

Deforestation Free Commodity Supply Chains in the Peruvian Amazon

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10307

Countries

Peru

Project Name

Deforestation Free Commodity Supply Chains in the Peruvian Amazon
Agencies

UNDP, FAO, IFAD

Date received by PM

3/26/2021

Review completed by PM

Program Manager

Pascal Martinez

Focal Area

Multi Focal Area

Project Type

PIF ☐

CEO Endorsement ☐

Part I ? Project Information

Focal area elements

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

Secretariat Comment at CEO Endorsement Request
April 8, 2021

Yes, cleared.

Agency Response

Project description summary

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

Secretariat Comment at CEO Endorsement Request
April 8, 2021

1. The duration of the project at the beginning of the project description in the Portal is said to be 60 months while it should be 72 months. Please amend as needed.

2. While the current project objective is clear, the main goal of FOLUR is about transforming food systems toward sustainability. The project objective should therefore be clearer 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. In table B under component 3, one target to measure the outcome 3.1 is "300,000 hectares of priority areas for biodiversity conservation and natural habitat restored".

Nevertheless, we don't see such results reflected in the GEF core indicators. Please clarify. Actually, it would be good to report this result under the restored area (core indicator 3) as it appears relatively low at this stage with only 10,000 ha of degraded agricultural land restored.

4. Please spell out the acronym DFC (Deforestation Free Commodities) at least once in the table and again the first time it is written in the narrative text.

4. In table B, component 3 appears to be an investment and not TA as currently indicated (same may be the case for component 2). Please clarify.

June 26, 2021:

Thank you for the amendments and clarifications. Cleared.

Agency Response

06/23/2021

1. The issue was reported to the GEF portal support team, as there is no option for UNDP to correct it in the portal

2. The Project's objective is refined: "The Project's Objective is to introduce sustainable (deforestation-free and profitable) commodity production models to reduce deforestation and land degradation caused by the ongoing increasing unsustainable production of agricultural commodities in critical economic-ecological jurisdictions in the north-western Amazon of Peru. To this end, the Project promotes responsible value chains and partnerships with major DFC buyers. The strategy aims at reducing deforestation and degradation caused by increasing production of unsustainable agricultural commodities (coffee, cocoa, and palm oil) in critical economic-ecological jurisdictions in the NW Amazon: San Martin, Amazonas, Loreto, and Cajamarca. Consequently, this strategy will contribute to transforming commodity-related food systems in the Peruvian Amazon towards sustainability."

Changes in the documents:

Adjusted in all sections where the Project's objective is mentioned. CEO Endorsement: Table B, ToC (page 21), Paragraph 30, and Annex A (Log Frame).

ProDoc: Project Description (page 1), Section III Strategy (page 14), Figure 2 (ToC) page 19, and Section V Results Framework.

3. Point taken. Core indicator 3 has been included under Outcome 3.1, with a target of "260,050 hectares of priority areas for biodiversity conservation and natural habitat restored" (kindly note that 300,000 hectares was a typo). In Table F of the CEO Endorsement request, Core indicator 3 now sums up 260,050 hectares (250,050 hectares from outcome 3.1 + 10,000 hectares from outcome 2.1).

4. Deforestation Free Commodities has been spelled out as requested.

Changes in the documents: Table B

5. Point taken. Component 3 has been changed to Investment.

Changes in the documents: 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

April 8, 2021

1. The co-financing letters from Caja Sullana, Caja Huancayo and Caja Mainas provide the amount in Soles. The agency may wish to indicate in the text below table C the exchange rate used to convert in dollars (not mandatory).

2. The co-financing from FAO is provided as in-kind (\$329,850) and cash (\$300,000). Please reflect the 2 different kind of co-financing in table C.

3. According to the letter provided, the co-financing from OLAM is \$1,900,000 "in cash or kind" and \$650,000 will be used to pay a premium for deforestation-free products. In table C, contribution from OLAM is \$3,850,000 as grant. This is not consistent. Please clarify.

4. The co-financing from Root Capital is said to be as loans while it is reported as grant in the Table C. Please correct the Table C accordingly.

5. The document including the co-financing letters from COFIDE, Root Capital, Caja Sullana, Caja Huancayo, Caja Mainas, SECO, UNDP and FAO is uploaded twice. Please remove one repeated document.

6. The co-financing letters from MINAM, MINAGRI and ECOM are missing. Please provide these letters and ensure the amount indicated in the letters is correctly reported in the Table C.

7. Please confirm that all of the co-financing, including that contributed by government entities that is generally in-kind, meets the GEF definition of investment mobilized or adjust accordingly.

June 26, 2021:

1, 2, 3, 4 and 5. Thank you for the amendments and clarifications.

6. We don't find the co-financing letters from MINAM, MINAGRI and ECOM. Please clarify in which document they are included or ensure to upload them in the package.

7. When providing the co-financing letters from MINAM, please ensure to explain what kind of co-financing can be at the same time "in-kind" and "investment mobilized" instead of "recurrent expenditure".

