

Strengthening Sustainability in Commodity and Food-Crop Value Chains, Land Restoration and Land Use Governance through Integrated Landscape Management for Multiple Benefits in Indonesia

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10238

Countries

Indonesia

Project Name

Strengthening Sustainability in Commodity and Food-Crop Value Chains, Land Restoration and Land Use Governance through Integrated Landscape Management for Multiple Benefits in Indonesia

Agencies

UNDP, FAO

Date received by PM

12/12/2020

Review completed by PM

9/2/2021

Program Manager

Paul Hartman

Focal Area

Multi Focal Area

Project Type

FSP

PIF
CEO Endorsement

Part I ? Project Information

Focal area elements

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

Secretariat Comment at CEO Endorsement Request

03/16/21

Yes, Table A is aligned with the FOLUR focal area elements.

Cleared

Agency Response

Project description summary

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

Secretariat Comment at CEO Endorsement Request

03/16/21

No. Please address the following:

1. A justification is required as to why 84 months (7 years) is required to carry out the project, as opposed to a more traditional timeline for a GEF project.

2. Project Objective: While the current project objective is clear, the main goal of FOLUR is about transforming food systems. The project objective should therefore reflect on how it is contributing to this or it otherwise runs the risk of appearing to generate incremental improvements in production at the landscape level.

3. Table B

a. With regard to their financing type, it would appear Components 2&3 are investments and not technical assistance (i.e. policy). Please consider adjusting.

b. Component 1- Outcome 1 is sound and targets both national and sub-national levels for policy engagement but the measures are entirely at the landscape/jurisdiction level. There should be some feedback to national level policy as well and this should be measured.

-Output 1.4? Is the decision support tool for informing policy formulation for landscape & national levels or just targeted at the Landscape?

-Output 2.2 - How will the results of the HCV/HCS and management guidelines be translated into set aside? Is this through the Jurisdictional level or district level management planning process or some other means? This should be clarified.

c. Component 2

- Output 3.1- These mechanisms broadly sound useful but it would be good to list a few examples of these types as clarification of what is envisioned. Will they also target SMEs?

- Output 3.2 - Be good to list a few examples of these types of collaborations.

Outcome 5 ? for the indicators instead of writing TBD%, the total can be stated without the tbd, for example ?TBD% increase for extension services? becomes ?% increase for extension services.?

d. Component 4

- Output 7.1 instead of stating that project implementation will be ?controlled? it may be better to say ?overseen.?

- Output 7.4.- it is good to see that there is an intention to outreach and scale ?across jurisdictions/provinces and nationally, regionally and globally.? As UNDP is also overseeing FOLUR projects in Malaysia, and PNG, it would be useful to specifically mention these countries as targets for engagement and sharing as is indicated in the description of component four (pgs. 75, 80) of the CER.

07/14/21

1. The duration of the project as indicated in Part I: Project information has been modified from 84 months to 72 months. Cleared
2. Project objective has been revised. Cleared
3. Points a, b & C have been sufficiently revised/explained and are cleared. As related to the point d comment, the word 'controlled' still needs to be deleted from the Table B Output 7.1 description in the CER. Please do so.

08/11/21

Point 3 above has been addressed. The project design is appropriate to achieve the expected outcomes and outputs.

Cleared

Agency Response

UNDP, June 22, 2021

1) The project is designed for 6 years (72 months). The expected start date indicated in the CEO ER is 01 Jun 2021 and the expected completion date is 31 May 2027. This is a 6-year (72-month) duration.

2) The phrasing of the project objective has been revised to the following:

?To transform the management of oil palm-, cocoa-, coffee-, and rice-based food systems and landscapes in Indonesia for the generation of multiple environmental benefits.?

3. Table B

a) The ?Component Type? in Table B of the CEO ER for Components 2 and 3 has been changed to ?Investment?.

b) Component 1 - Outcome 1:

- Output 1.4 will assess the level of policy harmonization/synchronization between national-level and sub-national level policies. Sub-national level here is defined as district and provincial levels.

The following has been added to the narrative description of **Output 1.4:**

?The tool will not only cover the target landscapes but will eventually be used for other sub-national areas across the country. To ensure that the tool works, some policies within the target landscapes will be used for testing.?

- The following information has been added to the narrative description of **Output 2.2:**

?Following Indonesia?s Forestry Law, set-aside areas are envisaged to be mainly designated within the State Forest areas (i.e., Production Forest, Limited Production Forest, Convertible Production Forest), as the state forest areas cover more than 90% of the total terrestrial areas in Indonesia. Other Land Use (APL) areas, which are the only areas managed by the district government, are limited and most have already been

allocated for commodity and food cultivation, housing, building etc. It must also be noted that State Forest areas are under the authorization of the MoEF with some delegation of authority to the provincial government. Therefore, set-aside areas will be mainstreamed predominantly into the jurisdictional ILM plans.?

c) Component 2

- **Output 3.1.** No, it will not involve SMEs because Indonesia already has Kredit Usaha Rakyat (KUR/ Credit for Community Enterprise) that is specifically made available for SMEs. The following information has been added to the narrative description of Output 3.1:

?The financial mechanism under this output targets the smallholders, in particular independent smallholders who continue to face challenges to access credit to finance, e.g., application of best management practices (BMP) or good agricultural practices (GAP), or to obtain sustainability certification. There is currently no such mechanism in Indonesia that specifically targets the smallholders. However, this mechanism should have the principles of a blended-finance mechanism. For example, the IFC's [Global Agriculture and Food Security Program](#), which uses blended finance solutions and concessional funding to support projects designed to improve the livelihoods of smallholder farmers. However, for Indonesia's (project's) case, the mechanism's fund will be channeled through farmers' cooperatives and/or unions to finance smallholders for sustainable production. The project, in particular through CMEA and MoA, will liaise to see if CPO-Fund can be leveraged, to top up with non-public investments.?

- The narrative description of **Output 3.2** includes a list of different types of collaborations (copied below) we will seek to broker and facilitate. We believe that these are most optimally co-created with the participants and so it is hard to provide more specifics until that process has begun.

Country and regional demand market initiatives including: China Sustainable Palm Oil Alliance, European Palm Oil Alliance, Amsterdam Declaration Partnership, India Sustainable Palm Oil Coalition, Southeast Asia Alliance for Sustainable Palm Oil

Global initiatives including: the Roundtable on Sustainable Palm Oil (RSPO), World Cocoa Foundation (WCF), the International Coffee Organization (ICO), Sustainable Coffee Challenge, the Global Coffee Platform, the Sustainable Rice Platform (SRP), the Tropical Forest Alliance (TFA), the Consumer Goods Forum (CGF), the World Business Council for Sustainable Development (WBCSD), the Global Agribusiness Alliance.

Outcome 5 - The entries in Indicators 13 and 14 phrased as '?TBD%' have been changed to '%?'.?

d) Component 4

- **Output 7.1:** the word '?controlled?' in the phrasing of this output has been changed to '?overseen?'.?

- **Output 7.4:** Revisions to paragraph 409 of the ProDoc are shown below in underline.

?The lessons-learned reports and knowledge products will be disseminated publicly to stakeholders in Indonesia as well as outside the country. Within Indonesia, lessons will be presented to the national and sub-national stakeholders through the annual FOLUR-Indonesia's community of practice (CoP). And at the regional and global levels, these lessons will be disseminated through FOLUR regional and global communities of practice and exchanges. Specifically for the regional-level knowledge exchanges, the CoP will focus on lessons and knowledge dissemination between Indonesia, Malaysia and PNG.

UNDP-FAO, 30 July 2021

The phrasing of Output 7.1 in Table B of the CEO has been revised. CEO ER: Table B.

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

Secretariat Comment at CEO Endorsement Request N/A

Agency Response

Co-financing

4. Are the confirmed expected amounts, sources and types of co-financing adequately documented, with supporting evidence and a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized, and a description of any major changes from PIF, consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat Comment at CEO Endorsement Request

03/16/21

No. Please address the following:

1. We are pleased to see significant co-financing investment of the relevant government ministries and private sector. It has been explained in the co-financing letter that government support comes from complementary programs and investment, but please confirm if they are all in the form of grant financing, which is not common for recurrent expenditures. The one exception to this comment is the Indonesian Palm Oil Fund Management Agency (BPDPKS), where the explanation of this grant financing is already clear.

2. It needs to be stated in the Olam co-financing letter if this is grant or in-kind financing, which is currently missing. This letter also requires a signature.

3. Please clarify if there is any expectation that government and private sector co-finance amounts in the CER may be affected by the COVID pandemic.

07/14/21

1. Clarification and new letter received from the government confirming investment type. Cleared.

2. The Olam co-financing letter still refers to the \$1.1m coming in cash or in-kind ?parallel funding.? It is generally necessary for the letter to specify how much is cash and how much will be in-kind and to have this reflected in the co-financing table, Table C.

3. Clarification is sufficient. Cleared

08/11/21

The co-financing letter from Olam has been revised and the total and type of co-financing indicated in the letter is now accurately reflected in Table C.

The confirmed expected amounts, sources and types of co-financing are adequately documented.

Cleared

Agency Response

UNDP, June 22, 2021

1) Revised co-finance letter obtained from the Government of Indonesia which has addressed comments on the type of co-financing from the agencies.

2) The revised co-finance letter from Olam of USD 1,100,000 is in the form of grant/investment mobilized. The revised and signed co-financing letter is annexed to the Project Document.

3) The co-financing letters were issued during the COVID-19 pandemic. The issues associated with the pandemic were therefore taken into account when the co-financing contributions were formulated in the co-financing letters.

UNDP-FAO, 30 July 2021

The type co-financing committed by Olam is grant (investment mobilized). The letter has been revised and is attached to the resubmission.

Project Document, Annex 21 (Co-financing letters)

GEF Resource Availability

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

Secretariat Comment at CEO Endorsement Request

03/16/21

The financing in Table D appears adequate to meet the project objectives. However, please address the following question on the budget:

1. In the Budget template, travel, miscellaneous expenses and IT equipment have been tagged for UNDP and FAO. We require clarification on what these items pay for, and who and what entity is responsible for the funds flows, procurement and payment for these items. We note that UNDP's and FAO's supervision, oversight and project cycle management services are to be covered by Agency fee, and that direct project costs seem to already be charged for support services. If these items are for UNDP's and FAO's team, a case will need to be made as justification.

07/14/21

We request that FAO and UNDP specify 'Other operating costs ? Miscellaneous expenses'. Generally, we don't accept misc expenses to be covered by GEF funds.

08/11/21

- The miscellaneous expenses line item has been removed from the respective budgets and the funds have been distributed to acceptable cost categories in the budget breakdowns.

- The financing presented in Table D is adequate and the project demonstrates a cost-effective approach to meet the project objectives.

In addition, please address the following:

1) When comparing Table D from the Program (10201) with Table D from the Child Project, we noticed that the amounts for the Climate Change and Land Degradation Focal Areas for both UNDP and FAO do not match and should be switched. Kindly review and confirm that the amount reserved in each focal area match with the amounts stipulated in the approved PFD.

