.5 NGI Only: Is there a justification of financial structure and use of financial instrument with concessionality levels?

Secretariat's Comments

4/20/2023

NA

Agency's Comments

5.6 RISKS

a) Are climate risks and other main risks relevant to the project described and addressed within the project concept design?

b) Are the key risks that might affect the project preparation and implementation phases identified and adequately rated?

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

Secretariat's Comments

4/20/2023

Yes, for the most part.

The macro-economic risk requires a more in-depth analysis and discussion. First, one of the primary reasons "biodiversity-friendly" enterprises fail is the lack of a market for the product being produced and inadequate access to markets. Thus, this has to be listed a high risk not moderate. Given the focus afforded to this element of the project design, a more comprehensive analysis should be presented that indicates why the proponents have confidence in this part of the proposed strategy. Given the location of the project area, its distance to markets, and the niche quality of biodiversity-friendly enterprises, it is important that the baseline condition are more adequately defined. Finally, please provide a more comprehensive risk mitigation strategy for this risk.

5/11/2023

Cleared.

Agency's Comments

UNDP May 8, 2023

The risk has been adjusted from moderate to high risk. Given the geographic location of the project, distance to market is not the main issue as the distances from the forest/agro-forest areas are not far from the central markets, however, the two main needs are (i) identifying and cultivating a market and (ii) providing initial/seed capital for biodiversity-friendly projects. UNDP has extensive experience with biodiversity-friendly enterprises that it can bring to this project. For example, the recent terminal evaluation of a GEF project in the Philippines *Strengthening Marine Protected Areas to Conserve Marine Key Biodiversity Areas?* (GEF ID 4810) concluded that "Contrary to previous experiences on alternative income-generating ventures, this project has developed viable community-based business ventures (biodiversity-friendly enterprises) based on ecosystem services from MPAs and with the support of low value grants that can also strengthen the financial sustainability of biodiversity-friendly enterprises and marine protected areas." While this project was implemented in a different geographical region, lessons from the project are still relevant for the Panama project proposal. One of these lessons indicated that the preparation of a robust, realistic plan including market study and financial projections, entailing the support of an accompanying organization already present on the ground with links to both communities and government organizations as well as having a grant mechanism to catalyze the ventures' launching to sustain them through the first three years of implementation were necessary for the success in developing viable business plans.

Building on the lessons from the Philippines GEF project, UNDP's experience implementing the Biodiversity Finance Initiative (BIOFIN), UNDP-GEF non-timber forest product projects from Brazil and Argentina, and learning from successful enterprises that have been launched in Panama, the project has added more explicitly a

comprehensive market analysis to identify potential buyers, both locally and internationally, for biodiversity-friendly products. The project will identify existing and potential demand for biodiversity-friendly products and target physical and digital markets that could be accessed by the enterprises. In addition, the project will build the capacity of local enterprises to produce high-quality products that meet market demand and standards. The analysis will include the development of biodiversity-friendly value chains that include circular economy principles such as zero waste. This will be supported by partnerships with private sector companies, traders, and intermediaries that have experience in marketing and selling biodiversity-friendly products. The project also includes the provision of community low value grants for co-investment in biodiversity-friendly micro, small, and medium enterprises, and support for partnerships with lending institutions for financing small businesses to deserving producer groups.

The baseline conditions and challenges/barriers have been better explained and explicitly reflected under Section A of the PIF. Activities to address these barriers and manage the risk have also been better elaborated to Section B.

The risk matrix under Section B. has been updated to reflect this as a high-risk issue and to present a more comprehensive risk mitigation strategy.

5.7 Qualitative assessment

- a) Does the project intend to be well integrated, durable, and transformative?
- b) Is there potential for innovation and scaling-up?
- c) Will the project contribute to an improved alignment of national policies (policy coherence)?

Secretariat's Comments

4/20/2023

Yes.

The project may contribute to policy coherence, but component one weaknesses have to be addressed in order to assess this correctly.

5/11/2023

Cleared.

Agency's Comments

UNDP May 8, 2023

The project is targeting the lack of adequate implementation of existing strategies/plans and the need for a strategy for Panama's Agrotourism law. The lack of implementation of these plans results in continued unsustainable land use practices that lead to habitat destruction, fragmentation, and degradation, which are major drivers of biodiversity loss in Panama. Moreover, the lack of a coordinated effort to implement these strategies and

plans exacerbates the problem, as the priorities among different sectors and stakeholders lead to inefficient use of resources and missed opportunities for synergy. The lack of biodiversity conservation measures and SLM principles integrated into these strategies and plans means that biodiversity is not given due consideration in decision-making processes, leading to unsustainable development practices that harm biodiversity and its associated ecosystem services. The project's focus on supporting the implementation of existing strategies and plans (National Forest Strategy and Master Plan for Sustainable Tourism) and the development of a new strategy for the Agrotourism Law is therefore essential to addressing these underlying issues, supporting the implementation of existing laws and regulations, and promoting biodiversity conservation and sustainable development in Panama.

Changes have been made to address the concern about Component 1 in the Indicative Project Overview with new outcomes, outputs and indicators included to reflect greater specificity in terms of the strategies and plans that will be addressed through the project. Section A and Section B have also been updated to provide a more coherent baseline and the project's theory of change has been adjusted to reflect these changes.