July 2, 2021:

Thank you for the additional documents and amendments. Cleared

Agency Response

30 June 2021:

6. Comment addressed. Kindly note that the letters from MINAM, MINAGRI and ECOM have been uploaded.

7. Comment addressed. We have adjusted the type of co-financing to "recurrent expenditure" where needed (MINAM and FAO).

06/23/2021

1.Addressed. The text below table C indicates the exchange rate used to convert to USD. The co-financing table has been updated with all the confirmed co-financing.
Changes in the documents: CEO ER, Table C

2.Addressed. FAO's co-financing has been separated into grant and in-kind.
Changes in the documents: CEO ER, Table C

3. Addressed. OLAM's co-financing is adjusted to USD 2,550,000 grant
Changes in the documents: CEO ER, Table C

4.Addressed. RC's co-financing is adjusted to be Loans.
Changes in the documents: CEO ER, Table C

5.Addressed. In some cases the co-financing letters were duplicated because they included English and Spanish version. The Spanish versions have been removed.

6. Addressed. MINAM, MINAGRI and ECOM co-financing letters are available; and the amounts are included in Table C.

Changes in the documents: CEO ER, Table C

7. Addressed. Co-financing types are confirmed and meet the GEF definition of investment mobilized or adjusted accordingly.

Changes in the documents: CEO ER, Table C

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

April 8, 2021

Yes, cleared.

Agency Response

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

April 8, 2021

1. A PPG budget table is provided but the amount spent to date plus the amount committed does not add up to the total. Please clarify if there is unutilized PPG funding and how this will be spent? Please note that GEF guidelines include eligibility criteria for spending of unused PPG funds in the first year of project implementation, which must be adhered to or otherwise the funds must be returned to the GEF trust fund.

2. The budget provided doesn't include any detail about the kind and purpose of expenditures but only which agency utilized the funds. Please complete the table with the different categories and main purposes of the expenditures.

June 26, 2021:

Thank you for the amendments and clarifications. Cleared.

Agency Response

06/23/2021

1.PPG status reported in Annex C has been revised and adjusted as needed to show the current amount committed.

Changes in the documents: CEO ER, Annex C

2.The table was modified to include main activities undertaken by the Agencies with PPG funding.

Changes in the documents: CEO ER, Annex C

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

April 9, 2021

1. Under the Benefit section, the project informs there will be 120,000 direct beneficiaries while they are only 24,470 in the core indicator section of the Portal and in the GEF Core indicators sheet of the Prodoc (annex 15). Please clarify.
2. In the GEF Core indicators sheet of the Prodoc (annex 15), only the expected results should be informed and not the achieved results as wrongly filled under core indicator 11 (the above comment may come from that confusion).
3. The GHG emission mitigation results in the Ex-ACT tool is around 73 Mt CO₂e while it is much less as reported in the core indicator section of the Portal and in the GEF Core indicators sheet of the Prodoc (annex 15). Please explain and ensure the information provided is consistent throughout all the documentation.
4. While a result of 7.7 Mt CO₂e (as indicated in the in the core indicator section of the Portal and in the GEF Core indicators sheet of the Prodoc) appears low for such a project, 73 Mt CO₂e may be ambitious. In the Ex-ACT tool, the Agency may consider a more conservative approach in terms of degradation level of the vegetation with the project intervention (moderate instead of low).
5. The rational for having indirect benefits in terms of GHG emission mitigation is unclear. Please clarify. In case the results comes from the consequences of alleviating the pressure on the ecosystems or restoring degraded lands, even if it happens after the project ends, it should be considered as direct benefits (consequential post-direct benefits).

6. According to the uploaded note "Calculation of greenhouse gas emissions to be mitigated by the FOLUR Project" and the Ex-ACT tool, the duration of the project is 5 years while it should be 6 years.

7. According the Ex-ACT tool, the 10,000 ha of restoration are reforestation (core indicator 3.2) and not agricultural land restored (core indicator 3.1). Please clarify and amend accordingly.

8. In the Portal under the core indicator section and in the GEF Core indicators sheet of the Prodoc (annex 15), the Duration of accounting is missing and the Anticipated start year of accounting should be 2021 or 2022. Please complete and adjust accordingly.

9. Rio Marker for Climate Mitigation should be marked 1 and not 0. Please amend.

June 26, 2021:

1. Partially addressed. The number of beneficiaries is still 24,470 in the core indicator section of the Portal. Please amend.

2, 3, 4, 5, 6 and 7. Cleared.

8. Not addressed. In the annex 15 of the Prodoc, the anticipated start year of accounting should be 2021 or 2022 and not 2041 and the duration of accounting should be informed (20 years normally). The same applies in the core indicator section of the Portal. Please amend and complete both in the annex 15 of the Prodoc and in the core indicator section of the Portal.

9. Thank you for the amendment. Cleared.

10. In addition, the names and areas of the HCVF are missing in the Portal (sub core indicator 4.4). Please complete. If not already recognize by the HCV network, please provide documentation that the targeted forests meet one or more of the HCV criteria.

July 2, 2021:

Thank you for complements and amendments. Cleared.

Agency Response

30 June 2021:

8. Addressed. Adjusted to 2021 with a 20-year duration of accounting

10.. Comment addressed. An explanatory document on the HCVF selected y the Project is uploaded to the portal, containing the following text:

?High Conservation Value of selected landscape for Peru FOLUR

The selected landscape meets the criteria of the high conservation values promoted by the HCV Resource Network. In the San Martín Region there are species and ecosystems of global importance, including those protected by the region's protected areas. The Alto Mayo Protection Forest conserves the habitat of species that are highly threatened or vulnerable, including the yellow-tailed woolly monkey (*Oreonax flavicauda*), the spectacled bear (*Tremarctos ornatus*), the cock-of-the-rock (*Rupicola peruvianus*), the moustached owl (*Xenoglaux loweryi*), among others. The Cordillera Azul National Park conserves threatened ecosystems, such as highland swamps, spongy forests and dwarf groves, eroded reddish stone hills, hilly forests and slopes, isolated lakes and high-altitude streams and wetlands, of particular importance for providing hydrological services to downstream communities. There is also the Cordillera Escalera Regional Conservation Area, with the presence of tropical montane cloud forests, whose conservation provides ecosystem services and biodiversity of flora and fauna contribute to the wellbeing of neighboring communities, including of the Shawi and Kichwa indigenous peoples.