UNDP	GET	Indonesia	Biodiversity	BD STAR Allocation	5,992,661	539,339	6,532,000.00
UNDP	GET	Indonesia	Climate Change	CC STAR Allocation	683,945	61,555	745,500.00
UNDP	GET	Indonesia	Land Degradation	LD STAR Allocation	1,326,147	119,353	1,445,500.00
UNDP	GET	Indonesia	Multi Focal Area	IP FOLU Set-Aside	4,151,376	373,624	4,525,000.00
FAO	GET	Indonesia	Biodiversity	BD STAR Allocation	2,064,220	185,780	2,250,000.00
FAO	GET	Indonesia	Climate Change	CC STAR Allocation	183,486	16,514	200,000.00
FAO	GET	Indonesia	Land Degradation	LD STAR Allocation	458,716	41,284	500,000.00
FAO	GET	Indonesia	Multi Focal Area	IP FOLU Set-Aside	1,353,211	121,789	1,475,000.00

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

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)
UNDP	GET	Indonesia	Biodiversity	BD STAR Allocation	5,992,661	539,339
UNDP	GET	Indonesia	Land Degradation	LD STAR Allocation	683,945	61,555
UNDP	GET	Indonesia	Climate Change	CC STAR Allocation	1,326,147	119,353
FAO	GET	Indonesia	Biodiversity	BD STAR Allocation	2,064,220	185,780
FAO	GET	Indonesia	Land Degradation	LD STAR Allocation	183,486	16,514
FAO	GET	Indonesia	Climate Change	CC STAR Allocation	458,716	41,284
FAO	GET	Indonesia	Multi Focal Area	IP FOLU Set-Aside	1,353,211	121,789
UNDP	GET	Indonesia	Multi Focal Area	IP FOLU Set-Aside	4,151,376	373,624
Total Grant Resources(\$)					16,213,762.00	1,459,238.00

2. On the Budget:

a. Some M&E Expenses have been included in a component in the budget table but excluded from the M&E Budget: the M&E budget includes Supervision missions at no cost, but in the budget table there is a cost for \$60,000. Please revise.

Component 4: Knowledge Management, Coordination, Collaboration, and Monitoring and Evaluation	CMEA	62000	GEF	71200	International Consultants	48,000	63,000	93,000	45,000	45,000
				71300	Local Consultants	72,090	116,270	146,220	108,220	108,220
				71400	Contractual Services - Individuals	5,000	10,000	10,000	10,000	10,000
				71600	Travel	48,900	94,385	111,335	93,935	93,935
				72100	Contractual Services - Companies	104,250	78,150	63,150	83,150	83,150
				72800	Information Technology Equipment	31,510	0	0	0	0
				74200	Audio Visual & Print Prod Costs	23,400	30,520	30,520	28,520	28,520
				75700	Training, workshops and Confer	50,500	125,100	52,100	120,100	120,100
				sub-total GEF Component 4		383,650	517,875	506,325	438,925	438,925
				Total Component 4		383,650	517,875	506,325	438,925	438,925

Project document Table 27: Monitoring and evaluation plan and budget

GEF M&E requirements	Indicative costs (USD)	Time frame
Inception Workshop	40,000	Within 60 days of CEO endorsement of this project.
Inception Report	None	Within 90 days of CEO endorsement of this project.
M&E of GEF core indicators and project results framework	20,000	Annually and at mid-point and closure.
GEF Project Implementation Report (PIR)	31,350	Annually typically between June-August
Monitoring of ESMP gender action plan	90,000	On-going.
Supervision missions	None	Annually
Independent Mid-term Review (MTR)	71,000	31 December 2023
Independent Terminal Evaluation (TE)	71,725	28 February 2027
TOTAL Indicative COST	324,275	

71600. Travel.
Total: USD 552,000
UNDP:
Output 7.1: Travel expenses for M&E missions (USD 10,000 per year for 6 years; total: USD 60,000); travel expenses for project board meetings (USD 4,000 per year for 6 years; total USD 24,000); travel expenses for midterm assessment of core indicators (USD 10,000); travel expenses for terminal assessment of core indicators (USD 10,000); travel expenses for midterm review (USD 11,000); Travel expenses for terminal evaluation (USD 11,725).
Output 7.2: Travel and DSA for ESIA missions (USD 15,000); travel and DSA expenses for M&E missions for the ESMP and gender action plan (USD 35,000).
Output 7.4: Travel expenses associated with miscellaneous KM events (USD 7,275).
Output 7.5: Travel and DSA expenses for FOLUR global events (3 events with 15 people per event, at USD 4,000 per person per event (USD 180,000); travel and DSA expenses for FOLUR regional events (3 events with 15 people per event, at USD 2,000 per person per event (USD 90,000); travel and DSA expenses for jurisdiction workshops (5 workshops, one per year, rotated annually, at USD 10,000 per workshop (USD 50,000); travel and DSA expenses for participating in other events (16 people at USD 3,000 per person; total USD 48,000).
FAO:
 None

b. Some of the expenses stipulated below should not be charged to the PMC such as M&E related activities (e.g. inception workshop). Please revise

36	<p>74596. Services to Projects - GOE (Direct project costs; the actual charges will be itemized based on Universal Price List or local price list) Total: USD 64,440 UNDP: UNDP support services to the Government (IP) for the recruitment and maintaining of PMU staffs (under UNDP's contract), Procurement of international and national Safeguards, ESIA/ESMP and impact evaluation; Organizing of Inception workshop and baseline assessment. The support services will be provided based on the IP request basis of estimated actual or transaction-based cost. See Agreement in Annex 22c for details. FAO: None</p>
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c. If the purpose is for the GEF Agencies to provide limited execution support services particularly in the first year of implementation setting up PMU team by recruiting project staff (see screenshot below), this is contradicted by the fact that these PMU personnel will be hired under UNDP's contract (see screenshot at the bottom) as this would limit the ability for the Executing Agency [the Coordinating Ministry of Economic Affairs (CMEA)] to take decisions over this personnel in the long run. PMU Unit staff must be mapped to the Project's Executing Agency, not to UNDP. Please amend.

UNDP, June 22, 2021

1) Thank you for the comments on the execution support. We would like to clarify as follows:

A meeting was convened on 8 April 2021 with the Executing Agency (CMEA) and key government agencies to discuss on the comments received from GEF SEC in the review sheet. What has emerged from the meeting was, the agencies agreed to request for a limited execution support services from the two agencies particularly in the first year of project implementation given the constraints with government procedure in setting up the project management unit (PMU) and other arrangements including opening bank accounts. Limited execution support services will include - setting up PMU team by recruiting project staff; hiring international and local consultants; contracting third parties for the work on baseline indicators and supporting of ESIA/SESA, ESMP and safeguards management plan; facilitating project inception meeting; procuring IT equipment for the PMU; and travel and meeting/workshops arrangement in year 1. Implementing Partner (EA) will be fully involved in the procurement of above-mentioned services which will be reflected in the signature Annual Work Plan by the National Project Director and UNDP Deputy Resident Representative for UNDP managed fund, and the same apply for FAO managed fund. The request for every execution service will be accompanied by a letter from the Implementing Partner. Further, the payment to vendor will also be made upon approval/satisfactory confirmation from the Implementing Partner. This was reported through Minutes of Hand-over Document (Berita Acara Serah Terima – BAST) mechanism.

Through the execution support services, UNDP will manage a total of US\$ 1,734,769 million mainly for the services outlined in the table and the revised Letter of Agreement. FAO will manage US\$ 749,013. The services mainly include recruitment of PMU staff and specialised international expertise as noted below:

09/02/21

1. Noted. The PFD entry has been changed in the system by GEFSEC and now aligns with what is reflected in the CER documents and LoE.

2a. Please address the following:

- Some M&E Expenses have been included in a component in the budget table but excluded from the M&E Budget: in the Review Sheet the Agency says that ?supervision missions will be made at no cost. Supervision missions undertaken by UNDP CO and UNDP-GEF Unit staff as well as FAO team are covered under the GEF Agency fee and are not included in the M&E travel line items in the project budget.? However, the budget in ProDoc still includes this charge (see screenshot below):

25	71600. Travel.
	Total: USD 552,000
	UNDP:
	Output 7.1: Travel expenses for M&E missions (USD 10,000 per year for 6 years; total: USD 60,000); travel expenses for project board meetings (USD 4,000 per year for 6 years; total: USD 24,000); travel expenses for midterm assessment of core indicators (USD 10,000); travel expenses for terminal assessment of core indicators (USD 10,000); travel expenses for terminal evaluation (USD 11,725).
	Output 7.2: Travel and DSA for ESIA missions (USD 15,000); travel and DSA expenses for M&E missions for the ESMP and gender action plan (USD 35,000).
	Output 7.4: Travel expenses associated with miscellaneous KM events (USD 7,275).
	Output 7.5: Travel and DSA expenses for FOLUR global events (3 events with 15 people per event, at USD 4,000 per person per event (USD 180,000); travel and DSA expenses for jurisdiction workshops (5 workshops, one with 15 people per workshop, at USD 10,000 per workshop (USD 50,000); travel and DSA expenses for participating in other events (16 people at USD 3,000 per person; total USD 48,000).
	FAO:
	None

- In addition, the amount for this included in UNDP's budget in the ProDoc (\$60,000) is different from the amount included in the excel budget (\$62,725). So, there is an issue of consistency that also needs to be fixed.

- UNDP's budget is also not included in the CEO Endorsement Portal view ? Annex E (as it was in the previous submission).

2b. The comment on expenses that should not be charged to the PMC such as M&E related activities has been addressed. Cleared

2c. On the comment "PMU personnel will be hired under UNDP's contract", the Agency's response "PMU staff, including the technical support positions, will be under direction supervision of the National Project Director at the CMEA from the start...?". Thank you for this explanation, which is clear. Nonetheless, this explanation is only found in the Review Sheet and it has to be (perhaps in a summarized manner) included in the CEO Endorsement request and/or in the Budget in Portal.

To summarize requested changes:

(i) The UNDP budget table should be cut and pasted to the CEO Endorsement Portal view - Annex E in Portal entry, before the FAO budget table.

(ii) Please keep consistency in the figures included in the different budgets (the budget appended to the Document's tab, the budget in ProDoc, the budget in the CEO Endorsement request view in Portal).

(iii) Please include in the CEO Endorsement Portal view in Portal that CMEA will have full authority over the PMU staff and technical support team considering the contractual timeline (PMU staff and technical support positions (UNDP/FAO (Year 1), CMEA (Years 2-6)).

09/09/21

i. The UNDP budget has now been appended to Annex E of CEO ER. Addressed

ii. The budget line item amount reflected for M& E travel in the excel project budget and the budget in the CER ER Annex E are now consistent. The agency has indicated that consistency of figures is assured across documents. Addressed

iii. That the government (CMEA) will have full authority over the PMU staff and technical support team is now reflected in the project budget and explained in the institutional arrangement of the CEO ER and the Financial Planning and Management section of the ProDoc. Addressed

The financing presented is adequate and the project demonstrates a cost-effective approach to meet project objectives.

Cleared.

Agency Response

UNDP, June 22, 2021

Thank you for the comments. We would like to clarify that these budgets are not for UNDP & FAO, instead the procurement of IT equipment, misc. Expenses and travel cost for PMU staff. However, the fund will be managed by UNDP and FAO. This has now been clarified in the budget template.

UNDP-FAO, 30 July 2021

The cost category 'miscellaneous expenses' has been removed from the budget breakdown.