6 C. Alignment with GEF-8 Programming Strategies and Country/Regional Priorities

6.1 Is the project adequately aligned with focal area and integrated program strategies and objectives, and/or adaptation priorities?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

6.2 Is the project alignment/coherent with country and regional priorities, policies, strategies and plans (including those related to the MEAs and to relevant sectors)

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

6.3 For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e. BD, CC or LD), does the project clearly identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and how it contributes to the identified target(s)?

Secretariat's Comments

4/20/2023

Please clarify which GBF targets the project will contribute to.

5/11/2023

Cleared.

Agency's Comments

UNDP May 8, 2023

The proposed project contributes to several targets of the Kunming-Montreal Global Biodiversity Framework (GBF), particularly those related to the conservation and restoration of ecosystems, sustainable use of natural resources, and strengthening of institutional and policy frameworks for biodiversity conservation (Goals A and B and corresponding targets 1-3, 9-11, and 14). The project's focus on the establishment of partnerships between NGOs, private natural reserves, IPLCs, and public and private sectors for biodiversity conservation and natural corridors will also contribute to targets related to the participation of indigenous and local communities in biodiversity conservation and governance.

The above language has been added in Section C of the PIF.

7 D. Policy Requirements

7.1 Is the Policy Requirements section completed?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

7.2 Is a list of stakeholders consulted during PIF development, including dates of these consultations, provided?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

8 Annexes

Annex A: Financing Tables

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

STAR allocation?

Secretariat's Comments

4/20/2023

Yes, cleared.

In Indicative Project Overview Table, M&E outputs and outcomes are not presented in an independent component as it was requested ? instead, it was included in component 4 (KM) ? please ask the Agency to separate the M&E outcomes and outputs to present them in the respective M&E component.

5/11/2023

Cleared.

Agency's Comments

UNDP May 8, 2023

The indicative project overview table has been updated to include the M&E as a separate component.

Please see changes to the Project Overview table included in the PIF.

Focal Area allocation?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

LDCF under the principle of equitable access?

Secretariat's Comments

4/20/2023

NA

Agency's Comments
SCCF A (SIDS)?

Secretariat's Comments
4/20/2023

NA

Agency's Comments
SCCF B (Tech Transfer, Innovation, Private Sector)?

Secretariat's Comments
4/20/2023

NA

Agency's Comments
Focal Area Set Aside?

Secretariat's Comments
4/20/2023

NA

Agency's Comments
8.2 Is the PPG requested within the allowable cap (per size of project)? If requested, has an exception (e.g. for regional projects) been sufficiently substantiated?

Secretariat's Comments
4/20/2023

Yes, cleared.

Agency's Comments

8.3 Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

Annex B: Endorsements

8.4 Has the project been endorsed by the country?(ies) GEF OFP and has the OFP at the time of PIF submission name and position been checked against the GEF database?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

Are the OFP endorsement letters uploaded to the GEF Portal (compiled as a single document, if applicable)?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

Do the letters follow the correct format and are the endorsed amounts consistent with the amounts included in the Portal?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

8.5 For NGI projects (which may not require LoEs), has the Agency informed the OFP(s) of the project to be submitted?

Secretariat's Comments

4/20/2023

NA

Agency's Comments

Annex C: Project Location

8.6 Is there preliminary georeferenced information and a map of the project's intended location?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

Annex D: Safeguards Screen and Rating

8.7 If there are safeguard screening documents or other ESS documents prepared, have these been uploaded to the GEF Portal?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

Annex E: Rio Markers

8.8 Are the Rio Markers for CCM, CCA, BD and LD correctly selected, if applicable?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

Annex F: Taxonomy Worksheet

8.9 Is the project properly tagged with the appropriate keywords?

Secretariat's Comments

4/20/2023

Yes, cleared.

Agency's Comments

Annex G: NGI Relevant Annexes

8.10 Does the project provide sufficient detail (indicative term sheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table to assess the project capacity of generating reflows? If not, please provide comments. Is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat's Comments

4/20/2023

NA

Agency's Comments

9 GEFSEC Decision

9.1 Is the PIF and PPG (if requested) recommended for technical clearance?

Secretariat's Comments

4/20/2023

No, a number of issues require revision and clarification as noted above. Please revise and resubmit.

5/11/2023

PIF is recommended for technical clearance.

Agency's Comments

UNDP May 8, 2023

The PIF has been revised and updated to respond to the clarifications requested, most notably with changes made to Component 1 of the project.

Changes have been made to the Indicative Project Overview, Section A, Section B, Section C, the GEF Core Indicator Reporting Template and the Core Indicator 6 Annex (FAO EX-ACT estimations) of the PIF.

9.2 Additional Comments to be considered by the Agency at the time of CEO Endorsement/ Approval

Secretariat's Comments

Agency's Comments

Review Dates

PIF Review

Agency Response

First Review

4/20/2023

PIF Review

Agency Response

Additional Review (as necessary)

5/11/2023

Additional Review (as necessary)

Additional Review (as necessary)

Additional Review (as necessary)