The Amazonas Region has two Regional Conservation Areas: Vista Alegre Omia and Seasonally Dry Tropical Forests of Mara. The Vista Alegre Omia RCA is home to 41 endemic species of flora, 10 birds, 06 mammals and 06 amphibians. Together with the Alto Mayo Protection Forest and the Huamanpata Environmental Conservation Area, an important biological corridor at the landscape level of threatened wildlife is created, such as the yellow-tailed woolly monkey, the dwarf deer and the hairy armadillo.

The Cajamarca Region is home to the Tabaconas-Namballe National Sanctuary, protected high altitude wetlands and humid grasslands that provide habitat for the high-altitude tapir (*Tapirus pinchaque*) currently in danger of extinction, other rare species such as the red deer of the p?ramo (*Mazama rufina*), the pud? (*Pudu memephistophiles*) and the spectacled bear (*Tremarctos ornatus*).

In the ecological corridor or landscape level that covers the provinces of the Cajamarca, Amazonas and San Martín Regions, there are also endemic vascular plants such as *Clusia pseudomangle*, *Inga tenuicalyx*, *Inga cynometrifolia*, *Capparis sprucei*, *Annona deminuta*, *Ardisia martinensis*, *Suessenguthia fosteri*, *Klarobelia candida*, and *Aristolochia barbouri*.

06/23/2021

1. Core indicator has been adjusted: 120,000 beneficiaries (54,000 female 45%) and 66,000 male (55%).

Changes in the documents: ProDoc, Annex 15, Core indicator 11.

2. Core indicator has been adjusted: 120,000 beneficiaries (54,000 female 45%) and 66,000 male (55%), as expected results.

Changes in the documents: ProDoc, Annex 15, Core indicator 11.

3. The project carbon benefits have been recalculated by using EX ACT and correcting some inconsistencies. The GHG emission mitigation will be 67,885,652 CO₂eq. Please see Annex 14 of the UNDP Project Document for detailed calculations. GEF Core indicator 6 has been amended on Table B and Table F of the CEO Endorsement, in the GEF Core Indicators Worksheet (Annex 15) and the results framework. Changes in the documents: Comments 3-7: Table F and Results framework in the Prodoc and CEO Endorsement; and all related references in the texts.

4. The project GHG mitigation has been recalculated. The expected GHG reduction will be 67,885,652 Mt CO₂eq. Please see response above.

5. Point taken. All GHG emission reductions are considered to be project direct benefits (67,885,652 Mt CO₂eq). This has been amended in GEF Core Indicator 6 ? see Table F of the CEO Endorsement Request and GEF Core Indicators Worksheet (Annex 15). A short explanation was included on how the EX ACT classifies the direct and indirect carbon benefits. Please see Section Global Environmental Benefits of the CEO Endorsement request

6. Thank you. The EX ACT calculation is now applied to 6 project years.

7. Point taken. The revised EX ACT calculation classified the 10,000 hectares as agricultural land restored (core indicator 3.1).

8. Adjusted in the portal

9. Addressed. Adjusted to 1

Changes in the documents: Taxonomy worksheet CEO Endorsement and Prodoc.

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

April 9, 2021

1. The paragraphs 5 to 11, 13, and 17 to 21 are not about the environmental problems, root causes and drivers, but rather about the alternative scenario. Please place this text under the right section and ensure having a clear summary of the root causes and barriers in this section (for instance, the lack of adequate governance is repeated twice in this section).

2. The context should recognize the global nature of the FOLUR program and discuss the contribution of Peru to global food systems with regard to the target commodities. Details including the percentage of global GHG emissions coming from land

degradation as a result of deforesting crops and the percentage of the global BD potentially lost as a result of land use change in Peru, etc would be further clarifying. Please elaborate further on this aspect.

3. While copying and pasting entire sections from the Prodoc into the Portal, please adapt the text in the Portal so that it remains adequate and remove any wrong references (such as the Annexes 10 and 11 for instance).

June 26, 2021:

Thank you for the complements and amendments. Cleared.

Agency Response

06/23/2021

1. Points taken and addressed. The entire Section 1 has been edited to better address environmental problems, root causes and drivers, including former paragraphs 1 to 5. The duplication of 'lack of adequate governance' was eliminated. Former paragraphs 11, 13 and 17 to 21 have been edited and moved to Section 3 (alternative scenario).

Changes in the documents: CEO ER, Section 1.

2. Point taken and addressed. The context is adjusted to recognize the global nature of the FOLUR program and discuss the contribution of Peru to global food systems with regard to the target commodities is now in paragraphs 17 and 19. Details on the percentage of global GHG emissions coming from land degradation are included In Section 1, paragraphs 2 and 3. There is no available data on the percentage of the global BD potentially lost as a result of land use change in Peru, however, data on forest conversion and endangered species is included the paragraph 3.

Changes in the documents: CEO ER, Sections 1 and 3.