Under Output 5.3, the budget allocated for Contractual Services - Companies (Atlas 72100) has been increased by USD 90,000. The service provider procured for delivering capacity building for farmers will be responsible for costs associated with operating and maintaining the training facilities.

Under Output 6.1, the budget allocated for Contractual Services - Companies (Atlas 71200) has been increased by USD 24,456.

Under Output 7.4, the budget allocated for Contractual Services - Companies (Atlas 72100) has been increased by USD 15,000. The service provider procured for development and implementation of a KM Strategy and Action Plan will be responsible for operating and maintaining KM platforms.

Project Document: Section IX (Total Budget and Work Plan); Annex 1 (GEF Budget Template); Annex 13 (Procurement Plan)

UNDP-FAO Response, 24 August 2021

The entries in the CEO ER document are correct. The entries in the portal were incorrectly made at the PIF stage and UNDP is unable to make the corrections as those cells are not editable.

2. on the budget

a) We confirm that supervision missions will be made at no cost. Supervision missions undertaken by UNDP CO and UNDP-GEF Unit staff as well as FAO team are covered under the GEF Agency fee and are not included in the M&E travel line items in the project budget.

The entries highlighted in the budget notes represent travel related expenses associated with M&E activities, e.g., US\$60,000 is the cost for field visits of the Chief Technical Advisor and other technical support positions. This includes cost of field visits to the project sites by the midterm review and terminal evaluation teams, travel to the field by safeguard specialists to carry out M&E missions in relation to the implementation of the environmental and social management plan and other safeguard management plans. The above travel cost has been included as part of the M&E budget.

b) The budget note for 'Services to Projects' line item has been changed to the following:

'UNDP support services to the Government (IP) for support services related to HR, Procurement of international and national consultants related to M&E, Safeguards, ESIA/ESMP and impact evaluation; Procurement of travel services. The support services will be provided based on the IP's request and are calculated on the basis of estimated actual or transaction-based cost. See Agreement in Annex 22c for details.'

c) Thank you for the comments and suggestion to map the PMU staff to the Project Executing Agency. This was discussed with the Executing Agency (EA) - the Coordinating Ministry for Economic Affairs (CMEA) and other key government stakeholders, where they have indicated that the start of the project implementation will likely be delayed if the recruitment of PMU staff, including technical support positions, have to be managed by the EA in the first year. The EA and partners therefore, suggested that UNDP and FAO provide support for the first year. In order to initiate project implementation after the Project Document is signed by the Government of Indonesia, UNDP and FAO will facilitate recruitment of PMU staff, including technical support positions, with full ownership of the EA. The contracts for these positions will be with UNDP and FAO for the first year of implementation and then transition to CMEA for the remaining duration of project implementation.

It is important to note that the PMU staff, including the technical support positions, will be under direction supervision of the National Project Director at the CMEA from the start. The terms of reference and deliverables for these positions will be based on the requirements of the CMEA, and payment terms upon certification by CMEA. In other words, the CMEA will have full authority over the PMU staff and technical support team. These conditions apply in the first year of implementation as well, when the contracts will be with UNDP and FAO. Moreover, the PMU staff will operate from CMEA's office.

The Responsible Entity (Executing entity receiving funds from the GEF Agency) entries in the GEF budget template, Annex 1 to the Project Document, have been revised to reflect the information described above for the PMU staff and technical support positions (UNDP/FAO (Year 1), CMEA (Years 2-6).

UNDP-FAO Response, 9 September 2021

- (i) This has been corrected in the portal.
- (ii) Consistency ensured in the portal
- (iii) This has been reflected in the relevant sections of CEO ER document and ProDoc.

In order to initiate project implementation after signing of the ProDoc, UNDP and FAO will facilitate recruitment of PMU staff, including technical support positions, with full ownership of the EA. The contracts for these positions will be with UNDP and FAO for the first year of implementation and then transition to CMEA for the remaining duration of project implementation (Y2-6). PMU staff, including the technical support positions, will be under direction supervision of the National Project Director at the CMEA (Executing Agency) from the start. The terms of reference and deliverables for these positions will be based on the requirements of the CMEA, and payment terms upon certification by CMEA. In other words, the CMEA will have full authority over the PMU staff and technical support team. These conditions apply in the first year of implementation as well, when the contracts will be with UNDP and FAO. Moreover, the PMU staff will operate from CMEA's office.

Please refer to:

CEO ER 6. Institutional Arrangement and Coordination, p.115

UNDP ProDoc: Para 492 & 493, p.152-153

Project Preparation Grant

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

Secretariat Comment at CEO Endorsement Request

03/16/21

Yes, status and utilization of the PPG is reported.

Cleared

Agency Response

Core indicators

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

Do they remain realistic?

Secretariat Comment at CEO Endorsement Request

03/16/21

No. Please respond to the following:

1. While our review of the Ex-ACT tool shows that the GHG benefits were calculated correctly, the results generated are nonetheless quite high. The targeted deforestation rates applied seem reasonable, but we question the assumptions of the targeted area of interventions and the influence over 20M hectares (the size of a country like Cambodia), with a cost of \$7.5 per hectare considering the total budget of the project with co-financing. The agency can either further justify this, or reconsider the prospects of influencing such a large area and lower the result for area under improved management with a corresponding rationale for how this was determined.
2. If most deforestation involves fire, the Ex-ACT tool should tick ?yes? for fire use in 2.1 Deforestation.
3. The HCVF forests calculation (core-indicator 4.4) should be justified by relevant references in the core indicator table of the portal.
4. The unit of measure to be applied for core indicator 6.1 in the portal and the Core Indicator Worksheet should be CO₂e, not million t CO₂e.

5. Will the government's budget reprioritization as a result of COVID and the uncertainty of funding for KEEs affect the estimates provided, particularly CI4 & CI6?

6. Will the project contribute to any of the Aichi targets? If so, this should be highlighted in the explanation under the core indicator tables.

07/14/21

1a. The Ex-Act calculation of avoided deforestation is over an area of 20 million hectares, however, the response in the review sheet states that the project will only have influence over 1.6 million hectares. Please clarify or revise.

1b. Two categories of forests are categorized where a decrease of the deforestation rate is applied: (i) "Forest Cover In Improved Management" and (ii) "Forest Cover Outside Improved Management?". In the later, please explain the rationale for estimating a decrease in the deforestation rate in areas without improved management, which seems counter-intuitive. If the calculation was only to consider the deforestation avoided in the areas of improved management, the total result would be around 42 M t CO₂e, which would seem more reasonable.

1c. Please clarify where the assumptions for the deforestation rates with the project at year 5 and 7 comes from.

2& 3. Responses to comments regarding fire and HCV are sufficient. Cleared

4. The unit of measure is still incorrect for the GHG estimate in the portal CER core indicator table. The estimate for CI 6 should be written as 94,440,866, not 94.44. Please revise where necessary across the CER, ProDoc and Core Indicator Worksheet.

5. Response sufficient. Cleared

6. Information provided is sufficient. Cleared

08/11/21

1a. b. & c. The explanations provided and revisions made are sufficient.

4. The result has been revised and the number format corrected across documents.

The core indicator targets remain realistic.

Cleared

Agency Response

UNDP, June 22, 2021

1) The 20M ha figure is a default total provided by the tool. However, looking carefully through descriptions provided in Annex 15, the GHG benefits are derived from the following:

- 20,000 ha of forest land restored
- 1,474,000 ha of landscapes under improved management to benefit biodiversity
- 113,000 ha of HCVF loss avoided

Hence, actually, the area of interventions is equal to 1.6 million ha.

2) The government is not comfortable with the 'fire' assumption for deforestation. They argued that we cannot prove deforested areas in the future can be attributed to fire-related deforestation.

Also, kindly note that if we tick 'yes' for fire, it will further increase GHG emission mitigation, as it's a default function in the tool.

3) The justification of set-aside areas is provided in Annex 17 to the Project Document (Calculations of GEF 7 Core Indicator end targets).

4) Revisions have been made in Table F, Table of page 94 of CEO ER, Table of page 96 of CEO ER, Annexes A and F of CEO ER.

5) The estimations of the GEF 7 Core Indicator end targets were made in 2020 when the COVID-19 pandemic was spreading. The estimates were reviewed by the governmental partners and other stakeholders. COVID-19 considerations were taken into account when the government issued their co-financing letter and, therefore, possible budget reprioritization as a result of COVID-19 is not expected to affect the estimates of the end targets

6) The following information has been added:

'The project will also contribute to achievement of the targets outlined in the post-2020 global biodiversity framework, which was under development at the time of developing the Project Document. The project is aligned with the following draft 2030 Action Targets of the zero draft of the post-2020 global biodiversity framework:

- Target 1. By 2030, [50%] of land and sea areas globally are under spatial planning addressing land/sea use change, retaining most of the existing intact and wilderness areas, and allow to restore [X%] of degraded freshwater, marine and terrestrial natural ecosystems and connectivity among them.
- Target 7. By 2030, increase contributions to climate change mitigation adaptation and disaster risk reduction from nature-based solutions and ecosystems-based approaches, ensuring resilience and minimizing any negative impacts on biodiversity.

- ? Target 9. By 2030, support the productivity, sustainability and resilience of biodiversity in agricultural and other managed ecosystems through conservation and sustainable use of such ecosystems, reducing productivity gaps by at least [50%].
- ? Target 13. By 2030, integrate biodiversity values into policies, regulations, planning, development processes, poverty reduction strategies and accounts at all levels, ensuring that biodiversity values are mainstreamed across all sectors and integrated into assessments of environmental impacts.
- ? Target 14. By 2030, achieve reduction of at least [50%] in negative impacts on biodiversity by ensuring production practices and supply chains are sustainable.
- ? Target 17. By 2030, redirect, repurpose, reform or eliminate incentives harmful for biodiversity, including [X] reduction in the most harmful subsidies, ensuring that incentives, including public and private economic and regulatory incentives, are either positive or neutral for biodiversity.
- ? Target 19. By 2030, ensure that quality information, including traditional knowledge, is available to decision makers and public for the effective management of biodiversity through promoting awareness, education and research.
- ? Target 20. By 2030, ensure equitable participation in decision-making related to biodiversity and ensure rights over relevant resources of indigenous peoples and local communities, women and girls as well as youth, in accordance with national circumstances.?

UNDP-FAO, 30 July 2021

1a.

Thank you for the feedback.

The 19.9 million ha figure is the total area covered by forest at the baseline year (2018) in the five target provinces. The figures present in the EX-ACT analysis compare the forest cover at year 20 with and without FOLUR interventions. With FOLUR interventions, there will be more forested area due to reduced deforestation rates inside and outside essential ecosystems areas (KEE?s) compared to the business-as-usual scenario, leading to 113,000 ha (revised to 46,900 ha, following GEF-Sec?s comment 7.1b below) of avoided deforestation at year 20. The reason why a forest cover proxy is applied is because the LUC module of the EX-ACT was used to show the land use change with and without FOLUR interventions in the five provinces.

The ~ 1.5 million ha figure represents the areas where improved management practices within KEE?s will be put in place (e.g., through issuance of governor regulations, spatial plan/zoning regulations) across the five provinces, and where the limited conversion and full conservation policies will be taking place. These ?limited conversion? and ?full conservation? interventions through ILM plans will lead to those reduced deforestation targets that will ensure the estimated 113,000 ha (revised to 46,900 ha, following comment 7.1b below) of avoided deforestation.

Edits made to CEO ER and Project Document to revise Core Indicator 4.

1b.

The deforestation reduction target within the KEE-improved management area (KEE = Essential Ecosystem Area) of 41% during the project implementation timeline is Indonesia's NDC conditional target (until 2030). The rate used for the post project implementation period (year 7-20) is 29%, which is Indonesia's NDC unconditional target. It is important to note that the KEE's are mainly within the production forests and convertible forests, where reduced deforestation effort is most feasible because there contain protected peatlands, HCVs, and primary forests.

Following reviewer's suggestions to only consider deforestation reduction in improved management areas, we have put 0% deforestation reduction target in areas outside KEE improved management areas. Thus, the avoided deforestation area decreases to 46,900 ha, leading to mitigation target of 41,495,405 tons CO₂e.

No edits made to CEO ER and Project Document.

1c.

The deforestation rate between year 5-6 (41%) is Indonesia's NDC's conditional target. This is assuming that the policies (SLM, zoning) interventions facilitated under FOLUR will be finalized by year 4 of project implementation. Meanwhile, from year 7-20, the target is reduced to 29% because there will no longer project implementation in the target landscapes, and hence, the NDC's unconditional target was applied.

No edits made to CEO ER and Project Document.

4.

Following suggestions in Comment 7.1.b above, we have revised the mitigation target. The target for Core Indicator 6 has been revised to 41,495,405 metric tons CO₂e in the CEO ER, Project Document, and Core Indicator Worksheet.

CEO ER; Project Document, Core Indicator Worksheet (Annex F to the CER and Annex 18 to the Project Document).

Part II ? Project Justification

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

Secretariat Comment at CEO Endorsement Request

03/16/21

The project is well elaborated, however the following points should be addressed:

1. Context section should recognize the global nature of the FOLUR program and discuss Indonesia's contribution to the global food system as the biggest producer of palm oil and a top ten producer in the world of cocoa and coffee and rice etc. Indonesia is also one of the largest global consumers of these commodities on the demand side, which should be acknowledged. Details including the percentage of global GHG emissions coming from land degradation as a result of deforesting crops and the percentage of global BD potentially lost as a result of land use change in Indonesia, etc. would be further clarifying.
2. With regard to the project purpose, similar to the point in Part I, box 2 above, the purpose should refer to the contribution that Indonesia's sustainability could make to global food systems transformation, particularly the environmental benefits that it would contribute.
3. In the general description of the target jurisdictions, only Sumatran species are listed as globally threatened species. A broader case should be made of the biodiversity importance of the jurisdictions as a whole.
4. The description of the Aceh jurisdiction provides good background of biodiversity and land cover loss. Assuming that some of the swamp forest indicated in table one is

peatland, it would be good to highlight the GHG significance of this forest type and the global significance of its potential loss.

5. The description of the W. Kalimantan jurisdiction should further highlight its biodiversity and carbon stock importance. W. Kalimantan is an extremely diverse area from a BD perspective, but this doesn't come through in the description. Similar to Aceh, there are also huge carbon stores within the peatland that perhaps should be mentioned to further demonstrate the value of this landscape. Please revise as appropriate.

6. The description of the South Sulawesi jurisdiction offers a clear explanation of the threats but lacks detail on the value of the area for the environment Please clarify if there are any biodiversity or other values in Luwu district that are at risk.

7. There is a good list of drivers presented and an excellent problem tree analysis. A bit more information about global demand and the actors involved along the supply chain would be helpful. While national markets are mentioned, further details on domestic consumption of these commodities (which in Indonesia is a big driver of production of these crops) and the lack of awareness of environmental impact from this market would also strengthen the description. Some mention could also be made of how unsustainable investment plays a role as a driver.

8. The jurisdictional problem trees are quite useful to understanding the threats and drivers in the target areas A short explanation of the problem tree in figure 31 & 32 would be helpful. Figure 33 contains a good, short descriptor paragraph on the challenges in W. Kalimantan that are demonstrated in the problem tree that could be used as an example.

07/14/21

Comments have been adequately addressed. There a sufficient elaboration on how the global environmental problems are going to be addressed

Cleared

Agency Response

UNDP, June 22, 2021

1) The following entries have been added to the Context section:

?As outlined in the 2016 First Nationally Determined Contribution (NDC), Indonesia?s plans to transform to a low carbon economy and build resilience into its food, water, and energy systems primarily comprise actions in the agriculture, forestry, and other land use (AFOLU) sectors:

- ? Sustainable agriculture and plantations
- ? Integrated watershed management
- ? Reduction of deforestation and forest degradation
- ? Land conversion
- ? Utilization of degraded land for renewable energy
- ? Improved energy efficiency and consumption patterns

There are considerable challenges associated achievement of these actions, as Indonesia is the largest producer of palm oil globally, and a top ten producer of cocoa, coffee, and rice. And as the largest country in Southeast Asia, with a population of approx. 270 million, the domestic demand for these commodities and crop are substantial.

Despite significant policy commitments to sustainability by the Government of Indonesia, there remain conflicting priorities. For instance, the Ministry of Agriculture has prioritised policies to support the availability of food staple, namely rice and corn, but also to accelerate export of strategic commodities. The government has also promoted utilisation of palm oil as a biofuel, further increasing concerns regarding encroachment into HCV/HCS ecosystems.?

2) The following entry has been added to the Project Purpose:

?Strengthening sustainability in these sectors in Indonesia would make substantive contributions towards transformation of global food systems, considering Indonesia is the largest producer of palm oil worldwide and a leading producer of cocoa, coffee, and rice, and the fact that the country contains vast areas of globally significant biodiversity and enormous carbon stocks within a complex array of forest and peatland ecosystems.?

3) The following sentence in paragraph 14 of the Project Document shown in strike-through has been replaced with the sentence below:

~~Globally threatened species in the project landscapes include the Sumatran tiger (IUCN Red List: CR), Sumatran rhinoceros (IUCN Red List: CR) and Sumatran orangutan (IUCN Red List: CR).~~

Changed to:

?The project landscapes include a large number of globally threatened and endemic species, as well as coinciding with a number of Key Biodiversity Areas (KBAs) and Important Bird Areas (IBAs).?

4) The following information shown underlined has been added to the Aceh description on biodiversity values:

?Aceh Province contains extensive forest ecosystems and harbours globally significant biodiversity, including large populations of Sumatran Rhinoceros (IUCN Red list: Critically Endangered CR), Sumatran Tiger (IUCN Red list: CR), Sumatran Orangutan (IUCN Red list: CR), and other endangered species including the Smooth-coated Otter (VU), Binturong (VU), Otter Civet (EN), Masked Finfoot (EN), White-Winged Duck (EN), Sunda Pangolin (CR), Sun Bear (VU), Southeast Asian Box Turtle (EN) and

Great Hornbill (VU). KBAs and IBAs in the province include Geureudong, Gunung Leuser and Danau Laut Tawar.?

The following information on GHG significance has been added to the Aceh Description:

?Peatlands are the largest natural terrestrial carbon reserves and of significance in the Aceh landscape. Peat swamps in Sumatera and Kalimantan are large and sequestering between 0.5 and 1.5 Mg/C/ha1 year-1 in peat (Warren et al., 2017). Additionally, peat forests in the two islands are high in biodiversity and important for various rare and endangered species such as Sumatran tigers, orangutans, leopards and so on. Peat swamp forests can also provide significant ecosystem services. However, peat forests continue to face deforestation and conversion predominantly for agriculture and commodity production purposes, utilizing extensive drainage and fire. Thus, opening of peat forests has led to massive GHG emissions in Indonesia. In fact, per unit area, GHG emissions from peatland conversion are higher than those from any other Indonesia?s LULUCF activity (Warren et al., 2017).?

Source: Warren et al, 2017. An appraisal of Indonesia?s immense peat carbon stock using national peatland maps: uncertainties and potential losses from conversion. Carbon Balance and Management. (2017) 12:12.

The following information shown underlined has been added to the North Sumatera description:

?North Sumatera Province has extensive forest ecosystems, harbouring globally significant biodiversity, e.g., home to Malayan Tapir (CR), Sumatran Tiger (EN), Malaysian Giant Turtle (CR), Otter Civet (EN), Masked Finfoot (EN), White-Winged Duck (EN), the endemic Tapanuli Orangutan (CR), Sunda Pangolin (CR), Bearded Pig (VU) and Sun Bear (VU), and supporting the livelihoods of many local communities. KBAs and IBAs in the province include Batang Gadis, Rawa Pesisir Pantai Barat Tapanuli Selatan (Angkola), Batang Toru and Danau Toba.?

5) The following information shown underlined has been added to the West Kalimantan description:

?As part of the Heart of Borneo, West Kalimantan is home to many endemic birds and Borneo Orangutan. Other IUCN Red List species include the Malaysian Giant Turtle (CR), Smooth-coated Otter (VU), Philippine Slow Loris (VU), Binturong (VU), Otter Civet (EN), and the Bornean Peacock-Pheasant (EN). KBAs and IBAs in the province include Gunung Niut-Poteng, Rawa di Pesisir Kapuas, Rawa Di Pesisir Paloh, Danau Sentarum and Betung Kerihun.?

With respect to the GHG significance, the following information has been added:

?As discussed under the description of the project landscape in Aceh, there are extensive peatland ecosystems across the islands of Sumatera and Kalimantan. These peat systems contain enormous quantities of carbon stocks.?

6) The following information has been added to the South Sulawesi description:

?IUCN Red List species present in South Sulawesi include the Sulawesi Warty Pig (NT), the Lowland Anoa (EN), the rainbowfish *Tominanga sanguicauda* (NT, endemic to Lake Towuti), and the Maleo (EN, endemic to Sulawesi). KBAs and IBAs in the province include Pegunungan Latimojong, Danau Tempe and Cani Sirenreng.?

The following information has been added to the West Papua description:

?IUCN Red List species present in West Papua include the Papuan Eagle (VU), *Calostoma insigne* (EN), Salvadori's Teal (VU), and the Western Crowned-pigeon (VU). KBAs and IBAs in the province include Tamrau Utara, Aitinyo, Kebar Valley, Ayamaru Plateau, Minyambouw ? Warmare and Arfak.?

7) Additional information has been added on global demand and the actors involved among the supply chains, global value chains, lower level of awareness of environmental impacts in Indonesian domestic markets, further details on domestic consumption, and a description of the unsustainable investor as a driver.

8) Paragraph 170 of the Project Document has been replaced with the following:

?As depicted in Figure 34, the upward migration of coffee production in Central Aceh is leading to the loss and degradation of montane forest: this has negative impacts on the biodiversity and carbon stocks of the montane forests themselves, and also generates flows of sediment and pesticides with downstream impacts on aquatic ecosystems and rice production systems. This upward expansion of coffee production is driven by a combination of the strong market demand for the speciality Gayo coffee produced in the area, and climate change (which makes coffee production increasingly feasible at higher altitudes). Climate change is conversely making coffee production less viable at lower altitudes: instead of abandoning it, however, in the absence of adequate technical support farmers are typically applying maladaptive responses including the application of excessive amounts of pesticides (causing impacts on biodiversity both on-farm and downstream) and expansion of production into forest areas to compensate for declining yields. Climate change is also facilitating the incursion of oil palm into the area from lower altitudes, leading to the risk of encroachment on forests both directly by the oil palm and indirectly by existing crops which it displaces.?