3. Corrected in the portal

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

Secretariat Comment at CEO Endorsement Request

April 9, 2021

1. The presentation is very limited: we mainly learn about 2 GEF projects and the mandate of the MINAM. Please elaborate further on the existing initiatives and/or organizations the project will make use of/enhance/articulate with, and notably those contributing to the project through co-financing.

2. In particular USAID seems to have made a significant investment in the region, particularly on cocoa development. Please clarify whether any of USAID's projects serve as baseline and/or provide opportunities for engagement or partnership.

3. In addition to the policy environment created, it would be useful to better understand any concrete government investments going into the target areas.

4. A clearer explanation should be provided about the role of cooperatives in the target areas, as well that of the buyers and investors mentioned.

June 26, 2021:

Thank you for the complements. Cleared.

Agency Response

06/23/2021

1 and 2. Point taken and addressed. A more detailed list of projects has been added in Section 2, paragraph 13, including:

? OLAM/Solidaridad/JDE/SERFOR: "Circular Coffee from Peru: Creating value across the value chain" in San Martin with each FOLUR Project component.

? GEF- FAO / UNIDO / IFAD GEF-ID 10198: Building human well-being and resilience in Amazonian forests. This project enhances the value of biodiversity for food security and bio-businesses. In the climate change context, this contributes to reducing deforestation and loss of biodiversity in productive landscapes in Loreto, Ucayali, and Jun?n Departments in the Peruvian Amazon.

? The FAO's Forest and Landscape Restoration Mechanism (MRBP). This project supports the Country's planning and execution of activities to recover its degraded and deforested areas. In Peru, the MRBP includes the following activities: a) Support in the preparation of maps of areas with potential for restoration in 12 regions of the Country with the ROAM methodology (Methodology for the Evaluation of Restoration Opportunities), b) Design and formulation of the National Program for the Restoration of Ecosystems and Degraded Lands (PRO REST).

? FAO's EU FLEGT Program assists the Country's government institutions, civil society organizations, representatives of indigenous peoples, and private sector associations to address their priority needs for forest governance and implementation of the laws.

? MINAM and SERNANP implement the "Heritage of Peru" (PDP) initiative. This initiative aims to generating enabling conditions for the effective management of protected areas within 11 years, ensuring sustainability in perpetuity. The first phase focuses on the Amazon and includes 38 Protected Natural Areas, 5 ANP within the Project's scope.

? The United Nations Collaborative Programme for the Reduction of Emissions due to Deforestation and Forest Degradation in Developing Countries - UN-REDD Program (2016-2020) provides strategic technical assistance to advanced countries to implement REDD+ policies, including Peru.

? USAID Initiative that supports sustainable agroforestry in former coca-producing regions, including the Peruvian Amazon, to produce legal sources of income through licit crops, such as cacao, coffee, banana, and local timber trees. USAID provides hands-on technical assistance to farmers, including training in modern farming techniques and access to capital to invest in equipment. In 2020 alone, USAID helped 61,792 families transition to licit livelihoods on over 83,815 hectares of crops, including cacao and coffee. Besides, other USAID initiatives that support the improvement of governance, mobilizing investment capital to the Peruvian Amazon, partnerships with the private sector, capacity building, and digital and financial inclusion.

Changes in the documents: CEO ER, Section 2

3.Paragraph 11 in Section 2, refers to the USD 56 million public funding to support sustainable agriculture in the targeted regions.

Changes in the documents: CEO ER, Section 2

4.Point addressed. ??Cooperatives will play a catalytic role to channel public and private funding to associated local producers in the supply chain. In addition, the project will work with private banks, capital markets, and key supply chain actors, including micro financial institutions (Caja Sullana, Caja Mainas, Caja Huancayo and Root Capital) and large commodity buyers and investors (e.g., OLAM, ECOM). The latter will provide, for example, in-kind and cash finding to improve technical assistance, capital to develop technical and credit schemes, and introducing DFC long-term purchasing agreements.? Paragraph 16.

Changes in the documents: CEO ER, Section2, paragraph 16

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

April 9, 2021

1. This section should include a description of the of expected outcomes and components, including the concrete activities which will be implemented. As it stands in the current version of the CEO Endorsement Request, the information provided is essentially a copy-paste of Table B which we already have in the Portal. Please elaborate further the expected description.

2. Please note that the introductory paragraph invites to consult the Section V: Results and Partnerships of the Prodoc while it is section IV.

June 26, 2021:

Thank you for the additional information. Cleared.

Agency Response

06/23/2021

1. Point taken and addressed. In Section 2. Starting in paragraph 32, there is a description of the expected outcomes and components. A description of the key concrete activities which will be implemented has been added to each output.

Changes in the documents: CEO ER, Section 3, paragraph 32 and the following tables.

2.Type corrected, now paragraph 30 invites to consult Section IV.

Changes in the documents: CEO ER, Section 3, paragraph 30

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

Secretariat Comment at CEO Endorsement Request

April 9, 2021

No. Considering there was no PIF and the project has been further elaborated during PPG stage, there is still the need to present, even briefly, how this project aligns with the focal areas and the Program Framework Document and its strategy, which include in particular the integrated land use planning, the sustainability of practices along the value chain engaging the different kind of relevant stakeholders, the promotion of deforestation-free production and the restoration of degraded landscapes. Please complete accordingly.

June 26, 2021:

Not addressed. Please provide the requested information under the appropriate section "4) Alignment with GEF focal area and/or Impact Program strategies".