The following text has been added to paragraph 173 of the Project Document:

?The main processes impacting global environmental values in Mandailing Natal, depicted in Figure 35, are as follows:

- Poor management practices in oil palm plantations, and consequent low productivity, are leading farmers to expand the area under production, resulting in its expansion into existing rice production areas and forests.
- Market demand for speciality Arabica coffee, coupled with low productivity per unit area and climate change, is leading to its expansion into forest areas.
- Poor management and correspondingly low productivity of Robusta coffee, typically in lower altitude areas, are leading to its abandonment in favour of annual crops.
- The conversion and poor management of natural forests to coffee or oil palm, the poor management of coffee plantations (both Robusta and Arabica) and the conversion of Robusta coffee plantations to annual crops are leading to the loss of environmental values both in natural ecosystems and on-farm, including biodiversity, carbon stocks and watershed protection functions.
- The loss of watershed protection functions in turn affects the viability of rice production downstream, which depends on irrigation.?

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

Secretariat Comment at CEO Endorsement Request

03/16/21

The baseline is very robust, but please consider the following:

1. There are clear overlaps with the GEF-6 WB lead Strengthening of Social Forestry in Indonesia (9600), which should be included in the baseline and efforts made to coordinate with this project.
2. Two IFAD Peatland project may also be a good baseline projects to and build upon and potentially coordinate with: the GEF 5 Sustainable Management of Peatland Ecosystems in Indonesia (5764) and the GEF 6 Integrated Management of Peatland Landscapes in Indonesia (9239). Please include these in the baseline and consider collaboration with IFAD peatland related investments in the project.
3. USAID has significant and long-term investment in sustainable landscapes, ILM, multi-stakeholder fora etc low-carbon agricultural development and BD conservation in several of the FOLUR target landscapes and work at the national level. These investments should be reviewed for inclusion as baseline investments (and potentially co-finance).

4. Referencing of CC impact assessments in the CER would help back the claim that the cash crops are vulnerable to CC. This can be drawn from Annex 12 on climate and risk screening.

5. The summary of the problem analysis contains a short paragraph (pg. 35) on the gaps that still exist despite the baseline efforts to date. The description of this gap should be fleshed out a bit more so it's clear what needs remain that the GEF's incremental investment can help fill.

07/14/21

Comments have been adequately addressed. The baseline scenario is well elaborated.

Cleared

Agency Response

UNDP, June 22, 2021

The following baseline project has been added:

1) World Bank-GEF, Strengthening of Social Forestry in Indonesia (GEF ID 9600, GEF-6): the objective of the Strengthening of Social Forestry in Indonesia Project for Indonesia is to improve access to forest land use rights and strengthen community. The Project has three components: (1) Policy and institutional strengthening to support social forestry component will create an enabling environment for the successful development and strengthening of social forestry in Indonesia, and to allow for future sustainable scale-up of activities; (2) Strengthening community management within social forestry component will support the effective and efficient implementation of the SFP; (3) Project management and monitoring. The project is being implemented during the period of May 2020 until June 2025, with a total cost of USD 109.43 million. The implementing agency of the project is the Ministry of Environment and Forestry (MoEF). There are potential synergies, particularly with the proposed social forestry pilots proposed under Component 3 of the FOLUR project, but also with respect to the policy and institutional strengthening activities in Component 1.

2) The two IFAD peatland projects have been added to the section on Baseline Activities, and the opportunity for collaboration with these investments is described.

3) The USAID SLP has been added as a Baseline Activity. The program in Indonesia seems to have been closed in 2020, but opportunities will be explored during implementation of FOLUR for collaboration and potential co-financing for any follow-up investments by USAID under the SLP or similar initiative.

4) Paragraph 154 of the Project Document and the Threats and Root Causes description in the Project Justification section of the CEO ER includes the following cross reference

to Annex 12 regarding the vulnerability of perennial crops to the effects of climate change:

Climate change threatens to undermine the viability of perennial crops (see **Annex 12**), especially coffee and cocoa (both of which have relatively narrow temperature tolerance ranges), potentially leading to their abandonment: this may have impacts in the form of loss of the carbon stocks, biodiversity values and ecosystem services generated by such diverse perennial-based production systems; it also threatens to lead farmers to shift to other productive or extractive activities characterized by encroachment and environmental degradation, such as annual cash-crop monocultures or pasture.?

5) The following points have been added after paragraph 228 of the Project Document:

- ?In the policy and planning sphere, for example, there are policy gaps on incentives for sustainable agriculture and public-private-partnership, including the lack of derivative legislation or of consolidated action plans for sustainability in coffee, cocoa, or rice; multi-stakeholder collaborative initiatives to date have largely been commodity-centric, with uneven sector participation; there is inadequate integration of regulatory frameworks between national or local levels, or between sectors and jurisdictions.
- There is limited cross-sectoral coordination on reaching a common understanding on achieving conservation and sustainable use development objectives, and land use planning and management remain largely compartmentalized among sectors, with inadequate consideration in the plans or analytical instruments of environmental factors or ILM.
- There are still sustainability shortfalls across supply/value chains, with short-term planning horizons and limited investment in sustainable production. Traceability standards and systems and poorly developed, with the risk of smallholders being excluded from supply chains as a result; farmers also have limited capacities for grading and accessing market information.
- The provision of technical support to smallholders is generalized across landscapes, has limited coverage, and the technical content typically has a narrow and static focus on productive aspects.
- Comprehensive management plans for conservation and restoration of critical and degraded land are often not available, and the results of their implementation are not sufficiently monitored; what limited investment there is in conservation and restoration does not respond effectively to landscape dynamics or ecological needs at local level, with limited inclusion of local communities, who also are largely unfamiliar with local laws and regulations, monitoring and surveillance methods etc.
- There has been limited knowledge and information shared on success stories of how systemic change has been achieved through jurisdictional approaches and integrated landscape management, or on specific barriers that are hindering widespread change. Meaningful upscaling and replication are being constrained as a result of the limited flow of knowledge and information.?

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

Secretariat Comment at PIF/Work Program Inclusion

03/16/21

The alternative scenario is highly detailed and well thought out and composed. The following comments should be addressed:

1. In the section on "Leverage of systemic change through value chains," it's mentioned that the project will convene producers and buyers in the landscape, and that the co-financing partners will be deployed to "co-convene companies more widely across the sector and through the value chain," which is excellent. Please provide further information on the types of private sector actors will be engaged outside of the landscape/jurisdiction level, particularly actors who are further upstream in the supply chain (traders, retailers, etc) and who are also viewed as critical for engagement via the FOLUR design. This is especially true in Indonesia, which is both a big commodity producer and consumer country.

2. The CER states in several places that sites have not-yet been determined for interventions. When and how will sites be determined ?

3. Components

a. Output 1.3 ? It should be mentioned that the sustainable action plan on palm been developed, adopted and is under implementation? All the other target crops are listed except oil palm so it should be clear what the GGP done in this area and how FOLUR will build on that?

b. Output 2.4 ? Great to see this including the use of the TSA. How is this output linked to the work on the decision support tool in 1.4?

c. Output 2.5 ? Please clarify if the spatial planning undertaken at district level will be advocated for in provincial plans as well.

d. Outcome 5 refers to project support for smallholders to implement GAPs where market incentives don't exist to reward higher environmental sustainability standards. From a system transformation and GEB perspective how far will these GAPs actually get us in terms of sustained GEBs and system transformation without the proper market incentives?

e. Output 6.2 ? For the establishment of social forest schemes, as mentioned in the comment on the baseline, the agency should engage with The World Bank project that is working with communities in support of implementing the Indonesian government's Social Forest law. Also, while no other activities have been checked for West Papua, 6.2.6 is checked (?monitoring for implementation?). Please clarify/explain.

- f. Output 6.2.2 ? Why would FPIC only be carried out in Aceh, west Kalimantan and S Sulawesi and not other target geographies?
- g. Output 7.3 ? Describes an ?causal impact evaluation? to assess the TOC and impact pathways which great to see. It is not clear though, where this is budgeted and planned for in terms of the M&E plan and baselines needed etc. Please explain/include in the CER.
- h. Output 7.5 - Could this also include engagement through SLRI, which is referenced in the section on Innovation (pg 84)?

07/14/21

The comments have been adequately addressed. We particularly appreciate the excellent diagrams illustrating the global value chains for palm oil, cocoa and coffee including actors across the supply chains.

The proposed alternative scenario as described in CER is sound and adequate.

Cleared

Agency Response

UNDP, June 22, 2021

The following information has been added to the narrative description of the Leverage of systemic change through value chains section (paragraph 242 of the Project Document):

1) ?The project will engage with the major producing companies (e.g. Musim Mas, Asian Agri, Astro Agri Lestari, GAR, Sime Darby, and so on) and the medium and small producers, particularly through the industry association GAPKI. We will also engage large domestic buyers, manufacturers and retailers ? and the large international traders and buyers, particularly through existing coalitions such as the Consumer Goods Forum Forest Positive Coalition (which includes Asia Pulp & Paper, Unilever, Tesco, Danone, Carrefour, Danone, Mars, Mondelez, PepsiCo, General Mills, P&G, Colgate Palmolive, Walmart, Metro, Bimbo, and others) and the Soft Commodities Forum (ADM, Bunge, Cargill, COFCO, Glencore, Louis Dreyfus) as well as sustainable palm oil initiatives that exist in a number of demand countries. Finally, the project will engage with domestic and international financiers of palm oil, particularly through existing international collaborations on finance for sustainable palm oil.?

2) The sites for farmers training and social forestry model piloting can only be determined after:

? Farmer training: (i) HCV/HCS assessment be done to ensure that farmer plantations are not within HCV/HCS areas or state forest areas (i.e. they can only be located within APL areas); (ii) consultation and approval from the district government on training site;

(iii) sites are within a mill company's supply chain area; and (iv) farmers are willing to be engaged for the training.

? Social forestry model: (i) after the district's spatial zoning plans are endorsed; and (ii) consultation and approval from MoEF and Provincial Forestry Office.

3) Under Output 1.2, the FOLUR project will build upon what the GGP had facilitated in the establishment of the National Action Plan for Sustainable Palm Oil by contributing towards monitoring progress of implementation and updating the plan with multi-stakeholder buy-in, through the systems leadership processes introduced.

a) The narrative of Output 1.3 has been amended with the following entry: 'Lessons and experiences gained through the completion and roll-out of the National Action Plan for Sustainable Palm Oil will feed into the development of the sustainable action plans for the other commodities, e.g., the need for broad stakeholder involvement and proactive communications?.'

b) TSA integration happens under Output 2.3 where the jurisdictional ILM plans are being developed. Here, to ensure the ILM plans are endorsed by the government in the form of e.g., a Governor Regulation, the plans need to ensure that they follow the existing relevant regulations/policies at both national and provincial levels. In this case, Output 1.4's tool will help ensure that ILM regulation is not contradicting the existing regulations/policies. That is because before a Governor Regulation can be legalized, there is a need for policy harmonization process with the national-level Ministries.

c) It is the other way around. As of Indonesia's Spatial Planning Regulation, the district governments will only follow the provincial spatial plan. Therefore, the Jurisdictional ILM plan will need to be endorsed and/or legalized first before the district spatial zoning plan is being developed. With the endorsement of the ILM plan at the provincial level, other districts within the target provinces will need to adjust their spatial/zoning plan. Here, the target districts will be the pilot of the mainstreaming of the ILM plan into district's planning.

d) As explained in the introductory text to Outcome 5, 'The project approach with these farmers will instead be to support their abilities to apply a less exacting suite of good agricultural practices (GAPs), focusing on the other kinds of benefits which these practices have the potential to confer to the farmers themselves, for example in terms of improved resilience to climate change, productive sustainability and efficiency?.'