July 2, 2021:

Not addressed. Please provide the requested information under the appropriate section "4) Alignment with GEF focal area and/or Impact Program strategies".

July 2, 2021:

Thank you for the complement. Cleared.

Agency Response

30 June 2021:

Comment addressed. The following text was added to the CEO-ER: "The Project is aligned with FOLUR's two levels of operation: *country-level investments* focused primarily on activities at the landscape level while also allowing space for vertical aspects to contribute to transforming the global food systems and commodity value chains. The *global-level engagement* harnesses strategic partnerships with large DFC buyers and initiatives that will support the country-level investment. This is indicated in several sections including: Section 3, paragraphs 17 and 18: "The project strategy to address the above-discussed challenges in Peru will improve the alignment of Peru's commodity production and food systems with FOLUR's objectives. The Project will use an integrated approach to achieve systemic environmental change and support

improvements in human well-being, resilience, and economic growth and prosperity. The Project targets large production landscapes with the potential to deliver global environmental benefits at scale and be sustained after the Project ends. One critical element to achieve sustainability is enabling consistency in local production and long-lasting partnerships with producers and CDF buyers that incorporate, for instance, sustainable sourcing policies, including long-term DFC purchasing agreements. Currently, the Peruvian commodities and food system has a large footprint regarding deforestation, natural landscape degradation, greenhouse gas (GHG) emissions, water depletion, pollution. Therefore, the Project covers globally critical geographies in the Amazon region for major commercial commodities (i.e., coffee, cocoa, and palm oil) and supports local communities' development plans incorporating climate-smart production of food staples (e.g., rice, maize).? The Project is also aligned with the FOLUR's Knowledge to Action (K2A) Global Platform's structure, objectives, and outcomes.? Additional text in Section 10, paragraph 103.?

06/23/2021

1.Point addressed. This is indicated in several sections including: Section 3, paragraphs 17 and 18: ?The project strategy to address the above-discussed challenges in Peru will improve the alignment of Peru's commodity production and food systems with FOLUR's objectives. The Project will use an integrated approach to achieve systemic environmental change and support improvements in human well-being, resilience, and economic growth and prosperity. The Project targets large production landscapes with the potential to deliver global environmental benefits at scale and be sustained after the Project ends. One critical element to achieve sustainability is enabling consistency in local production and long-lasting partnerships with producers and CDF buyers that incorporate, for instance, sustainable sourcing policies, including long-term DFC purchasing agreements. Currently, the Peruvian commodities and food system has a large footprint regarding deforestation, natural landscape degradation, greenhouse gas (GHG) emissions, water depletion, pollution. Therefore, the Project covers globally critical geographies in the Amazon region for major commercial commodities (i.e., coffee, cocoa, and palm oil) and supports local communities' development plans incorporating climate-smart production of food staples (e.g., rice maize). The Project is aligned with FOLUR's two levels of operation: country-level investments focused primarily on activities at the landscape level while also allowing space for vertical aspects to contribute to transforming the global food systems and commodity value chains. The global-level engagement harnesses strategic partnerships with large DFC buyers and initiatives that will support the country-level investment. The Project is also aligned with the FOLUR's Knowledge to Action (K2A) Global Platform's structure, objectives, and outcomes.? Additional text in Section 10, paragraph 99.

Changes in the documents: CEO ER, Section 3, paragraph 17 and 18; and Section 10, paragraph 99. Additional text is included in Sections 1 and 2.

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

Secretariat Comment at CEO Endorsement Request

April 9, 2021

No. There isn't any presentation on the added value of the project, how it builds on and articulate with the existing baseline, in order to address the identified root causes and barriers and obtain the expected environmental results. Please elaborate as needed.

June 26, 2021:

Thank you for the additional information. Cleared.

Agency Response

06/23/2021

1.Point addressed. A new section (text and a table) has been added to Section 5, and the previous text has been updated.

Changes in the documents: CEO ER, Section 5

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

April 9, 2021

No. It is not because there is no change from the PFD that there is no need to present the Global Environment Benefits. Please describe these benefits with more details than only the expected results in terms of core indicator (what kind of restoration and land restored, and where, what kind of improved practices on which land uses, rational for considering indirect benefits, how the targets were assessed including the number of beneficiaries...).

June 26, 2021:

Thank you for the additional information. Cleared.

Agency Response

06/23/2021

1.Point taken. Section 6 (GEB) and 10 (Benefits) has been edited and expanded. Section 6 includes adjustments in RL, areas under ILM, beneficiaries and additional details on GHGe (direct and indirect), and how these adjusted targets were assessed. Also, a new paragraph and bullet points are included describing GEB in Section 10.

Changes in the documents: CEO ER, Section 6, paragraphs 39 and 40; and Section 10, paragraph 99.

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

April 8, 2021

1. Partially. While the innovation is well demonstrated and with details, the sustainability and scaling up potential of the project results is very limited in paragraph 44 and 45. Please elaborate further on these 2 important expectation from the project.
2. We don't understand the relevance of the paragraphs 39 to 43 in this section as they refer to the private sector involved in the project. Please clarify and consider the possibility to move these paragraphs under the private sector section (which is very limited).

June 26, 2021:

Thank you for the additional information. Cleared.

Agency Response

06/23/2021

1. Point taken and addressed. Former paragraphs 44 and 45 (now 51 and 52) have been edited to better address sustainability and scaling up.