The emphasis of the project on working with farmers through the Farmer Field School approach, based on participatory farmer-led situation/problem analysis, experimentation and selection/formulation of solutions, will result in farmers:

- Having increased understanding of the benefits of GAPs in terms of resilience, sustainability and efficiency, in addition to potential market benefits;
- Responding to this understanding in their practices; and

- Acting as community-level champions of GAPs.

This is in accordance with the overall sustainable development approach of the project combining market-based incentives with considerations of livelihood sustainability and resilience (including resilience to market disruptions such as those resulting from the COVID-19 pandemic).

This will contribute to system change in the way that extension/farmer support is carried out, with market-led motivations being complemented by farmer-led motivations associated with the considerations set out above. Its sustainability will result from the generation and consolidation of social capital among farmers in the form of increased awareness of these additional benefits of GAPs, and of capacities in farming communities for identifying and promoting opportunities to generate these benefits.

e) The narrative of Output 6.2 has been updated, indicating that the social forestry schemes will be established in close consultation with local governments, provincial forestry offices and the MoEF, including with World Bank-GEF Strengthening of Social Forestry in Indonesia project (GEF 9600). The monitoring and evaluation activity was inadvertently checked for West Papua instead of West Kalimantan; this has been corrected.

f) The following information has been added to the narrative of Output 6.2.
?Free, prior and informed consent (FPIC) will be completed before the establishment of the social forestry models. And the pilot social forestry will be implemented in three of the five target landscapes: Central Aceh (Aceh), Sanggau (W. Kalimantan) and Luwu (S. Sulawesi) districts.?

g) The revision to the narrative description of Output 7.3 is underlined below.
?The project may use combined two or more methods when conducting the impact evaluations of the ToC. These methods may include (i) quantitative (i.e. quasi-experimental quantitative method), (ii) qualitative (i.e. General Elimination Methodology, Process Tracing, Contribution Analysis), (iii) participatory method to obtain stakeholder perceptions, or other appropriate methods. In fact, since the project covers multiple sectors and stakeholders, it is recommended that the evaluation uses combined methods. It is important to note that this impact evaluation will differ from the normal project M&E where the deliverables are being measured against their indicators. The impact evaluation will be complementary to the M&E where the results provide recommendations for not only adaptive management but the potential of project replication in other landscapes. The baseline of the M&E may provide some information to the baseline of the impact evaluation framework, which is subject to the evaluation questions, theory of cause and effect and the valuation framework. Once the three have been developed, the project will then identify the baseline for the impact evaluation. Existing tools, such as the Landscape Analysis Tool (LAT) developed under the Good Growth Partnership (GGP), will be considered and adapted to the project circumstances.

It may be useful to consider a joint-evaluation framework when there are more than one implementing agencies involved in the project.?

Regarding budget for impact evaluation: the project has allocated budget to hire a service provider for developing an impact evaluation design for assessing causal impacts and systemic change. As for the baseline assessment and the impact evaluation assessment, they will be carried out by the M&E-Knowledge Management Specialist. The impact evaluation will support the project M&E efforts.

h) Thank you for the suggestion. Engagement with the SRLI has been added to the narrative description of Output 7.5.

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

Secretariat Comment at CEO Endorsement Request

03/16/21

Yes, the elaboration on how the project is aligned with the impact program is clear.

Cleared

Agency Response

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

Secretariat Comment at CEO Endorsement Request

03/16/21

1. While the incremental reasoning of each of the specific outputs is well elaborated, it would be useful to include a short narrative at the start of the this section that lays out the broad incremental reasoning of the project and how this builds on the baseline and helps address the issues identified in the summary problem analysis.

2. From the data shared in the CER document about land use and conversion since 2013, it is clear there are strong incentives for monoculture plantations leading to the loss of natural ecosystems. How specifically, from an incentive (policy/subsidy/market demand) perspective does the project propose to transform this dynamic? Clearly from a long-term sustainability perspective transforming and creating market demand needs to be tackled in concert with policy approaches. To what extent and how is this project linked to efforts aimed at transforming demand domestically in Indonesia and/or directly reforming subsidies such that they support only green agricultural development pathways?

07/14/21

Comments have been addressed. The incremental reasoning, contribution from the baseline, and co-financing are clearly elaborated.

Cleared

Agency Response

UNDP, June 22, 2021:

1) The description of incremental reasoning has been expanded in the CEO ER. Facilitated through participatory and multi-stakeholder collaborative processes, the GEF alternative will strengthen existing land use and development planning in the target provinces by formulating integrated landscape management plans that provide scientific-based guidance on protection of HCV/HCS ecosystems and sustainable and resilient production. The GEF alternative also accelerates the processes of improving connection and coordination between producers to increase cross-sector collaboration between peer companies (horizontally across the same stage of the value chain) as well as between producers and buyers (vertically through the value chain) to increase investment and support from buyers into cross-sector coalitions as well as public-private-community partnerships in production landscapes and between finance providers and companies working towards the sustainability of the sector, including expanded insertion of smallholder farmers into green value chains.

2) The project's interventions under Output 1.1 will focus on strengthening policies related to sustainable value-chains. The work aims to enable incentives for the implementation of sustainable landscape management. While it may not directly link to the market demand, this could provide pathways to target policy(s) that will incorporate sustainable commodity demand, not only production. However, it is important to note that when working on policy strengthening, the project will closely consult with the governmental stakeholders regarding appropriate regulations, laws, and policies to be formulated and/or strengthened through the project. The governments will be the ones with the final decisions on what and what not to include in the policy(ies).

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

Secretariat Comment at CEO Endorsement Request

03/16/21

Please address the following:

1. Are any biophysical indicators (or ecosystem intactness measures such as land-use change/forest cover etc) being monitored under this project and investments under the GGP? This seems essential to understand the impacts of this (and past) project from an environmental benefits perspective.

07/14/21

The comment has been adequately addressed. The project's expected contribution to global environmental benefits is clear.

Cleared

Agency Response

UNDP, June 22, 2021:

FOLUR and GGP share two target provinces, namely N. Sumatera and W. Kalimantan. When it comes to GEBs, at the district/landscape level, there will be no overlap between FOLUR and GGP as the two projects have different target landscapes within the two provinces (GGP: S. Tapanuli & Sintang; FOLUR: Mandailing Natal & Sanggau). Hence, it is not possible for FOLUR to monitor the impacts brought by the investments under the GGP.

However, at the provincial level, when FOLUR conducts the jurisdictional level HCV/HCS assessment, the results will show the existing HCV/HCS in the two provinces including within GGP's target landscapes. That is when FOLUR can tell if GGP's investments have generated impacts in terms of GEBs in its two target districts (S. Tapanuli and Sintang).

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

Secretariat Comment at CEO Endorsement Request

03/16/21

The innovation of the project is explained well. However, the plans for sustainability and upscaling should be more clearly described. Certainly through the engagement of government (CMEA, MoEF & Bappenas) and private sector entities in place there should already be some key components of sustainability and scaling that can be described in more detail. Please revise accordingly.

07/14/21

While we understand that the sustainability plan will be initiated during the lifetime of the project, the agency should elaborate on some of the factors they consider important to the sustainability of the project, which remains missing.

08/11/21

The narrative that has been added on sustainability is sufficient. The elaboration of how the project is innovative and sustainable including the potential for scaling up is clear.

Cleared

Agency Response

UNDP, June 22, 2021:

The discussion on innovativeness, sustainability, and scaling up has been expanded with the following entry.

?The systems leadership approach will help bring together individuals from key governmental line ministries, including CMEA, Bappenas, MoA, and MoEF, as well as private sector enterprises and associations, other donor agencies, and NGOs to work collaboratively developing and implementing innovative plans and actions on integrated landscape management, conservation of HCV/HSC ecosystems, and sustainable and resilient production. Facilitating improved multi-stakeholder collaboration will help link policy decisions with practical realities on the ground, e.g., imposing increased demands on smallholder farmers to obtain sustainable production certification without addressing the elongated value chains many farmers are faced with that often result in low farm-gate prices, thus discouraging genuine participation. The project will make innovation contributions through strengthening financing mechanisms for farmers, enhancing traceability systems, demonstrating improved marketing through e-platforms, and fostering durable partnerships with enabling stakeholders.?

UNDP-FAO, 30 July 2021

The following narrative has been added to the sustainability discussion in the CEO ER and Project Document.

Apart from limited execution support at the start of the project, in accordance with GEF policies the project will be fully owned and executed by relevant national institutions. Initial execution support will include a strong focus on ensuring that the limited gaps in the capacities of national institutions are addressed, enabling them to fully assume this execution role during the remainder of the project, and to allow their roles during the

project period to transition seamlessly into enhanced performance in their designated roles post-project.

The project has a strong market-based approach, featuring the facilitation of the functioning of green value chains and close participation of major private sector actors. This will be a key factor in determining the durability of the uptake of environmentally sustainable production options, as it will motivate farmers to adopt and maintain them in the long term without reliance on unsustainable incentive support.

The multi-stakeholder ILM approach of the project will help to ensure the social sustainability of project results, by providing mechanisms that will allow possible underlying conflicts and social barriers to sustainability to be addressed in a participatory manner; strengthening governance mechanisms in a durable manner; and supporting the development of planning instruments for landscape management that include provisions for adaptation to evolving conditions.

The project will also support the development of durable mechanisms to provide finance/credit for sustainable production.

CEO ER: Project Justification - 7) Innovativeness, sustainability, and potential for scaling up;

Project Document: Results and Partnerships, Innovativeness, sustainability, and potential for scaling up, p.136-137.

Project Map and Coordinates

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

Secretariat Comment at CEO Endorsement Request

03/16/21

Map/coordinates for this section of the portal upload are missing but are included later in the CER. Please also include these here in the portal upload version.

07/14/21

Geo-referenced information and maps have been provided.

Cleared

Agency Response

UNDP, June 22, 2021:

This will be corrected while making resubmission in the portal.

- 1) Aceh: 4,224556 S; 96.91109 E
- 2) Central Aceh: 4.52913 S; 96.8583 E
- 3) North Sumatera: 4.52913 S; 96.8583 E
- 4) West Kalimantan: 0.08451 S; 111.12514 E
- 5) Sanggau: 0.26894 S; 110.43201 E
- 6) South Sulawesi: 3.74746 S; 120.14367 E
- 7) Luwu: 3.19855 S; 120.18255 E
- 8) West Papua: 2.04912 S; 132.98129 E
- 9) Sorong: 1.12557 S; 131.5466 E

Child Project

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

Secretariat Comment at CEO Endorsement Request

03/16/21

Yes, there is adequate reflection of how the child project contributes to the overall program.

Cleared

Agency Response

Stakeholders

**Does the project include detailed report on stakeholders engaged during the design phase?
Is there an adequate stakeholder engagement plan or equivalent documentation for the**

implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?

Secretariat Comment at CEO Endorsement Request

03/16/21

No. Please include some details on stakeholders consulted the CER uploaded to the portal. The list doesn't have to be as extensive of what is in Annex 9 but should include key stakeholders from various stakeholder groups.

07/14/21

Details provided on stakeholders engaged is sufficient. We request that the agency includes a table listing key stakeholders engaged.

08/11/21

The table has been included in the CER and updates have been made to Annex 8 & 9. The project includes a detailed report on stakeholders engaged during the design phase and a stakeholder engagement plan.

Cleared

Agency Response

UNDP, June 22, 2021:

A summary of the stakeholders consulted during the project preparation phase has been added to the Stakeholders section of the CEO ER.

UNDP-GEF, 30 July 2021

A table listing key stakeholders engaged during the PPG phase has been added to the Stakeholders section of the CEO ER.

Updates were also made to the Multi-Stakeholder Collaboration and Stakeholder Engagement Plan (Annex 8 to the Project Document) and the People Consulted during Project Preparation (Annex 9 to the Project Document).

CEO ER: Stakeholders

Project Document: Annex 8 (Multi-Stakeholder Collaboration and Stakeholder Engagement Plan); Annex 9 (People Consulted during Project Preparation)

Gender Equality and Women's Empowerment

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

Secretariat Comment at CEO Endorsement Request

03/16/21

The project includes gender responsive activities and gender sensitive indicators (targeting more women than men as beneficiaries), and a very complete gender analysis and action plan in Annex 11.

Cleared

Agency Response

Private Sector Engagement

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

Secretariat Comment at CEO Endorsement Request

03/16/21

1. While the role described for the co-financing partners is clear, as mentioned in box 3 above, further details should be provided on the types of private sector actors that will be engaged outside of the landscape/jurisdiction level, particularly actors who are further upstream in the supply chain (traders, retailers, etc).

2. Pg 91 of the CER Makes reference to publicly disclosing the ESMF on ?the UNDP Malaysia website,? which may be a typo.

07/14/21

Responses provided are adequate. The project's engagement of private sector is clear.

Cleared

Agency Response

UNDP, June 22, 2021

1) The following information has been added to the Private Sector Engagement section:

?The project will engage with the major producing companies (e.g. Musim Mas, Asian Agri, Astro Agri Lestari, GAR, Sime Darby, and so on) and the medium and small producers, particularly through the industry association GAPKI. We will also engage large domestic buyers, manufacturers and retailers ? and the large international traders and buyers, particularly through existing coalitions such as the Consumer Goods Forum Forest Positive Coalition (which includes Asia Pulp & Paper, Unilever, Tesco, Danone, Carrefour, Danone, Mars, Mondelez, PepsiCo, General Mills, P&G, Colgate Palmolive, Walmart, Metro, Bimbo, and others) and the Soft Commodities Forum (ADM, Bunge, Cargill, COFCO, Glencore, Louis Dreyfus) as well as sustainable palm oil initiatives that exist in a number of demand countries. Finally, the project will engage with domestic and international financiers of palm oil, particularly through existing international collaborations on finance for sustainable palm oil.?

2) This typographical error has been corrected, i.e., changed to ?Indonesia?.

Risks to Achieving Project Objectives

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

Secretariat Comment at CEO Endorsement Request

03/16/21

A thorough list of risks is provided but please address the following:

1. COVID Risks are well detailed, but in addition to risk the project should also detail how potential opportunities identified to mitigate impacts and contribute toward a green recovery and building back better with more resilience (for ease of reference, we advise to present the analysis in a specific note after the risk table). For further clarification, the agency may wish to refer to the note "Project Design and Review Considerations in Response to the COVID-19 Crisis and the Mitigation of Future Pandemics" shared by GEF Secretariat with the GEF Agencies on September 14.

2. Climate change is included as a risk but, as mentioned above, further information drawing on climate scenarios that detail impacts on target crops and inform resilience strategies should be included in the narrative of the CER.

07/14/21

The project has elaborated on indicated risks, including climate change, and proposed measures that address these risks.

Cleared

Agency Response

UNDP, June 22, 2021:

1. In the discussion on 'Summary of Project Approaches', potential opportunities have been identified to mitigate impacts and contribute towards a green recovery and building back better with strengthened resilience, e.g.:

Integrated jurisdictional/landscape management approach:

The project design is predicated on protection and restoration of natural systems and their ecological functionality. Facilitated by multi-stakeholder collaborative processes, the project strategy promotes an integrated landscape management planning approach for achieving sustainable and resilient commodity/crop production and conservation of high conservation value (HCVF) and high carbon stock forest (HCSF) ecosystems. Bringing together cross-sectoral and multiple stakeholders into collaborative planning processes will help enhance the knowledge of the risks associated with zoonotic diseases like COVID-19 and how integrated landscape management approaches can help mitigate the risks and build social and ecological resilience of local communities. This is consistent with the 'One Health' principle, which promotes multi-stakeholder communication and collaboration in achieving better health outcomes - this includes public health threats at the human-animal ecosystem interface.

Building strengthened, resilient and food secure livelihoods:

The project strategy has a particular emphasis on strengthening capacities of smallholder farmers and increasing their participation in sustainable value chains, which will lead to reduced pressures of forest resources, leading to a decrease of risk of human-nature conflicts. On-farm diversification and improved farming practices will contribute to increased food and income security of local communities, helping them coping capacities in response to the COVID-19 pandemic and other socioeconomic disruptions.

Additionally, the narrative of Outcome 7 includes the following:

The regional and global dimensions of FOLUR also provide learning opportunities, e.g., sharing COVID-19 recovery and response approaches in other countries and by different organisations.

2. The following revision shown below underlined has been made to the description of climate and disaster risks:

?As outlined in the climate and disaster risk screening (see *Annex 12* to the Project Document), hazard levels associated with flooding, water scarcity, extreme weather conditions are high in some of the project jurisdictions and potential short-term incidents and long-term consequences would affect local beneficiaries. The analyses carried out in Annex 12 suggest that climate change will have strongly differentiated impacts among the target crops, with the viability of cocoa and coffee being particularly severely affected. In order to take this into account, the production and landscape management strategies promoted by the project will not hinge exclusively on these crops as vehicles for delivering sustainable agriculture, landscape management and environmental benefits: instead, the project will support farmers in implementing diverse and therefore resilient farming systems featuring a range of cash and subsistence crops, and in adapting the make-up and management of these on a continuous basis in response to evolving climatic conditions. The preliminary crop-commodity suitability analyses presented in this screening report will be further elaborated as part of the integrated landscape management (ILM) planning processes in the project jurisdictions. Future projected changes with respect to climate risks will be incorporated into the set of management measures included in the ILM plans. Moreover, increased protection of high conservation value (HCV) and high carbon stock (HCS) will help safeguard important ecosystem services, such as soil and water conservation, thus securing livelihoods for local farmers. Proposed project activities also include delivering technical assistance for on-farm improvements and facilitating conservation and restoration of degraded lands and forest areas. Apart from crop-commodity plantations, there are other associated physical assets to consider, such as farm structures and equipment, storage and processing structures and equipment, etc. The management plans developed for these activities will include considerations on climate-proofing physical assets and implementing good agricultural practices to protect against climate and disaster hazards, e.g., constructing vegetative strips to help minimize erosion.?

Coordination

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

Secretariat Comment at CEO Endorsement Request

03/16/21

No. Please address the following:

1. The rationale for requesting execution support indicates that more than 3/4 of the project's resources will be channeled through the two GEF agencies for execution of the project, which in a country with the human resource capacity of Indonesia is considered excessive and not deemed acceptable. Additional capacity provided by the project should allow the government agencies to fulfill their execution role without having the GEF agencies play this role to the extent described in the justification documents. While a limited role in execution (eg. supporting the financial management) might provide a clearer execution rationale, in this case it appears that the agencies are proposing to execute the project in the near absence of the government.

2. Point 10 of this document points out that options for execution through an NGO is limited due to a government decision to prohibit international NGOs from carrying out work through grants. However, it's not clear if a survey of the capacity and willingness of national NGOs in Indonesia ? some of which while registered nationally are affiliated with international NGOs ? to carry out some of the functions.

3. In the budget table using the GEF excel format (Annex 1 of the prodoc), we don't see a budget reflected for the executing functions of either FAO nor UNDP in the last column. The budget table shows all line items as being ?fund management overseen? by government executing agencies, which is somewhat misleading given the execution role that the agencies intend to play. Note that the GEF budget template indicates ?Responsible Entity (Executing Entity receiving funds from the GEF Agency).? The agency should correctly fill the GEF budget template to reflect the funds that executing entities are proposed to receive.

4. We would like to note that the GEF guidelines state: ?the LoE should not include reference to an exception for implementation and execution by the same GEF Agency without prior consultation with the GEF Secretariat on the feasibility of such exception. Upstream consultation with the GEF Secretariat on the proposed execution arrangements is strongly encouraged.? In this case, an upstream review of the proposed execution arrangement would have proven helpful.

5. Pg 100 of the CER regarding the technical support composition of the PMU: It is not clear whether this list of full-time positions includes anyone with ecosystem or biodiversity conservation capacity? Given the project goals it seems like this is a critical discipline to include in an interdisciplinary/cross-sectoral team.

07/14/21

Comments have been adequately addressed. The proposed institutional arrangement for project implementation is approved.

Cleared

Agency Response

UNDP, June 22, 2021

1) Thank you for the comments on the execution support. We would like to clarify as follows:

A meeting was convened on 8 April 2021 with the Executing Agency (CMEA) and key government agencies to discuss on the comments received from GEF SEC in the review sheet. What has emerged from the meeting was, the agencies agreed to request for a limited execution support services from the two agencies particularly in the first year of project implementation given the constrains with the government procedure in setting up

the project management unit (PMU) and other arrangements including opening bank account. The limited execution support services will include - setting up PMU team by recruiting project staff; hiring international and local consultants; contracting third parties for the work on baseline indicators and supporting of ESIA/SESA, ESMP and safeguards management plan; facilitating project inception meeting; procuring IT equipment for the PMU; and travel and meeting/workshops arrangement in year 1. The Implementing Partner (EA) will be fully involved in the procurement of above-mentioned services which will be reflected in the signed Annual Work Plan by the National Project Director and UNDP Deputy Resident Representative for UNDP managed fund, and the same will apply for FAO managed fund. The request for every execution service will be accompanied by a letter from the Implementing Partner. Further, the payment to vendor will also be made upon approval/satisfactory confirmation from the Implementing Partner. This will be reported through Minutes of Hand-over Document (Berita Acara Serah Terima ? BAST) mechanism.