Changes in the documents: CEO ER, Section 7, indicated paragraphs.

2. Former paragraphs 39 and 43 (now 46 and 50) are adjusted to better describe the Project's sustainability. These paragraphs were not moved to the private sector section because now they better support sustainability and scaling up. However, this is noted in the Private Sector Engagement section.

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

April 8, 2021

Yes, we note the document "Annex 27 - Prioritization on intervention sites and maps" uploaded in the Portal. cleared.

June 26, 2021:

In the Portal entry, the map is said to be in Annex E of the Portal entry whereas it is in Annex D. Please correct.

July 2, 2021:

Thank you for the amendment. Cleared.

Agency Response

30 June 2021:

Corrected. In the Portal entry, the map is in Annex D.

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

April 9, 2021

No. This section is empty. Please present how this child project contribute to the implementation of the different objectives and component of the overall Program Framework Document, including in particular its contribution through the cooperation with the Global Platform.

June 26, 2021:

Thank you for the additional information. Cleared.

Agency Response

06/23/2021

1. Section 1c (Child Project) was added to the document. The project strategy will improve the alignment of Peru's commodity production and food systems with FOLUR's objectives. The Project will use an integrated approach to achieve systemic environmental change and support improvements in human well-being, resilience, and economic growth and prosperity. The Project targets large production landscapes with the potential to deliver global environmental benefits at scale and be sustained after the Project ends. One critical element to achieve sustainability is enabling consistency in local production and long-lasting partnerships with producers and CDF buyers that incorporate, for instance, sustainable sourcing policies, including long-term DFC purchasing agreements. Currently, the Peruvian commodities and food system has a large footprint regarding deforestation, natural landscape degradation, greenhouse gas (GHG) emissions, water depletion, pollution. Therefore, the Project covers globally critical geographies in the Amazon region for major commercial commodities (i.e., coffee, cocoa, and palm oil) and supports local communities' development plans incorporating climate-smart production of food staples (e.g., rice maize). The Project is aligned with FOLUR's two levels of operation: country-level investments focused primarily on activities at the landscape level while also allowing space for vertical aspects to contribute to transforming the global food systems and commodity value

chains. The global-level engagement harnesses strategic partnerships with large DFC buyers and initiatives that will support the country-level investment. The Project is also aligned with the FOLUR's Knowledge to Action (K2A) Global Platform's structure, objectives, and outcomes.

The Project's KM component will be implemented in close collaboration with the FOLUR's K2A Platform to increased capacity to disseminate lessons and best practices on ?what to do? and ?what not to do? at landscape, national and global levels. The KM platforms will incorporate key elements of initiatives on LU, ILM, LDN, FLR, EBD, Climate and Forest; and other key Government's Programmes connected and feeding/sharing information to the FOLUR's Knowledge to Action (K2A) Global Platform. To ensure adequate impact, in addition to the Core GEF indicators and the Results Framework indicators, the Project will apply K2A GP indicators related to gender in capacity/training, and policies/value chains.?

Changes in the documents: CEO ER, Section 1c, paragraphs 53 and 54

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
April 9, 2021**

1. Thank you for uploading the SEP in the Portal. Please note it is referred as Annex 8 and not 9 as indicated in the Portal.
2. Please select as requested the stakeholders that have participated in consultations during the project identification phase: Civil Society Organizations; Indigenous Peoples and Local Communities; Private Sector Entities.

June 26, 2021:

1. Thank you for the correction. Cleared.
2. Not addressed. Please select the appropriate categories of stakeholders at the very beginning of the section "2. Stakeholders" (Civil Society Organizations; Indigenous Peoples and Local Communities; Private Sector Entities). They should appear with a "Yes".

July 2, 2021:

Thank you for the amendment. Cleared.

Agency Response

30 June 2021:

Point addressed. The appropriate categories of stakeholders at the beginning of the section "2. Stakeholders" appear with a "Yes".

06/23/2021

1. Corrected in the portal

2. Point addressed. In addition to including a table with the Project's existing and potential partners, the following text and table are added in the stakeholders Section: The indigenous organizations that participate in the validation process (PPG Phase) are those that represent indigenous communities located within the project's target landscape. It is important to note that this list was reviewed and validated by representatives from the two national indigenous organizations involved (AIDESEP and CONAP), to ensure all relevant organizations were included. These organizations are included in the table below.

Indigenous organizations participating in the validation process

National indigenous organization	Affiliated regional indigenous organization
AIDESEP	CORPI-SL
	CODEPISAM
	ORPIAN-P
CONAP	ORDEPIAA
	OCCAAM

Changes in the documents: CEO ER, Stakeholders, paragraphs 55 and 58.

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

April 9, 2021

Yes, 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

April 9, 2021

The description is very limited, There is the need to describe the different stakeholders from the private sector and present how they will be engaged in the project. Please elaborate accordingly.

June 26, 2021:

Thank you for the complement. Cleared.

Agency Response

06/23/2021

1.A detailed narrative is added to provide an overview of the Project's existing and potential private sector partners, including the region where they operate (LO: Loreto; SM: San Martin; CA: Cajamarca; and AM: Amazonas), their expertise to strengthen the Project, and the type of commodity.

Changes in the documents: CEO ER, Part 4. Private sector Engagement, paragraph 69 and following table, and paragraph 70.

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

April 8, 2021

1. Partially. Only 2 key risks and associated mitigation measures are presented: Critical health (COVID-19) and the financial/markets risks. The number of risks considered is very low. Please clarify and complete as needed.

2. In particular, the climate change risk is important to analyze. More clarification on threats and impacts, along with their appropriate mitigation measures is needed. Please outline the key aspects of the climate change projections/scenarios at the project location or at country level if not available at local scale (including a time horizon, ideally 2050, if the data is available) and list key potential hazards for the project that are related to the climate scenarios. For further guidance, the Agency may want to refer to STAP guidance available here: <https://www.stapgef.org/stap-guidance-climate-risk-screening>.

3. The COVID-19 analysis is limited to risks and mitigation measures. Please complete with an analysis of the possible opportunities this project can provide to enhance the resilience of the beneficiaries, in particular against possible future pandemics.

4. In addition, we acknowledge the ESS risks analysis and note the overall Project Risk Classification is assessed as High or Substantial. Thank you.

June 26, 2021:

Thank you for the additional information provided. Cleared.

Agency Response

06/23/2021

1. Point taken and addressed. Part 5 (Risks) is expanded. In addition to critical health (COVID-19) and the financial/markets risks, climate change and political instability/governance risks are included. These risks and the mitigation measures are included in Table (a).

Changes in the documents: CEO ER, Part 5, Risks. Paragraph 71 and following tables.

2. Point addressed. A detailed climate risk is now included in Table (a) and the mitigation measures. This risk includes aspects related to the decrease of coffee areas and the potential increase of cacao areas. Projections up to 2050.

Changes in the documents: CEO ER, Part 5, Risks. Paragraph 71 and following tables.

3. The COVID-19 analysis has been expanded to include the possible opportunities to enhance the resilience of the beneficiaries, in particular against possible future pandemics.

Changes in the CEO ER: Part 5, Risks, Table (a)

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

April 12, 2021

1. In the Government Structure table, please rename the box currently labeled 'development partners' as Project Implementing Agencies and clearly denote that UNDP is the Lead Agency. The lead role of UNDP should also be represented in the description provided in the quality assurance boxes and there should perhaps be a hierarchy of boxes with the other agencies (FAO & IFAD) involved in the project to represent this as at present it's very difficult to determine lead responsibility for the project through the diagram.

2. The budget provided is incomplete as it includes only the component 1 and 2. Please provide a complete budget indicating clearly any activity that would be undertaken by any GEF agency. If it is the case, please note that such exception to GEF guidelines should be requested by the OFP and its necessity must be demonstrated to allow the GEF Secretariat to assess the request.

3. In the Prodoc under the "Financial and Planning management section, the text says the project "is financed through a GEF grant of USD 6,347,018" which is not correct. Please clarify and amend.

4. FAO will be responsible for the implementation of the Component 3. Nevertheless, in the Annex 18 we learn that one of the 2 outcomes FAO will be responsible for is a "Functional M&E of conservation corridors" whereas M&E activities are included in the Component 4. Please clarify.

5. In the UNDP/GEF Checklist we learn that PROFONANPE will provide administrative and fiduciary support requesting a 8% fee for these services. Please clarify the corresponding amount and how this cost is expected to be supported (from the project budget, the PMC or the Agency fees?). Please also clarify where in the submission package UNDP is formally consulting the GEF if such arrangement is acceptable (as written in the checklist).

June 26, 2021:

1, 3, 4 and 5. Thank you for the clarifications and amendments. Cleared.

2. The whole budget needs to be uploaded in the Portal and attached under the Annex E of the Portal entry, indicating the executing entity for each expense (This is not the case in the Annexes 17 and 18a). The 3 separate budgets corresponding to the 3 Implementing Agencies can be used instead of one unique budget. We recommend using the GEF template proposed in the Guidelines on the Project and Program Cycle Policy. Also, please note that as no request nor justification has been provided, no executing functions identified in the budget(s) can be handled by an Implementing agency.

2.bis. Part of the table provided in the Annex E of the Portal Entry is out of the page limit. Please adjust the table so that it fits with the page margins.

July 2, 2021:

Thank you for the complements and amendments. Cleared.

Agency Response

30 June 2021:

2. The budget of the three agencies (UNDP, IFAD and FAO) have been converted using the GEF Budget Template and Annexes 17 and 18a have also been updated.

2.bis. Comment addressed. The size of the table has been formatted to fit properly.

06/23/2021

1. Please note that UNDP should not take any accountabilities (as "lead agency") on the activities that are implemented by FAO and IFAD and hence the quality assurance should be separated out in such a way that UNDP only provides assurance over its own activities. Hence the following text was added to the "Governance and Management Arrangements": "While UNDP is the lead implementing agency in terms of coordination with FAO and IFAD, accountability for quality assurance will be assumed by each of the three agencies independently." Changes in the documents: ProDoc, CEO ER 6. Institutional Arrangements

2. Please note that Component 3 will be implemented by FAO (see Annex 18), that's the reason why it is not included in the UNDP ProDoc. Component 4 is included in the UNDP ProDoc.

3. Point addressed. The amount is corrected. USD 13,561,467.

4. Point taken. Outcome 3.2 has been rephrased as "Conservation corridors have enhanced connectivity, biodiversity conservation and ES" and output 3.2.1 has been re-written as a "Strengthened information system at landscape level in the targeted jurisdictions". Component 3 will not undertake any project M&E activities.