Through the execution support services, UNDP will manage a total of US\$ 1,734,769 million mainly for the services outlined in the budget table and the revised Letter of Agreement. FAO will manage US\$ 749,013. The services mainly include recruitment of PMU staff and specialised international expertise as noted below:

	List of goods and services to be procured by:	Budget managed by: (US\$)
A	UNDP	UNDP
1	National Project Manager	302,400
2	Finance Associate	132,480
3	Chief Technical Advisor	289,800
4	M&E ? KM Specialist	165,000
5	Systems Leadership Training	300,000
6	Private Sector Engagement Specialist	211,200
7	Safeguards Specialist	60,000
8	Mid-term reviewer ? Intl	36,000
9	Terminal Evaluator ? intl	36,000
10	Midterm Reviewer - national	24,000
11	Terminal Evaluator - national	24,000
12	Inception Workshop	10,000
13	Travel for PMU	10,000
14	IT equipment for PMU	16,449
15	Communication and AV equip. for PMU	5,000
15	Audit cost	48,000
16	UNDP?s execution support cost	64,440
	Total ? UNDP	1,734,769
B	FAO	FAO
1	Project Assistant	7,920
2	Procurement Clerk	7,920
3	Farming Systems-Livelihoods-NRM Specialist	21,120
4	Community development consultant	5,600
5	Analysis of interventions for smallholder farmers	25,000

6	Low Value Grants	625,000
7	Travel - Outcome 5	1,912
8	Travel - PMU	500
9	IT equipment - PMU	5,165
10	Spot checks of OP	24,750
11	Terminal report	6,550
12	Other operating costs	17,576
	Total - FAO	749,013

From the second year onwards, UNDP and FAO will provide very minimum execution support limited to tasks such as Mid-Term Review, Impact Evaluation, Terminal Evaluation, and where procurement of international expertise are required.

In accordance with GEF policy on Minimum Fiduciary Standards, UNDP will ensure that appropriate institutional separation will be in place between staff members engaged to provide execution support services and those staff members fulfilling and implementation (oversight) role. For this purpose, the management of contract of project staff and procurement of specialised services will be exclusively handled by ? Human Resources Unit, Procurement Unit, Finance & Resource Management Unit under the overall supervision of Operations Manager. Implementation (Oversight) will be ensured by the Environment Unit, and Quality Assurance and Results Unit under the overall supervision of a Deputy Resident Representative. No staff member involved in execution will perform an oversight role in relation to this project. A second-tier oversight will be ensured through the Regional Bureau (to ensure compliance with UNDP policies and procedures) and through the UNDP Nature, Climate and Energy Unit - to provide technical oversight and ensure compliance with GEF policies.

With respect to the Government of Indonesia?s reporting procedures for the funds managed by Implementing Agencies to procure good and services ? in the case of UNDP, it will prepare the Minutes of handover (Berita Acara Serah Terima ? BAST) of goods and services with a joint signature of UNDP and the Implementing Partner?s Authorized Budget Owner (Kuasa Pengguna Anggaran - KPA). This will be submitted by the Implementing Partner to the State Treasury Service Office (Kantor Pelayanan Pembendaharaan Negara ? KPPN) under the Directorate General of Treasury (Direktorat Jenderal Perbendaharaan) of the Ministry of Finance. In the case of FAO, the transfer of assets will be stated in the Berita Acara Serah Terima (BAST) (Minutes of Handover) document that will be signed by FAO Representative and the National/Sub-national Government.

2) While consultations with local NGOs, research institutions, have been undertaken during the early part of the project design in Sep/Oct 2019, the COVID-19 pandemic from March 2020 has impacted further consultation with local NGOs to identify as delivery partners. Information on several local NGOs and institutions are reflected in the stakeholder engagement plan (Annex 8). It was noted that number of local NGOs and

institutions operate within the landscapes and identifying a clear basis for selecting one partner over another would be complex process during the project development. In addition, selection of one group over another could create possible conflict during project implementation and perceive to have favoured one group over the other. Based on this, it was considered more relevant for organisations to be engaged through a competitive procurement process where groups could present technical approaches to specific elements of the project and where there were also opportunities for groups to form their own coalitions and working partnerships within this. This will also provide IAs and the Government EA/RPs with greater oversight and control of implementation based on milestone-based payments.

3) Thank you for the comments. We have indicated the budget to be managed by UNDP and FAO in the GEF budget table (Annex 1)

4) Thank you for the comments. We have indicated this in the Audit checklist that was submitted in April 2021.

5) The National Chief Technical Advisor is expected to have these qualifications. The terms of reference for this position described in Annex 7 (*Overview of technical consultancies/subcontracts*) to the Project Document has been updated in this regard.

Consistency with National Priorities

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

Secretariat Comment at CEO Endorsement Request

03/16/21

Please include any contribution that the project will make to the Aichi targets.

07/14/21

The project is aligned with national strategies and plans

Cleared

Agency Response

UNDP, June 22, 2021:

The following information has been added:

?The project will also contribute to achievement of the targets outlined in the post-2020 global biodiversity framework , which was under development at the time of developing the Project Document. The project is aligned with the following draft 2030 Action Targets of the zero draft of the post-2020 global biodiversity framework:

- ? Target 1. By 2030, [50%] of land and sea areas globally are under spatial planning addressing land/sea use change, retaining most of the existing intact and wilderness areas, and allow to restore [X%] of degraded freshwater, marine and terrestrial natural ecosystems and connectivity among them.
- ? Target 7. By 2030, increase contributions to climate change mitigation adaption and disaster risk reduction from nature-based solutions and ecosystems-based approaches, ensuring resilience and minimizing any negative impacts on biodiversity.
- ? Target 9. By 2030, support the productivity, sustainability and resilience of biodiversity in agricultural and other managed ecosystems through conservation and sustainable use of such ecosystems, reducing productivity gaps by at least [50%].
- ? Target 13. By 2030, integrate biodiversity values into policies, regulations, planning, development processes, poverty reduction strategies and accounts at all levels, ensuring that biodiversity values are mainstreamed across all sectors and integrated into assessments of environmental impacts.
- ? Target 14. By 2030, achieve reduction of at least [50%] in negative impacts on biodiversity by ensuring production practices and supply chains are sustainable.
- ? Target 17. By 2030, redirect, repurpose, reform or eliminate incentives harmful for biodiversity, including [X] reduction in the most harmful subsidies, ensuring that incentives, including public and private economic and regulatory incentives, are either positive or neutral for biodiversity.
- ? Target 19. By 2030, ensure that quality information, including traditional knowledge, is available to decision makers and public for the effective management of biodiversity through promoting awareness, education and research.
- ? Target 20. By 2030, ensure equitable participation in decision-making related to biodiversity and ensure rights over relevant resources of indigenous peoples and local communities, women and girls as well as youth, in accordance with national circumstances.?

Knowledge Management

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

Secretariat Comment at CEO Endorsement Request

03/16/21

The KM approach is outlined in Output 7.4 and a summary provided in this section, however the timeline and set of deliverables are missing from this section of the CER and should be included.

07/14/21

The proposed Knowledge Management Approach for the project adequately elaborated.

Cleared

Agency Response

UNDP, June 22, 2021:

The Knowledge Management section of the CEO ER has been expanded with a summary of the key deliverables and timeline.

Monitoring and Evaluation

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

Secretariat Comment at CEO Endorsement Request

03/16/21

No. While a budget has been included in this section of the CER, there should be at least a brief description of the M&E plan in the portal version of the CER that draws from section VII of ProDoc.

07/14/21

The project includes a budgeted M&E Plan.

Cleared

Agency Response

UNDP, June 22, 2021

A brief description of the M&E plan has been added to the CEO ER.

Benefits

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

Secretariat Comment at CEO Endorsement Request

03/16/21

Given the significant emphasis on agriculture and livelihoods of this project, please revise the socio-economic benefits section of the CER to better explain the expected socio-economic benefits that are expected through this project and how they will be monitored/measured and support achievement of the GEBs.

07/14/21

The socioeconomic benefits at the national and local levels resulting from the project are sufficiently described.

Cleared

Agency Response

UNDP, June 22, 2021:

The description of socioeconomic benefits has been expanded in the CEO ER.

?Monitoring and evaluation socioeconomic benefits are integrated into the project results framework and the associated monitoring plan. The inclusive of sustainable value chains will be measured by assessing the volume of investments leveraged for operationalization of smallholder financing mechanisms. Expanded private sector involvement in strengthening sustainable production and value chains will be evaluated by the area covered and the number of farmers involved in public-private-community partnerships. Enhanced traceability of sustainably produced palm oil, cocoa, coffee, and rice will be monitored by assessing the area under verified traceability systems, with particular emphasis on expanded smallholder participation. Improved capacities of farmers to add value to palm oil, cocoa, coffee, and rice will be measured by the volume of product smallholder farmers in the project districts that are subject to effective quality grading ? broader application of grading systems will also lead to increased income for the local farmers. Increase in capacities for farmer support for sustainable and resilient production and farming systems will be measured by the increase in the number of farmers benefitting from public extension services, private sector technical support schemes, and farmer field schools. Assessment of the number of farmers implementing best management practices will provide an indication of enhanced resilience, income diversification, reduced pressure on forest ecosystems, etc. The extent of participatory governance of priority ecosystems will be measured by the area and numbers of people covered by management plans with incentive mechanisms that are under implementation for inclusive conservation and restoration, e.g., through social forestry schemes. Livelihood diversification through gender-sensitive social forestry interventions will also be measured by the number of individuals involved in sustainable utilization of NTFPs, eco-tourism, processing of local foods, or other interventions that reduce pressure on natural resources.?

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request
03/16/21

Yes. Required annexes are attached

Cleared

Agency Response
Project Results Framework

Secretariat Comment at CEO Endorsement Request
Yes.

Cleared

Agency Response
GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request
Yes.

Cleared

Agency Response
Council comments

Secretariat Comment at CEO Endorsement Request
Yes.

Cleared

Agency Response
STAP comments

Secretariat Comment at CEO Endorsement Request

Yes.

Cleared

Agency Response

Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request N/A

Agency Response

Other Agencies comments

Secretariat Comment at CEO Endorsement Request N/A

Agency Response

CSOs comments

Secretariat Comment at CEO Endorsement Request N/A

Agency Response

Status of PPG utilization

Secretariat Comment at CEO Endorsement Request

03/16/21

Status of PPG utilization has been provided.

Cleared

Agency Response

Project maps and coordinates

Secretariat Comment at CEO Endorsement Request

03/16/21

Project maps/coordinates have been provided in this section.

Cleared

Agency Response

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

Secretariat Comment at CEO Endorsement Request

N/A

Agency Response

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

Secretariat Comment at CEO Endorsement Request N/A

Agency Response

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

Secretariat Comment at CEO Endorsement Request N/A

Agency Response

GEFSEC DECISION

RECOMMENDATION

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

Secretariat Comment at CEO Endorsement Request

12/23/20

Please resubmit and include the Checklist for CEO Endorsement Template duly filled out for this project.

03/16/2021

No. Please address the comments and resubmit.

07/14/21

No. Please address remaining comments.

08/11/21

No. Please respond to the comments on Table D and the budget.

09/02/21

No. Please address remaining budget comments.

09/09/21

Yes, the CEO Endorsement is recommended

Review Dates

	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
First Review	12/23/2020	
Additional Review (as necessary)	3/16/2021	
Additional Review (as necessary)	7/14/2021	
Additional Review (as necessary)	8/11/2021	
Additional Review (as necessary)	9/2/2021	

CEO Recommendation

Brief reasoning for CEO Recommendations