Outcome 3.2 refers to information systems or platforms at national, regional and/or local level that are responsible for systematizing, monitoring, access and sharing environmental information. These systems would be the basis for decision-making and environmental management, but are not well integrated, and their reports or connectivity, biodiversity and ecosystem reports are incongruent, and not able to include gender criteria or private/community-based conservation agreements. Output 3.2.1 will contribute to mainstreaming these criteria in local reports and harmonizing information systems.

Changes in the documents: Table B and Section 3 of the CEO Endorsement request, and the Project Results Framework and Annex 18 of the UNDP Prodoc.

5. PROFONANPE is no longer requesting an 8% fee for these services. Following further discussion with the government and PROFONANPE, PROFONANPE's role will be to provide operational support to the project. All direct costs have been identified and are detailed in the PMC, not exceeding 5%.

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

April 8, 2021

Yes, cleared.

Agency Response

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

April 8, 2021

The description does mention key deliverables but not the budget nor the timeline.
Please complete this section adding the budget and the timeline of the key deliverables.

June 26, 2021:

Thank you for the complement. Cleared.

Agency Response

06/23/2021

1.Point taken and addressed. The description has been expanded to include key deliverables, timeline and the estimated cost per deliverable.

Changes in the documents: CEO ER, 8. KM Section. Paragraph 59 and the following new table.

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

April 8, 2021

The audits have to be removed from the M&E budget and charged under the PMC.
Please amend accordingly.

June 26, 2021:

Thank you for the amendment. Cleared.

Agency Response

06/23/2021

1. Point taken. The audit cost has been removed from the M&E budget and moved to the PMC.

Changes in the documents: CEO ER 9. Monitoring and Evaluation Section. Paragraph 90 and the following table, ProDoc TBWP

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

April 9, 2021

Partially. The description is not always focused on the socioeconomic benefits (we learn about general objectives of the project such as the improved management area and GHG targets, the improvement of DFC practices...) and it is very limited (enhancing the capacity of staff from public institutions, stakeholders benefitting benefit from capacity development at the local level, access to financial products...). Please focus on the expected information and elaborate further on the expected socioeconomic benefits.

June 26, 2021:

We see the improvements in the paragraph 102 (and not 99 as indicated). Thank you.
Cleared

Agency Response

06/23/2021

1. The description of the socioeconomic benefits has been expanded (paragraph 99). Please see that the addition includes a description of how the Project's strategy is aligned with (and supports) the following GEF focal Areas: Biodiversity (BD), Climate Change (CC), Land Degradation (LD), Chemicals and Waste (CW), and the FOLUR Impact Program. Therefore, the GEF investments in the Project will deliver GEB through its integrated investments across the various dimensions of the global environment. The paragraph includes a description of how the Project will deliver these benefits and the impact at global level.

Changes in the documents: 10. Benefits. New paragraph 99.

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request
April 8, 2021

Yes but some annexes need to be clarified or completed (responses to project reviews from council and STAP and PPG status).

June 26, 2021:

Thank you for the clarifications and complements. Cleared.

Agency Response

06/23/2021

1. Please note that Annex B which includes the responses to the STAP and Council comments is now part of the CEO Endorsement document.

Project Results Framework

Secretariat Comment at CEO Endorsement Request
April 8, 2021

Yes, cleared.

Agency Response
GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request
April 8, 2021:

Upstream comments by GEFSEC were adequately considered. Cleared.

Agency Response
Council comments

Secretariat Comment at CEO Endorsement Request
April 8, 2021

The Council made comments at Program Framework Document level applying to all the child projects. Where relevant, they need to be addressed. Please add in the Portal under the Annex section the response Matrix related to the Council comments.

June 26, 2021:

Thank you for the complement. Cleared.

Agency Response

06/23/2021

1. Please note that Annex B which includes the responses to the STAP and Council comments is now part of the CEO Endorsement document.

STAP comments

Secretariat Comment at CEO Endorsement Request

April 8, 2021

The STAP made comments at Program Framework Document level applying to all the child projects. Where relevant, they need to be addressed. Please add in the Portal under the Annex section the response Matrix related to the STAP comments.

June 26, 2021:

Thank you for the complement. Cleared.

Agency Response

06/23/2021

1. Please note that Annex B which includes the responses to the STAP and Council comments is now part of the CEO Endorsement document.

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

April 8, 2021

Please see comments above on PPG status.

June 26, 2021:

Thank you for the complement. Cleared.

Agency Response

06/23/2021

1.Addressed in the CEO Endorsement document

Project maps and coordinates

Secretariat Comment at CEO Endorsement Request

April 8, 2021

Yes, cleared.

Agency Response

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

Secretariat Comment at CEO Endorsement Request

N/A

Agency Response

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

Secretariat Comment at CEO Endorsement Request N/A

Agency Response

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

Secretariat Comment at CEO Endorsement Request N/A

Agency Response

GEFSEC DECISION

RECOMMENDATION

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

Secretariat Comment at CEO Endorsement Request
April 14, 2021

Not yet. Please address the comments raised above.

June 26, 2021:

Not yet. Please address the remaining comments.

July 2, 2021:

Not yet. Please address the remaining comment.

July 2, 2021:

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

Review Dates

	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
First Review	4/14/2021	
Additional Review (as necessary)	6/30/2021	

**Secretariat Comment at
CEO Endorsement**

**Response to
Secretariat
comments**

Additional Review (as necessary)	7/2/2021
Additional Review (as necessary)	7/2/2021
Additional Review (as necessary)	

CEO Recommendation

Brief reasoning for CEO Recommendations